Techtronic Industries Co. Ltd.

(Incorporated in Hong Kong with limited liability)
(Stock Code: 669)

Announcement of results for the six months period ended June 30, 2010

HIGHLIGHTS

	2010 HK$' million	2009 HK$' million	**2010 US$' million**	2009 US$' million	Changes %
Turnover	**12,535**	11,342	**1,607**	1,454	10.5
EBITDA (before restructuring costs)	**1,250**	905	**160**	116	38.1
EBITDA	**1,106**	905	**142**	116	22.2
EBIT (before restructuring costs)	**808**	509	**104**	65	58.9
EBIT	**664**	509	**85**	65	30.6
Profit attributable to Owners of the Company (before restructuring costs)	**506**	258	**65**	33	96.3
Profit attributable to Owners of the Company	**362**	258	**46**	33	40.5
EPS (HK/US cents)	**22.74**	17.18	**2.92**	2.20	32.4
Interim dividend per share (HK/US cents)	**3.75**	3.00	**0.48**	0.38	25.0

- **Profit attributable to Owners of the Company grew 40.5%**
- **10.5% sales increase**
- **Gross profit margin improved**
- **New products driving growth**
- **Geographic expansion continues**

The board of directors (the "Directors" or the "Board") of Techtronic Industries Company Limited ("TTI" or the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the six month period ended June 30, 2010 together with the comparative figures in 2009.

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of HK3.75 cents (2009: HK3.00 cents) per share for the six month period ended June 30, 2010. The interim dividend will be paid to shareholders listed on the register of members of the Company on September 17, 2010. It is expected that the interim dividend will be paid on or about September 29, 2010.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Double-digit sales and profit growth

TTI grew sales and profits in the first half of 2010. New product introductions fueled growth in all key business units and major geographic regions. Total Group sales in the first half were HK$12.5 billion, an increase of 10.5% over the same period in 2009. Demand improvement coupled with continued focus on our cost base saw profit attributable to Owners of the Company rise 40.5% to HK$362 million compared to the same period in 2009. Basic earnings per share improved to HK22.74 cents, an increase of 32.4% compared to the same period last year.

The core Power Equipment business had strong 11.3% sales growth led by RYOBI®, AEG®, and MILWAUKEE® new products and accessories. The Floor Care and Appliances business also had an excellent first half, reflecting better margins and 8.6% higher sales as HOOVER®, DIRT DEVIL®, and VAX® launched new generation product lines.

Our geographic expansion program delivered 20.4% sales growth in the first half of the year driven by sales gains in Europe, the Middle East, Australia, Latin America and Asia. Our North America business had high single-digit growth led by new products. New product flow is the key to TTI's ability to off-set a soft economic environment.

Cost controls underline profit gains

During the period, gross profit increased by 13.8% to HK$4.1 billion and the gross margin to 32.6% of sales, up from 31.7% in the first half of 2009. Gross profit margin was supported by an improving mix of new products, aggressive cost control, and greater volume leveraging fixed overheads.

Our focus on cost improvement programs, value engineering and lean manufacturing practices helped offset increases in raw material prices. Ongoing productivity improvement programs allowed us to contain rising input costs. By following our core strategy of Operational Excellence, we have improved operating performance, lowered our cost base and delivered gross margin improvement.

SG&A decreased from 27.5% of sales in the first half last year to 26.8% in the first half this year. During the first half, we achieved positive results from our investment in media promotion for key products such as the MILWAUKEE® M12 Impact Driver and the HOOVER FloorMate™ hard-floor cleaner. Our R&D spend was maintained to support TTI's high level of new product innovation.

On-going improvements include integrating our European power tool operations into our China facility. The investment will be a non-recurring restructuring provision of HK$144 million.

