TECHTRONIC INDUSTRIES CO. LTD.
創 科 實 業 有 限 公 司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 669)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2011

HIGHLIGHTS

	2011 US$' million	2010 US$' million	**Changes %**
Turnover	**1,784**	1,607	**+11.0**
EBITDA	**170**	142	**+19.9**
EBIT	**115**	85	**+34.8**
Profit attributable to Owners of the Company	**80**	46	**+72.8**
EPS (US cents)	**5.00**	2.92	**+71.2**
Interim dividend per share (approx. US cent)	**0.64**	0.48	**+33.3**

- **Record sales for the period with 11.0% growth**
- **Record profit for the period with 72.8% growth**
- **Continuous gross margin improvement**
- **Strong gains from all businesses through continued new product introductions**

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, 2011 together with the comparative figures in 2010.

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of HK5.00 cents (approximately US0.64 cent) (2010: HK3.75 cents (approximately US0.48 cent)) per share for the six month period ended June 30, 2011. The interim dividend will be paid to shareholders listed on the register of members of the Company on September 16, 2011. It is expected that the interim dividend will be paid on or about September 29, 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Record Profit

TTI recorded US$80 million in net profit attributable to shareholders, a 72.8% increase in the first half of 2011. Total Group sales in the first half were US$1.8 billion, an increase of 11.0% over the same period in 2010. This growth was achieved through new product introductions across all businesses and significant expansion in industrial tools and accessories. Our new product vitality rate continued at approximately one third of sales. Basic earnings per share improved to US5.00 cents, an increase of 71.2% compared to the same period last year.

The Power Equipment business delivered a robust 11.3% growth in sales led by our MILWAUKEE®, RYOBI®, and AEG® brands. Our North American business achieved high single-digit growth, while the rest of world business grew double-digit. The Floor Care and Appliances business grew sales by 10.4%, led by the continuation of product innovation under the HOOVER®, DIRT DEVIL® and VAX® brands.

Operational Efficiencies Deliver Margin Improvements

Our gross margin increased to 32.9% from 32.6% in the first half of 2010. Accelerated productivity improvements were generated through value engineering, lean manufacturing, and supply chain efficiency programs to help offset inflationary pressures. SG&A expenses improved from 26.8% of sales in the first half of last year to 26.6%, while we continued investing in advertising and promotion to support new product introductions and strategic brand building initiatives.

The Company continues to manage working capital prudently to maintain financial flexibility and fund growth. In the first half, working capital as a percentage of sales improved to 20.1% compared to 21.2% for the same period last year.

BUSINESS REVIEW

Power Equipment Business Review

The Power Equipment business which includes power tools, outdoor products, and accessories, delivered US$1.3 billion in sales, 11.3% higher than the first half of 2010. The business accounted for 72.6% of sales.

Industrial

Milwaukee recorded double-digit sales growth, significantly outperforming the market through new cordless lithium ion product introductions and intensive end-user marketing initiatives. Our focused delivery of innovative trade specific applications to professional users through the MILWAUKEE® M12™ and M18™ cordless lithium ion systems continues to drive gains globally. The introduction of Milwaukee's latest generation of lithium ion technology, RED LITHIUM™, was extremely well received by the industry. Successful entry into the Hand Tools market gained traction and underscores the opportunities for further expansion. MILWAUKEE® Power Tool Accessories delivered double-digit growth as the launch of SHOCKWAVE™ drilling and fastening accessories, and new wood SAWZALL® blades with NAIL GUARD™ technology boosted sales.

Consumer, Trade and Professional

All key regions achieved sales growth. A strong flow of new products contributed to further expansion of the leading RYOBI® and AEG® product platforms. The North American growth was driven by the continuing flow of innovative cordless products which deliver great value for the end-users. The JobMax™ Multi-tool system and core product expansions of the highly successful RYOBI® 18V ONE+ System® were key contributors. Comprehensive cost improvement programs across our operations and product lines had a positive impact during the period.

In Europe and Australia, the launch of the innovative new RYOBI® hyper-green products and key customer additions in the first half delivered strong growth. Our ability to offer products that satisfy a wide range of customer needs and price points, supported by dedicated marketing programs, is driving our aggressive expansion outside of North America.

Outdoor Products & Accessories

In North America, our innovation in cordless lithium ion outdoor products helped TTI outperform an industry which was impacted by poor weather. Strong adoption of RYOBI® 18V ONE+ System®, the introduction of a 24 volt cordless lithium ion platform, as well as further expansion of trimmer attachments, HOMELITE® electric handheld products, and accessories all drove sales gains.

