



TTI Delivers Record First Half Results

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Double Digit Growth by Power Equipment Brands

Results Highlights

| (HK\$m) | <i>For the six months period ended 30th June</i> | | |
|---|--|-------------|--------------------|
| | <u>2006</u> | <u>2005</u> | <u>Changes (%)</u> |
| Turnover | 10,737 | 10,217 | 5.1 |
| EBITDA | 1,010 | 939 | 7.6 |
| Profit attributable to equity holders of the parent | 504 | 456 | 10.4 |
| Basic EPS (HK cents) | 34.40 | 33.65 | 2.2 |
| Interim DPS (HK cents) | 6.50 | 6.00 | 8.3 |
| EBITDA margin (%) | 9.4 | 9.2 | |
| Net profit margin (%) | 4.7 | 4.5 | |

(HONG KONG, 22nd August, 2006) – **Techtronic Industries Co. Ltd.** (“TTI” / The Group) (stock code: 669, ADR symbol: TTNDY) today reported profit attributable to equity holders of the parent of HK\$504 million for the six months ended 30th June 2006, representing 10.4% growth over the same period last year. Total Group turnover grew 5.1% to HK\$10,737 million, led by the robust performance of the Power Equipment Products. Basic earnings per share increased 2.2% to HK34.40 cents (2005: HK33.65 cents). The Directors have recommended an interim dividend of HK6.50cents.

Mr. Horst Julius Pudwill, Chairman and CEO of TTI said, “The Group’s leading brands continued to drive growth, contributing to the solid performance in the first six months of 2006. TTI remains committed to being first in innovation and we have produced new innovative products that fueled the growth of our businesses during the period. Our key strategy of matching a passion of innovation with efficiency improvements helped offset material price pressures and provided the operational agility to drive improved profitability.”

Mr. Pudwill adds, “We expand our global distribution and reach, we positively shift our business base, reducing reliance on any one market for sustainability and growth, while ensuring enhanced performance to all served customers and markets. There are tremendous opportunities going forward and, most importantly, we are ready to perform. We are confident of being able to deliver a strong performance in the second half of 2006.”

Review by operation

Power Equipment Products

The Power Equipment Products division delivered robust turnover growth of 11.0% over the same period of 2005 to HK\$8,756 million, accounting for 81.6% of Group turnover.

In power tools, Milwaukee® contributed excellent growth in the United States and in Europe with the V28™ lithium-ion battery line of power tools, capturing additional market share. AEG delivered positive gains in turnover growth and profitability through operational improvements and a new range of cordless tools.

As for the consumer line, the Ryobi® branded One+ System™ expanded its 18V cordless platform in both North America and Europe. The Group also extended its strategic alliance with Sears Holdings to develop and manufacture Craftsman® line of products to 2010.

In outdoor power equipment, the Group has expanded its product range with the addition of high-pressure washer, trimmer/edger combos. We continued to drive improvements in our manufacturing operations and maintained excellent fill rates to our customers during the high seasonal period.

Floor Care Appliances

Turnover in the Floor Care Appliances division decreased 8.0% over the same period of 2005, to HK\$1,822 million, accounting for 17.0% of Group turnover. The anticipated transition of the OEM business continues through 2006, which is a result of the Group's strategy to increase its branded business. The OEM sales trend will reverse in 2007 on the back of several new OEM partnerships and the expansion of our partnership with Sears to produce the Kenmore® line of upright vacuum cleaners, that will positively impact 2007 and beyond.

During the first half, Dirt Devil® branded products gained or held share in their key product categories and importantly, increased average selling prices. This was accomplished with the introduction of a range of new products that gained broad distribution and was supported by consumer advertising campaign. The Vax® line of floor care products consolidated its number two position in the UK delivering robust top line and market share growth in a contracting market. Dirt Devil® and Vax® will continue to deliver a steady flow of innovative products that meet consumer needs.

Laser and Electronic Products

Turnover for the Laser and Electronic Products division declined 54.4% over the same period of 2005 to HK\$159 million, accounting for 1.5% of Group turnover. We were still seeing a slowdown in the laser measurement and solar light markets due to increased market saturation. Ongoing new development projects for our ODM customers and the Group's brands should positively impact 2007. We expect the laser level business to return to a more normal ordering pattern after 2006.