Earnings before interest, taxes, and non-recurring restructuring provision increased 58.9% to HK$808 million with an operating margin improvement to 6.4% from 4.5% during the first half of 2009. Inventory ended the period at HK$5.7 billion. The increase compared to the same period last year reflects a higher forecasted demand for the second half and strategic stocking of key components. We are prudently managing receivables and are targeting continued working capital improvements by year end. Our gearing position in the first half of 2010 showed an improvement to 78.6% from 82.1% in the same period last year.

BUSINESS REVIEW

Power Equipment Business Review

Power tools, outdoor products, and accessories delivered HK$9.1 billion in sales, 11.3% higher than the first half of 2009. The business accounted for 72.4% of sales.

Industrial

Market gains in cordless tools led a double-digit sales increase in the first half. MILWAUKEE® M12™ and M18™ lithium-ion platforms continue to drive strong gains throughout all regions. Our plan is to continue expanding the M12 and M18 systems to perpetuate further growth. We are executing our well defined roadmap to broaden and upgrade these platforms to next generation products with improved functionality and performance.

Accessories performed strongly, benefiting from the expansion of the MILWAUKEE® offering and the highly successful RED RACK display merchandising. The accessories program further expanded into new categories such as the recent hole saw program, SHOCKWAVE screw driver bits and SAWZALL blades. Our plan is to continue expanding our accessories product ranges with value-driven innovation. Additionally, we have successfully introduced a range of innovative hand tools targeted for the industrial user.

Consumer, Trade and Professional

Sales growth was achieved across all regions and brands. Over the past year, RYOBI® leveraged its position as the leading consumer power tool brand, successfully entering new categories such as painting systems and tile cutting tools. We are benefiting from these strategic launches and are continuing to bring to market new products delivering end-user innovation. The RYOBI® ONE+ System™ was aggressively marketed to convert new customers to the best selling battery platform that supports more than 40 tools.

In Europe and Australia, RYOBI® new lithium-ion cordless product launches drove sales growth. AEG® sales continued to expand with the introduction of new lithium-ion cordless tools across 12V, 14.4V and 18V platforms.

Outdoor product & Accessories

In North America, Outdoor Products again delivered double-digit growth as innovation in both core and new categories led to market gains. Strong end-user adoption of the RYOBI® 18V lithium-ion outdoor tools using the ONE+ System™ cordless battery drove sales ahead of plan. We continued to enter new categories with the launch of the RYOBI® branded cordless mower.

There was traction in RYOBI® trimmers and wheeled products that use our innovative lightweight 4-cycle engine that delivers greener and more energy-efficient performance. HOMELITE® electric handheld products and new accessories helped further build sales. In Europe we extended our RYOBI® outdoor power equipment portfolio with the launch of a full range of electric and petrol pressure washers, a range of petrol lawn mowers and expansion of our corded electric portable garden tools range.

Floor Care and Appliances Business Review

Sales increased 8.6% over the prior year first half to HK$3.5 billion, accounting for 27.6% of total TTI sales. In North America, Floor Care achieved solid single-digit sales growth led by strong market acceptance of new HOOVER® products.

HOOVER®'s T-Series™, featuring Windtunnel technology, continued to make gains in the first half of 2010. Aggressive marketing of the HOOVER FloorMate™ hard-floor cleaner, along with a range of best-in-class detergents, also drove sales.

The DIRT DEVIL® products range was successfully repositioned in the North American market. The new generation of DIRT DEVIL®, in addition to an outstanding line of upright, stick and hand-held vacuums, now includes a range of innovative steam cleaning products.

In Europe we delivered double-digit sales growth with both VAX® and DIRT DEVIL® achieving excellent results. New multi-cyclones, cyclones, steam mops and bagged vacuums were introduced in the first half.

FINANCIAL REVIEW

Financial Results

Result Analysis
Turnover for the period under review amounted to HK$12.5 billion, 10.5% higher than the HK$11.3 billion reported for the same period last year. Profit attributable to Owners of the Company amounted to HK$362 million as compared to HK$258 million reported last year. Basic earnings per share was at HK22.74 cents (2009: HK17.18 cents).