Our European business benefited from the introduction of a full range of RYOBI® 36 volt lithium ion products, further establishing TTI as a leader in cordless innovation. In Australia, sales grew double-digit as we captured market share in both core and new categories. The RYOBI® 18 volt ONE+ System® lithium ion outdoor products and the new RYOBI® 25.4cc petrol products were strong performers.

Floor Care and Appliances Business Review

The Floor Care business reported a 10.4% sales increase over the prior year first half to US$489 million, accounting for 27.4% of total TTI sales.

In North America further market share gains by our iconic HOOVER® brand and new product introductions by DIRT DEVIL® contributed to solid sales growth. Sales drivers were the HOOVER® Windtunnel® T-Series™ Upright vacuum line and MaxExtract® carpet washers featuring patented Spin Scrub® cleaning. The DIRT DEVIL® brand expanded its product line with its GATOR® Hand Vac Series and canister vacuums and successfully diversified into the outdoor cleaning category with a unique line of electric pressure washers supported by cleaning solutions and accessories.

Europe delivered strong sales growth, primarily driven by VAX® brand and regional penetration gains. VAX® launched new multi-cyclonic lightweight vacuum cleaners under the Mach Air® series, ultra quiet multi-cyclonic canisters under the Mach Zen® series, and delivered strong growth in carpet cleaners that increased market share.

FINANCIAL REVIEW

Financial Results

Turnover for the period under review amounted to US$1,784 million, 11.0% higher than the US$1,607 million reported for the same period last year. Profit attributable to Owners of the Company amounted to US$80 million as compared to US$46 million reported last year, an increase of 72.8%. Basic earnings per share was at US5.00 cents (2010: US2.92 cents).

EBITDA amounted to US$170 million, an increase of 19.9% as compared to the US$142 million reported in the same period last year.

EBIT amounted to US$115 million, an increase of 34.8% as compared to the US$85 million reported in the same period last year.

Result Analysis

Gross Margin

Gross margin improved to 32.9% as compared to 32.6% in the same period last year. The margin gain was the result of new product introductions, favorable product mix with higher margin products, efficient production in the new PRC facilities, effective supply chain management and improved economies of scale.

Operating Expenses

Total operating expenses for the period amounted to US$474 million as compared to US$431 million reported for the same period last year, representing 26.6% of turnover (2010: 26.8%). The Group continued to control non-strategic SG&A expenses and reinvested into strategic SG&A as planned.

Investment in product design and development amounted to US$31 million (2010: US$37 million), representing 1.8% of turnover (2010: 2.3%) reflecting efficiency improvements from the consolidated and effectively structured R&D resources.

Net interest expenses for the period amounted to US$28 million as compared to US$37 million reported for the same period last year. Interest cover, expressed as a multiple of EBITDA to total interest was at 5.9 times (2010: 3.7 times).

Effective tax rate for the period was at 8.0% (2010: 3.0%). 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 US$1.2 billion, as compared to US$1.1 billion at December 31, 2010, an increase of 7.5%. Book value per share was US$0.75 as compared to US$0.69 at December 31, 2010, an increase of 8.7%.

Financial Position
The Group's net gearing, expressed as a percentage of total net borrowings (excluding bank advance from factored trade receivables which are without recourse in nature) to equity attributable to Owners of the Company, improved to 66.1% as compared to 78.6% as at June 30, 2010. The Group remains confident that gearing will improve further after the successful implementation of key initiatives to deliver focused and stringent working capital management.

Bank Borrowings
Long term borrowings accounted for 32.1% of total debts (44.8% at December 31, 2010).

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, borrowings are predominantly 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 US$5.6 million of fixed interest rate notes, refinanced by a new syndicated loan obtained in February 2011. This refinancing arrangement will lower our interest cost in future periods.

Working Capital
Total inventory was at US$801 million as compared to US$734 million for the same period last year. The number of days inventory was at 82 days as compared to 83 days as at June 30, 2010. When compared to the year end level, inventory at the end of 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 68 days as compared to 73 days as at June 30, 2010. Excluding the gross up of the receivables factored which is without recourse in nature, receivable turnover days were at 61 days as compared to 65 days as at June 30, 2010. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing credit exposure.

Trade payables days were 70 days (52 days at December 31, 2010).