The text of the announcement and results presentation are available at www.ttigroup.com

Investor Presentation Broadcasting

Available at www.ttigroup.com from 10:00 pm, 22nd August, 2006 (HK Time) for a month.

About TTI

Founded in 1985, TTI is a world-class supplier of superior home improvement and construction tools with a powerful portfolio of trusted brands and a strong commitment to innovation and quality. The portfolio that TTI offers includes a full line of power equipment products, floor care appliances, laser and electronic products. Our brands include Milwaukee®, AEG® and Ryobi® power tools and accessories, Ryobi® and Homelite® outdoor power equipment and Royal®, Dirt Devil®, Regina® and Vax® floor care appliances.

TTI is one of the constituent stocks on the Hang Seng HK MidCap Index under the Hang Seng Composite Index, the MSCI Hong Kong Index, the FTSE All-World Hong Kong Index, the FTSE/Hang Seng Asian Cyclical Index and the Dow Jones Hong Kong Titans 30. For more information, please visit www.ttigroup.com.

Trademarks:

RIDGID® is a registered trademark of Ridgid, Inc., part of Emerson Professional Tools, a business of St. Louis-based Emerson (NYSE: EMR). The orange color used on this product and the combination of orange and grey are trademarks for RIDGID® brand power tools.

The use of the trademark Ryobi® is pursuant to a license granted by Ryobi Limited.

Sears®, Craftsman® and Kenmore® brands are registered trademarks of Sears Brands, LLC.

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RESULTS SUMMARY

CONDENSED INCOME STATEMENT (UNAUDITED)

For the six months period ended 30th June, 2006

| | 2006 HK\$'000 | 2005 HK\$'000 | 2006 US\$'000 | 2005 US\$'000 |
|---|--------------------|------------------|------------------|------------------|
| Turnover | 10,736,950 | 10,217,328 | 1,376,532 | 1,309,914 |
| Cost of sales | (7,376,562) | (7,045,245) | (945,713) | (903,235) |
| Gross profit | 3,360,388 | 3,172,083 | 430,819 | 406,679 |
| Other income | 17,253 | 15,092 | 2,212 | 1,935 |
| Interest income | 42,310 | 22,692 | 5,424 | 2,909 |
| Selling, distribution, advertising and warranty expenses | (1,195,151) | (1,008,271) | (153,224) | (129,265) |
| Administrative expenses | (1,234,575) | (1,226,291) | (158,279) | (157,220) |
| Research and development costs | (223,086) | (251,880) | (28,601) | (32,292) |
| Finance costs | (182,491) | (149,734) | (23,396) | (19,197) |
| Profit before share of results of associates and taxation | 584,648 | 573,691 | 74,955 | 73,549 |
| Share of results of associates | (1,149) | (2,999) | (147) | (384) |
| Profit before taxation | 583,499 | 570,692 | 74,808 | 73,165 |
| Taxation | (76,591) | (93,741) | (9,819) | (12,018) |
| Profit for the period | 506,908 | 476,951 | 64,989 | 61,147 |
| Attributable to: | | | | |
| Equity holders of the parent | 503,630 | 456,362 | 64,569 | 58,507 |
| Minority interests | 3,278 | 20,589 | 420 | 2,640 |
| | 506,908 | 476,951 | 64,989 | 61,147 |
| Dividends paid | (184,609) | (169,651) | (23,668) | (21,750) |
| Earnings per share (HK / US cents) | | | | |
| Basic | 34.33 | 33.65 | 4.40 | 4.31 |
| Diluted | 32.88 | 31.89 | 4.22 | 4.09 |