EBITDA amounted to HK$1.1 billion, an increase of 22.2% as compared to the HK$905 million reported in the same period last year.

EBIT amounted to HK$664 million, an increase of 30.6% as compared to the HK$509 million reported in the same period last year.

Gross Margin
Gross margin improved to 32.6% as compared to 31.7% in the same period last year. The margin gain was the result of new products, category expansion, effective cost containment programs, efficiency enhancements in the new industrial park, and savings from the Strategic Repositioning Plan implemented over the past two years.

Operating Expenses
Total operating expenses for the period amounted to HK$3.4 billion as compared to HK$3.1 billion reported for the same period last year. The Group managed to control non-strategic SG&A expenses and reinvested in strategic SG&A as planned.

Net interest expenses for the period amounted to HK$291 million as compared to HK$232 million reported for the same period last year. Interest cover, expressed as a multiple of EBITDA to total interest was at 3.7 times (2009: 3.8 times).

Effective tax rate for the period was at 3.0% (2009: 6.8%). The Group will continue to leverage its global operations to further improve overall tax efficiencies.

Liquidity and Financial Resources

Shareholders' Funds
Total shareholders' funds amounted to HK$8.2 billion, as compared to HK$8.1 billion at December 31, 2009, an increase of 1.5%. Book value per share was HK$5.11 as compared to HK$5.08 at December 31, 2009, an increase of 0.6%.

Financial Position
The Group's net gearing, expressed as a percentage of total net borrowing (excluding bank advance from factored trade receivable which is without recourse in nature) to equity attributable to Owners of the Company, was at 78.6% as compared to 82.1% as at June 30, 2009. The Group remains confident that gearing will improve further after the successful implementation of the Strategic Repositioning Plan and initiatives to deliver focused and stringent working capital management.

During the period, holders of unlisted warrants previously issued by the Company, entitling the holder to subscribe for new shares of the Company at an exercise price of HK$5.10 per share between April 30, 2010 and April 30, 2012 (the "Warrants"), exercised 14,903,600 Warrants at the exercise price resulting in the issuance of 14,903,600 new shares of the Company.

During the period, the Group bought back 39,396,050 Warrants from certain Warrants' holders for a consideration of HK$98 million.

Bank Borrowings
Long term borrowing accounted for 48.9% of total debts (40.0% at December 31, 2009).

The Group's major borrowings continued to be in US Dollars and HK Dollars. Other than the fixed rate notes and the 5-year 8.5% Coupon Convertible Bonds, all borrowings are either LIBOR or Hong Kong best lending rates based. There is a natural hedge mechanism in place as the Group's major revenues are in US Dollars and currency exposure therefore is low. Currency, interest rate exposure, and cash management functions are all being closely monitored and managed by the Group's treasury team.

During the period, the Group repaid HK$774 million of fixed interest rate notes, refinanced by a new syndicated loan obtained in February 2010. Additional fixed interest rate notes at higher cost will be further repaid in the second half of the year. This refinancing arrangement will lower our interest cost in future periods.

Working Capital
Total inventory was at HK$5.7 billion as compared to HK$5.1 billion for the same period last year. The number of days of inventory was at 83 days as compared to 74 days as at June 30, 2009. When compared to the year end level, inventory at the first half of the year is normally higher in preparation for the peak shipment period in the second half of the year.

Trade receivables turnover days were at 73 days as compared to 55 days as at June 30, 2009. Excluding the gross up of the receivables factored which is without recourse in nature, receivable turnover days were at 65 days as compared to 52 days as at June 30, 2009. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing credit exposure.

Trade payables days increased to 71 days (65 days as at June 30, 2009).

Working capital as a percentage of sales was at 21.2% as compared to 16.9% for the same period last year.