The Group's current ratio decreased from 1.34 times to 1.21 times and the quick ratio also decreased from 0.89 as at December 31, 2010 to 0.77. The decline was mainly due to the reclassification of convertible bonds from long term to current (refer to note 13 to the financial statements for details). Excluding the reclassification of convertible bonds, the current ratio and quick ratio was 1.31 and 0.83 respectively.

Working capital as a percentage of sales was at 20.1% as compared to 21.2% for the same period last year.

Capital Expenditure
Total capital expenditure for the period amounted to US$44 million (2010: US$47 million).

Capital Commitment and Contingent Liability
As at June 30, 2011, total capital commitments amounted to US$10 million (2010: US$9 million), and 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 19,360 employees (2010: 20,154 employees) in Hong Kong and overseas. Total staff cost for the period under review amounted to US$241 million as compared to US$217 million 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

Although the economic environment remains challenging, we enter the second half with strong momentum across our businesses and are firmly positioned to build on the positive first half results. We are excited about the comprehensive range of new cordless lithium ion products and innovative accessories that will be launched. Product innovation, improved technology and more efficient operations are driving TTI's expansion into both core and underrepresented markets. TTI has demonstrated that its strength in powerful brands and innovative products consistently deliver organic growth even in the midst of global uncertainty.

TTI's position is exceptional in its core markets with steady gains being made in other targeted geographic regions. R&D, cost improvement and supply chain efficiency programs are delivering results that will benefit the Group going forward. Our encouraging progress is guided by our experienced and focused management team.

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, 2011, 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, 2011 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, 2011, 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 15, 2011 to September 16, 2011, 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 14, 2011.

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 2011 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 18, 2011

As at the date of this announcement, the Board of the Company comprises five Group Executive Directors, namely, Mr Horst Julius Pudwill (Chairman), Mr Joseph Galli Jr (Chief Executive Officer), Mr Patrick Kin Wah Chan, Mr Frank Chi Chung Chan and Mr Stephan Horst Pudwill, two Non-Executive Directors, namely, Prof Roy Chi Ping Chung BBS JP and 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, 2011

	Notes	**2011 US$'000 (Unaudited)**	2010 US$'000 (Unaudited)
Turnover	3	**1,783,909**	1,607,028
Cost of sales		**(1,197,565)**	(1,082,664)
Gross profit		**586,344**	524,364
Other income		**2,760**	11,009
Interest income		**1,793**	970
Selling, distribution, advertising and warranty expenses		**(242,411)**	(211,913)
Administrative expenses		**(199,964)**	(182,448)
Research and development costs		**(31,257)**	(36,913)
Finance costs		**(29,298)**	(38,223)
Profit before restructuring costs, share of results of associates and taxation		**87,967**	66,846
Restructuring costs	4	**-**	(18,420)
Share of results of associates		**(273)**	(53)
Profit before taxation		**87,694**	48,373
Taxation charge	5	**(7,024)**	(1,458)
Profit for the period	6	**80,670**	46,915
Other comprehensive income			
Exchange differences on translation of foreign operations and other comprehensive income (loss) for the period		**15,685**	(19,808)
Total comprehensive income for the period		**96,355**	27,107
Profit for the period attributable to:			
Owners of the Company		**80,259**	46,454
Non-controlling interests		**411**	461
		80,670	46,915
Total comprehensive income attributable to:			
Owners of the Company		**95,909**	26,650
Non-controlling interests		**446**	457
		96,355	27,107
Earnings per share (US cents)	8		
Basic		**5.00**	2.92
Diluted		**4.79**	2.90