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2006

| | 30th June 2006 HK\$'000 (Unaudited) | 31st December 2005 HK\$'000 (Audited) | 30th June 2006 US\$'000 | 31st December 2005 US\$'000 |
|---|--|--|-------------------------------|-----------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 1,767,867 | 1,755,025 | 226,650 | 225,003 |
| Lease prepayment | 65,790 | 65,829 | 8,435 | 8,440 |
| Goodwill | 4,016,648 | 3,943,935 | 514,955 | 505,633 |
| Intangible assets | 1,527,710 | 1,461,453 | 195,860 | 187,366 |
| Interests in associates | 219,972 | 189,453 | 28,202 | 24,289 |
| Available-for-sale investments | 13,363 | 13,363 | 1,713 | 1,713 |
| Deferred tax assets | 696,382 | 646,758 | 89,280 | 82,918 |
| Other assets | 2,195 | 2,195 | 281 | 281 |
| | 8,309,927 | 8,078,011 | 1,065,376 | 1,035,643 |
| Current assets | | | | |
| Inventories | 4,196,112 | 3,971,216 | 537,963 | 509,130 |
| Trade and other receivables | 3,303,328 | 3,265,355 | 423,504 | 418,635 |
| Deposits and prepayments | 609,461 | 513,062 | 78,136 | 65,777 |
| Bills receivable | 318,558 | 431,121 | 40,841 | 55,272 |
| Tax recoverable | 92,035 | 68,544 | 11,799 | 8,788 |
| Trade receivables from associates | 34,609 | 1,310 | 4,437 | 168 |
| Bank balances, deposits and cash | 3,268,036 | 4,046,122 | 418,979 | 518,734 |
| | 11,822,139 | 12,296,730 | 1,515,659 | 1,576,504 |
| Current liabilities | | | | |
| Trade, bills and other payables | 3,365,014 | 4,141,663 | 431,412 | 530,982 |
| Warranty provision | 298,083 | 338,211 | 38,216 | 43,360 |
| Trade payable to an associate | 7,416 | 21,946 | 951 | 2,814 |
| Tax payable | 165,883 | 116,624 | 21,267 | 14,952 |
| Dividend payable | 184,609 | - | 23,668 | - |
| Obligations under finance leases - due within one year | 16,301 | 18,107 | 2,090 | 2,321 |
| Discounted bills with recourse | 1,925,481 | 2,101,171 | 246,857 | 269,381 |
| Unsecured borrowings - due within one year | 611,133 | 673,277 | 78,350 | 86,317 |
| | 6,573,920 | 7,410,999 | 842,811 | 950,127 |
| Net current assets | 5,248,219 | 4,885,731 | 672,848 | 626,377 |
| Total assets less current liabilities | 13,558,146 | 12,963,742 | 1,738,224 | 1,662,020 |

CONDENSED CONSOLIDATED BALANCE SHEET – cont'd*As at 30th June, 2006*

| | 30th June 2006 HK\$'000 (Unaudited) | 31st December 2005 HK\$'000 (Audited) | 30th June 2006 US\$'000 | 31st December 2005 US\$'000 |
|--|--|--|--|-----------------------------------|
| CAPITAL AND RESERVES | | | | |
| Share capital | 146,515 | 146,172 | 18,784 | 18,740 |
| Reserves | 6,356,620 | 5,966,167 | 814,951 | 764,895 |
| Equity attributable to equity holders of the parent | 6,503,135 | 6,112,339 | 833,735 | 783,635 |
| Minority interests | 77,446 | 120,670 | 9,929 | 15,471 |
| Total equity | 6,580,581 | 6,233,009 | 843,664 | 799,106 |
| NON-CURRENT LIABILITIES | | | | |
| Obligations under finance leases - due after one year | 128,374 | 125,467 | 16,458 | 16,086 |
| Convertible bonds | 1,091,950 | 1,078,307 | 139,994 | 138,244 |
| Unsecured borrowings - due after one year | 4,453,003 | 4,225,411 | 570,898 | 541,719 |
| Retirement benefit obligations | 793,434 | 786,337 | 101,722 | 100,812 |
| Deferred tax liabilities | 510,804 | 515,211 | 65,488 | 66,053 |
| | 6,977,565 | 6,730,733 | 894,560 | 862,914 |
| | 13,558,146 | 12,963,742 | 1,738,224 | 1,662,020 |

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