Capital Expenditure

Total capital expenditure for the period amounted to HK$363 million (2009: HK$281 million), of which HK$7 million related to the new China Industrial Manufacturing and Innovation Campus.

Capital Commitment and Contingent Liability

As at June 30, 2010, total capital commitments amounted to HK$70 million (2009: HK$143 million).

There were no material contingent liabilities or off balance sheet obligations.

Charges

None of the Group's assets are charged or subject to encumbrance.

Human Resources

The Group employed a total of 20,154 employees (2009: 18,628 employees) in Hong Kong and overseas. Total staff cost for the period under review amounted to HK$1.6 billion as compared to HK$1.6 billion in the same period last year.

The Group regards human capital as vital for the Group's continuous growth and profitability and remains committed to improve the quality, competence and skills of all employees. It provides job related training and leadership development programs throughout the organization. The Group continues to offer competitive remuneration packages, discretionary share options, share awards and bonuses to eligible staff, based on the performance of the Group and the individual employee.

OUTLOOK

With a highly diversified product, channel and geographic platform, we are positioned to off-set macroeconomic swings. Our 10.5% sales growth in the first half demonstrates the strength of our diversified platform and ability to deliver exceptional results. TTI will perform even better in a strengthening economy. It is through our dedication to our customers and the focused implementation of our strategic drivers of Powerful Brands, Innovative Products, Exceptional People and Operational Excellence that we have a clear path for continued growth.

The next stage of development of our China manufacturing facility is the integration of outdoor products manufacturing during the second half. We are also completing the Global Innovation Centre in China which will allow R&D to be consolidated into one facility, improving efficiency and alignment with the manufacturing and engineering processes. This will enhance our ability to accelerate our new product development capabilities, strengthening our competitive advantage. TTI has a high speed product development process which is generating a continuous stream of value-added new products.

In summary, we are pleased with the progress of the Company in the first half of 2010. Recognition of world-class brands, creating new market segments and next generation products continue to drive real expansion of the global customer base. The European restructuring will generate substantial savings in the years to come. We remain optimistic for the second half and believe TTI will continue to outperform the market in 2010 and beyond.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

The Company confirms that it has complied with all the code provisions of the Code on Corporate Governance Practices set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months period ended June 30, 2010, except that none of the directors were appointed for a specific term, but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles of Association of the Company.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Board has adopted the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). The Company has made specific enquiry of the Directors regarding any non-compliance with the Model Code during the six months period ended June 30, 2010 and all of them confirmed that they have fully complied with the required standards as set out in the Model Code. The Board has also adopted another code of conduct on terms no less onerous than the Model Code that applies to securities transactions of all relevant employees who may be in possession of unpublished price sensitive information in relation to the Company (the "Code for Securities Transactions by Relevant Employees"). Both the Model Code and the Code for Securities Transactions by Relevant Employees have been published on the Company's website (www.ttigroup.com).

REVIEW OF ACCOUNTS

The Audit Committee has reviewed with the Company's external auditors, Deloitte Touche Tohmatsu, and the senior management of the Group the unaudited financial statements of the Company for the six months period ended June 30, 2010, the accounting principles and practices adopted by the Group and the internal controls and financial reporting matters. The Board acknowledges its responsibility for the preparation of the accounts of the Group.

PURCHASE, SALES OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has, during the period, purchased, sold or redeemed any listed securities of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from September 16, 2010 to September 17, 2010, both days inclusive. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on September 15, 2010.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website (www.ttigroup.com) and the HKExnews website (www.hkexnews.hk) of Hong Kong Exchanges and Clearing Limited. The 2010 Interim Report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the above websites in due course.