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at June 30, 2011

	Notes	**June 30 2011 US$'000 (Unaudited)**	December 31 2010 US$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9 & 16	**354,340**	339,437
Lease prepayments		**36,179**	35,475
Goodwill		**532,888**	529,884
Intangible assets	9	**356,775**	353,431
Interests in associates		**24,259**	24,062
Available-for-sale investments		**1,272**	1,267
Deferred tax assets		**78,880**	68,527
		1,384,593	1,352,083
Current assets			
Inventories		**800,827**	644,510
Trade and other receivables	10	**712,559**	617,988
Deposits and prepayments		**78,191**	66,915
Bills receivable	10	**29,597**	38,875
Tax recoverable		**12,080**	10,995
Trade receivables from an associate		**202**	38
Derivative financial instruments		**6,838**	10,883
Held-for-trading investments		**9,994**	10,732
Bank balances, deposits and cash		**524,583**	512,893
		2,174,871	1,913,829
Current liabilities			
Trade and other payables	11	**678,684**	483,265
Bills payable	11	**47,534**	55,207
Warranty provision		**47,709**	47,702
Trade payables to an associate		**3,620**	4,127
Tax payable		**20,068**	7,578
Derivative financial instruments		**13,322**	4,949
Restructuring provision		**10,414**	22,981
Dividend payable		**12,905**	-
Obligations under finance leases			
- due within one year		**2,667**	2,963
Discounted bills with recourse		**550,254**	411,095
Unsecured borrowings - due within one year	12	**252,062**	361,055
Convertible bonds	13	**130,442**	-
Bank overdrafts		**26,248**	22,350
		1,795,929	1,423,272
Net current assets		**378,942**	490,557
Total assets less current liabilities		**1,763,535**	1,842,640

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) - continued

As at June 30, 2011

	Notes	**June 30 2011 US$'000 (Unaudited)**	December 31 2010 US$'000 (Audited)
CAPITAL AND RESERVES			
Share capital	14	**20,603**	20,598
Reserves		**1,178,058**	1,094,161
Equity attributable to owners of the Company		**1,198,661**	1,114,759
Non-controlling interests		**15,394**	14,948
Total equity		**1,214,055**	1,129,707
NON-CURRENT LIABILITIES			
Obligations under finance leases			
- due after one year		**4,709**	5,714
Unsecured borrowings - due after one year	12	**422,516**	466,358
Convertible bonds	13	**-**	127,225
Retirement benefit obligations		**95,259**	90,694
Deferred tax liabilities		**26,996**	22,942
		549,480	712,933
Total equity and non-current liabilities		**1,763,535**	1,842,640

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.

The functional currency of the Company is United States dollars. The presentation currency has been changed from Hong Kong Dollars to United States Dollars in 2011 so as to be consistent with the functional currency of the Company.

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 and method of computations used in the condensed consolidated financial statements for the six months ended June 30, 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2010, 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") that are effective for accounting periods beginning on January 1, 2011.

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended December 31, 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosures of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (as revised in 2011)	Presentation of Items of Other Comprehensive Income[2]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]

[1] Effective for annual periods beginning on or after January 1, 2013
[2] Effective for annual periods beginning on or after July 1, 2012

2. Significant accounting policies - continued

The above five new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that all of these new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending December 31, 2013 and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees and consolidating investees that were not previously consolidated.

Other than disclosed above, the directors of the Company anticipate that the application of these new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

3. Segment information

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

For the period ended June 30, 2011

	Power Equipment US$’000	**Floor Care and Appliances US$’000**	**Eliminations US$’000**	**Consolidated US$’000**
Turnover				
External sales	**1,294,529**	**489,380**	**-**	**1,783,909**
Inter-segment sales	**10,710**	**1,811**	**(12,521)**	**-**
Total segment turnover	**1,305,239**	**491,191**	**(12,521)**	**1,783,909**

3. Segment information - continued

For the period ended June 30, 2010

	Power Equipment US$'000	Floor Care and Appliances US$'000	Eliminations US$'000	Consolidated US$'000
Turnover				
External sales	1,163,560	443,468	-	1,607,028
Inter-segment sales	9,055	2,079	(11,134)	-
Total segment turnover	1,172,615	445,547	(11,134)	1,607,028

Inter-segment sales are charged at prevailing market rates.

	Six months period ended June 30					
	2011			2010		
	Power Equipment US$'000	**Floor Care and Appliances US$'000**	**Consolidated US$'000**	Power Equipment US$'000	Floor Care and Appliances US$'000	Consolidated US$'000
Segment results before restructuring costs	**89,803**	**27,462**	**117,265**	79,885	25,184	105,069
Restructuring costs	**-**	**-**	**-**	(18,420)	-	(18,420)
Segments results	**89,803**	**27,462**	**117,265**	61,465	25,184	86,649
Finance costs			**(29,298)**			(38,223)
Share of results of associates			**(273)**			(53)
Profit before taxation			**87,694**			48,373
Taxation charge			**(7,024)**			(1,458)
Profit for the period			**80,670**			46,915

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.