By order of the Board
Horst Julius Pudwill
Chairman

Hong Kong, August 19, 2010

As at the date of this announcement, the Board comprises six group Executive Directors, namely Mr Horst Julius Pudwill (Chairman), Dr Roy Chi Ping Chung JP (Vice Chairman), Mr Joseph Galli Jr (Chief Executive Officer), Mr Patrick Kin Wah Chan, Mr Frank Chi Chung Chan and Mr Stephan Horst Pudwill, one Non-executive Director, namely Mr Vincent Ting Kau Cheung, and four Independent Non-executive Directors, namely Mr Joel Arthur Schleicher, Mr Christopher Patrick Langley OBE, Mr Manfred Kuhlmann and Mr Peter David Sullivan.

This results announcement is published on the website of the Company (www.ttigroup.com) and the HKExnews website (www.hkexnews.hk).

RESULTS SUMMARY

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months period ended June 30, 2010

	Notes	**2010 HK$'000 (Unaudited)**	2009 HK$'000 (Unaudited)	**2010 US$'000 (Note 17)**	2009 US$'000 (Note 17)
Turnover	3	**12,534,821**	11,341,885	**1,607,028**	1,454,088
Cost of sales		**(8,444,781)**	(7,748,843)	**(1,082,664)**	(993,441)
Gross profit		**4,090,040**	3,593,042	**524,364**	460,647
Other income		**85,874**	33,340	**11,009**	4,274
Interest income		**7,569**	6,378	**970**	818
Selling, distribution, advertising and warranty expenses		**(1,652,921)**	(1,688,524)	**(211,913)**	(216,477)
Administrative expenses		**(1,423,093)**	(1,300,441)	**(182,448)**	(166,723)
Research and development costs		**(287,919)**	(131,005)	**(36,913)**	(16,796)
Finance costs		**(298,140)**	(238,552)	**(38,223)**	(30,584)
Profit before restructuring costs, share of results of associates and taxation		**521,410**	274,238	**66,846**	35,159
Restructuring costs	4	**(143,676)**	-	**(18,420)**	-
Share of results of associates		**(417)**	(1,281)	**(53)**	(164)
Profit before taxation		**377,317**	272,957	**48,373**	34,995
Taxation charge	5	**(11,370)**	(18,486)	**(1,458)**	(2,370)
Profit for the period	6	**365,947**	254,471	**46,915**	32,625
Other comprehensive income					
Exchange differences on translation of foreign operations		**(154,503)**	29,350	**(19,808)**	3,763
Other comprehensive (loss) income for the period		**(154,503)**	29,350	**(19,808)**	3,763
Total comprehensive income for the period		**211,444**	283,821	**27,107**	36,388
Profit for the period attributable to:					
Owners of the Company		**362,349**	257,845	**46,454**	33,058
Non-controlling interests		**3,598**	(3,374)	**461**	(433)
		365,947	254,471	**46,915**	32,625
Total comprehensive income attributable to:					
Owners of the Company		**207,873**	287,188	**26,650**	36,819
Non-controlling interests		**3,571**	(3,367)	**457**	(431)
		211,444	283,821	**27,107**	36,388
Earnings per share (HK/US cents)	8				
Basic		**22.74**	17.18	**2.92**	2.20
Diluted		**22.63**	16.66	**2.90**	2.14

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at June 30, 2010

	Notes	**June 30 2010 HK$'000 (Unaudited)**	December 31 2009 HK$'000 (Audited)	**June 30 2010 US$'000 (Note 17)**	December 31 2009 US$'000 (Note 17)
ASSETS					
Non-current assets					
Property, plant and equipment	9 & 16	**2,535,856**	2,480,579	**325,110**	318,023
Lease prepayments		**274,674**	275,578	**35,215**	35,331
Goodwill		**4,050,668**	4,064,484	**519,316**	521,088
Intangible assets		**2,653,125**	2,607,035	**340,144**	334,235
Interests in associates		**185,614**	195,649	**23,797**	25,083
Available-for-sale investments		**22,719**	22,701	**2,913**	2,911
Deferred tax assets		**606,816**	575,524	**77,797**	73,785
		10,329,472	10,221,550	**1,324,292**	1,310,456
Current assets					
Inventories		**5,728,790**	4,766,222	**734,460**	611,054
Trade and other receivables	10	**5,411,086**	4,449,644	**693,729**	570,467
Deposits and prepayments		**571,353**	517,382	**73,250**	66,331
Bills receivable	10	**210,953**	267,752	**27,045**	34,327
Tax recoverable		**106,499**	141,446	**13,654**	18,134
Trade receivables from an associate		**91**	13	**12**	2
Foreign currency forward contracts		**39,520**	18,485	**5,067**	2,370
Interest rate swap		**13,324**	3,428	**1,708**	439
Warrant		**7,931**	-	**1,017**	-
Held-for-trading investments		**131,215**	75,677	**16,822**	9,702
Bank balances, deposits and cash		**4,484,154**	3,322,753	**574,892**	425,994
		16,704,916	13,562,802	**2,141,656**	1,738,820
Current liabilities					
Trade and other payables	11	**4,882,159**	3,856,835	**625,918**	494,466
Bills payable	11	**625,657**	720,550	**80,212**	92,378
Warranty provision		**372,882**	385,903	**47,805**	49,475
Trade payables to an associate		**19,363**	5,307	**2,482**	680
Tax payable		**74,142**	75,793	**9,505**	9,717
Restructuring provision		**133,941**	9,020	**17,172**	1,156
Foreign currency forward contracts		**35,702**	7,158	**4,577**	918
Interest rate swap		**20,061**	-	**2,572**	-
Dividend payable		**72,277**	-	**9,266**	-
Obligations under finance leases - due within one year		**21,231**	21,119	**2,722**	2,708
Discounted bills with recourse		**3,831,044**	2,566,158	**491,159**	328,995
Unsecured borrowings - due within one year	12	**2,091,806**	3,004,346	**268,180**	385,172
Bank overdrafts		**149,832**	214,756	**19,209**	27,533
		12,330,097	10,866,945	**1,580,779**	1,393,198
Net current assets		**4,374,819**	2,695,857	**560,877**	345,622
Total assets less current liabilities		**14,704,291**	12,917,407	**1,885,169**	1,656,078

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at June 30, 2010

	Notes	**June 30 2010 HK$'000 (Unaudited)**	December 31 2009 HK$'000 (Audited)	**June 30 2010 US$'000 (Note 17)**	December 31 2009 US$'000 (Note 17)
CAPITAL AND RESERVES					
Share capital	13	**160,616**	159,125	**20,592**	20,401
Reserves		**8,040,001**	7,922,837	**1,030,772**	1,015,748
Equity attributable to Owners of the Company		**8,200,617**	8,081,962	**1,051,364**	1,036,149
Non-controlling interests		**113,379**	109,808	**14,536**	14,078
Total equity		**8,313,996**	8,191,770	**1,065,900**	1,050,227
NON-CURRENT LIABILITIES					
Obligations under finance leases					
- due after one year		**52,896**	69,826	**6,782**	8,952
Convertible bonds		**969,935**	950,202	**124,351**	121,821
Unsecured borrowings - due after one year	12	**4,371,763**	2,596,144	**560,482**	332,839
Retirement benefit obligations		**657,260**	737,267	**84,264**	94,521
Deferred tax liabilities		**338,441**	372,198	**43,390**	47,718
		6,390,295	4,725,637	**819,269**	605,851
Total equity and non-current liabilities		**14,704,291**	12,917,407	**1,885,169**	1,656,078

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of preparation and accounting policies

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

2. Significant accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2009, except as described below.

In the current interim period, the Group has applied for the first time, a number of new standards, amendments and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after January 1, 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after January 1, 2010.

The application of HKFRS 3 (Revised) to the acquisition of Coldfire Technology, LLC ("Coldfire") during the current interim period, as set out in note 14, has had no material impact on the condensed consolidated financial statements for the current period. The application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs has had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

3. Segment information

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

For the period ended June 30, 2010

	Power Equipment HK$'000	**Floor Care and Appliances HK$'000**	**Eliminations HK$'000**	**Consolidated HK$'000**
Turnover				
External sales	**9,075,770**	**3,459,051**	**-**	**12,534,821**
Inter-segment sales	**70,630**	**16,217**	**(86,847)**	**-**
	9,146,400	**3,475,268**	**(86,847)**	**12,534,821**

For the period ended June 30, 2009

	Power Equipment HK$'000	Floor Care and Appliances HK$'000	Eliminations HK$'000	Consolidated HK$'000
Turnover				
External sales	8,156,104	3,185,781	-	11,341,885
Inter-segment sales	7,141	123,050	(130,191)	-
	8,163,245	3,308,831	(130,191)	11,341,885

Inter-segment sales are charged at prevailing market rates.

	Six months period ended June 30					
	2010			2009		
	Power Equipment HK$'000	**Floor Care and Appliances HK$'000**	**Consolidated HK$'000**	Power Equipment HK$'000	Floor Care and Appliances HK$'000	Consolidated HK$'000
Segment results before restructuring costs	**623,114**	**196,436**	**819,550**	414,338	98,452	512,790
Restructuring costs	**(143,676)**	**-**	**(143,676)**	-	-	-
Segments results	**479,438**	**196,436**	**675,874**	414,338	98,452	512,790
Finance costs			**(298,140)**			(238,552)
Share of results of associates			**(417)**			(1,281)
Profit before taxation			**377,317**			272,957
Taxation charge			**(11,370)**			(18,486)
Profit for the period			**365,947**			254,471

Segment profit represents the profit earned by each segment without allocation of share of results of associates and finance costs. This is the measure reported to the Group's Chief Executive Officer, the chief operating decision maker ("CODM") of the Group, for the purpose of resource allocation and performance assessment.

3. Segment information - continued

The following is an analysis of the Group's assets by operating segment reported to the CODM of the Group:

	June 30 2010 HK$'000	December 31 2009 HK$'000
Power Equipment	**16,286,625**	14,735,817
Floor Care and Appliances	**5,303,905**	4,791,250
	21,590,530	19,527,067

4. Restructuring costs

Restructuring costs represent the Group's accrued labor and staff costs related to the relocation of production from Germany to lower cost locations.

5. Taxation charge

	Six months period ended June 30	
	2010	2009
	HK$'000	HK$'000
Current tax:		
Hong Kong	**65,438**	44,047
Overseas Tax	**9,462**	(54,768)
Deferred Tax	**(63,530)**	29,207
	11,370	18,486

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. Profit for the period

	Six months period ended June 30	
	2010	2009
	HK$'000	HK$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation and amortization of property, plant and equipment	**262,580**	261,436
Amortization of lease prepayment	**1,203**	4,855
Amortization of intangible assets	**178,352**	130,613
Total depreciation and amortization	**442,135**	396,904
Exchange loss	**46,083**	25,528
Staff costs	**1,561,282**	1,604,602
Fair value gain on held-for-trading investments	**(50,633)**	-

7. Dividends

A dividend of HK4.50 cents per share (2008: HK3.00 cents per share) was paid to shareholders as the final dividend for 2009 on July 30, 2010.

The Directors have determined that an interim dividend of HK3.75 cents per share (2009: HK3.00 cents per share) should be paid to the shareholders of the Company whose names appear in the Register of Members on September 17, 2010.

8. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	Six months period ended June 30	
	2010	2009
	HK$'000	HK$'000
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the period attributable to Owners of the Company	**362,349**	257,845
Effect of dilutive potential ordinary shares:		
Effective interest on convertible bonds (net of tax)	**-**	4,744
Earnings for the purpose of diluted earnings per share	**362,349**	262,589
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,593,457,068**	1,501,252,152
Effect of dilutive potential ordinary shares:		
Share options	**337,629**	36,685
Convertible bonds	**-**	61,388,372
Warrants	**7,218,116**	13,916,237
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,601,012,813**	1,576,593,446

9. Additions to property, plant and equipment

During the period, the Group spent approximately HK$363 million (for the six months ended June 30, 2009: HK$281 million) on the acquisition of property, plant and equipment.

10. Trade and other receivables/Bills receivable

The Group has a policy of allowing credit periods ranging from 60 days to 120 days. The aging analysis of trade receivables is as follows:

	June 30 2010 HK$'000	December 31 2009 HK$'000
0 to 60 days	**4,721,078**	3,791,142
61 to 120 days	**199,325**	176,348
121 days or above	**136,251**	138,383
Total trade receivables	**5,056,654**	4,105,873
Other receivables	**354,432**	343,771
	5,411,086	4,449,644

All the Group's bills receivable at June 30, 2010 are due within 120 days.

11. Trade and other payables/Bills payable

The aging analysis of trade payables is as follows:

	June 30 2010 HK$'000	December 31 2009 HK$'000
0 to 60 days	**2,441,577**	1,769,545
61 to 120 days	**736,117**	554,294
121 days or above	**49,326**	148,124
Total trade payables	**3,227,020**	2,471,963
Other payables	**1,655,139**	1,384,872
	4,882,159	3,856,835

All the Group's bills payable at June 30, 2010 are due within 120 days.

12. Unsecured bank borrowings

During the period, the Group obtained new bank borrowings in the amount of HK$3,055 million (2009: HK$986 million) which are either London Interbank Offered Rate ("LIBOR") or Hong Kong best lending rates based. The Group had repaid the existing bank borrowings in the amount of HK$2,016 million (2009: HK$2,047 million).

13. Share capital

	Number of shares		Share capital	
	June 30 2010	December 31 2009	**June 30 2010 HK$'000**	December 31 2009 HK$'000
Ordinary shares of HK$0.10 each				
Authorized	**2,400,000,000**	2,400,000,000	**240,000**	240,000
Issued and fully paid:				
At the beginning of the period	**1,591,252,152**	1,501,252,152	**159,125**	150,125
Issue of shares upon exercise of warrants	**14,903,600**	-	**1,491**	-
Issue of shares by private placement	-	90,000,000	-	9,000
	1,606,155,752	1,591,252,152	**160,616**	159,125

During the period, holders of unlisted warrants previously issued by the Company, entitling the holder to subscribe for new shares of the Company at an exercise price of HK$5.10 per share between April 30, 2010 and April 30, 2012 (the "Warrants"), exercised 14,903,600 Warrants at the exercise price resulting in the issuance of 14,903,600 new shares of the Company.

During the period, the Group bought back 39,396,050 Warrants from certain Warrants' holders for a consideration of HK$98 million.

14. Acquisition of a subsidiary

In January 2010, the Group acquired 100% interest in Coldfire, for a consideration of approximately HK$31 million. Coldfire is engaged in commercial cryogenic processing.

15. Contingent liabilities

	June 30 2010 HK$'000	December 31 2009 HK$'000
Guarantees given to banks in respect of credit facilities utilized by associates	**59,562**	61,137

16. Capital commitments

	June 30 2010 HK$'000	December 31 2009 HK$'000
Capital expenditure in respect of the purchase of property, plant and equipment and licence:		
Contracted for but not provided	**55,546**	68,744
Authorized but not contracted for	**14,512**	13,773

17. Presentation and functional currencies

The functional currency of the Company is the United States dollar. The presentation currency of the Group is Hong Kong dollar as the Company is a public limited company incorporated in Hong Kong. The financial statements include the condensed consolidated statement of comprehensive income and condensed consolidated statement of financial position which are presented in United States dollars for reference only which have been arrived at based on the fixed exchange rate of HK$7.8 to US$1.0.