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

	June 30 2011 US$'000	December 31 2010 US$'000
Power Equipment	**2,284,584**	2,064,615
Floor Care and Appliances	**628,240**	573,937
	2,912,824	2,638,552

4. Restructuring costs

Restructuring costs in 2010 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	
	2011	2010
	US$'000	US$'000
Current tax:		
Hong Kong	**700**	8,390
Overseas Tax	**12,679**	1,213
Deferred Tax	**(6,355)**	(8,145)
	7,024	1,458

Hong Kong Profits Tax is calculated at 16.5% (2010: 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	
	2011	2010
	US$'000	US$'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation and amortization of property, plant and equipment	**34,866**	33,664
Amortization of lease prepayment	**159**	154
Amortization of intangible assets	**20,237**	22,866
Total depreciation and amortization	**55,262**	56,684
Exchange (gain) loss	**(10,082)**	5,908
Staff costs	**240,678**	216,954
Fair value loss (gain) on held-for-trading investments	**762**	(6,491)

7. Dividends

A dividend of HK6.25 cents (approximately US0.80 cent) per share (2010: HK4.50 cents (approximately US0.58 cent) per share) was paid to shareholders as the final dividend for 2010 on July 8, 2011.

The Directors have determined that an interim dividend of HK5.00 cents (approximately US0.64 cent) per share (2010: HK3.75 cents (approximately US0.48 cent) per share) should be paid to the shareholders of the Company whose names appear in the Register of Members on September 16, 2011.

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	
	2011	2010
	US$'000	US$'000
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the period attributable to owners of the Company	**80,259**	46,454
Effect of dilutive potential ordinary shares:		
Effective interest on convertible bonds (net of tax)	**7,772**	-
Earnings for the purpose of diluted earnings per share	**88,031**	46,454
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,606,738,752**	1,593,457,068
Effect of dilutive potential ordinary shares:		
Share options	**6,617,803**	337,629
Convertible bonds	**223,557,000**	-
Warrants	**-**	7,218,116
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,836,913,555**	1,601,012,813

The computation of diluted earnings per share for the six months ended June 30, 2011 does not assume the exercise of the Company's certain outstanding share options if the exercise price of these options is higher than the average market price for shares.

The computation of diluted earnings per share for the six months ended June 30, 2010 does not assume the conversion of the Company's convertible bonds since their exercise would result in an increase in earnings per share and does not assume the exercise of the Company's certain outstanding share options if the exercise price of these options is higher than the average market price for shares.

9. Additions to property, plant and equipment/intangible assets

During the period, the Group spent approximately US$44 million (for the six months ended June 30, 2010: US$47 million) and US$23 million (for the six months ended June 30, 2010: US23 million) on the acquisition of property, plant and equipment and intangible assets respectively.

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 based on the invoice date is as follows:

	June 30 2011 US$'000	December 31 2010 US$'000
0 to 60 days	**631,818**	547,718
61 to 120 days	**13,676**	16,212
121 days or above	**18,864**	16,032
Total trade receivables	**664,358**	579,962
Other receivables	**48,201**	38,026
	712,559	617,988

All the Group's bills receivable at June 30, 2011 are due within 120 days.

11. Trade and other payables/Bills payable

The aging analysis of trade payables based on the invoice date is as follows:

	June 30 2011 US$'000	December 31 2010 US$'000
0 to 60 days	**340,107**	216,963
61 to 120 days	**99,973**	52,300
121 days or above	**7,084**	7,655
Total trade payables	**447,164**	276,918
Other payables	**231,520**	206,347
	678,684	483,265

All the Group's bills payable at June 30, 2011 are due within 120 days.

12. Unsecured bank borrowings

During the period, the Group obtained new bank borrowings in the amount of US$161 million (2010: US$392 million) which are either London Interbank Offered Rate ("LIBOR") or Hong Kong best lending rates based. The Group repaid the existing bank borrowings in the amount of US$336 million (2010: US$258 million).

13. Convertible bonds

In 2009, the Group issued two tranches of 5-year 8.5% coupon convertible bonds with an aggregate principal amount of US$150,000,000 ("Convertible Bonds 2014"). Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds 2014 will be redeemed at their principal amount on the maturity date on April 30, 2014.

At the option of the Convertible Bond 2014's holders, on April 30, 2012, the holders may redeem Convertible Bond 2014 at the principal amount plus accrued interest to the date of redemption. Accordingly, the Convertible Bond 2014 is classified as current liabilities as of June 30, 2011.

The weighted average effective interest rate of Convertible Bond 2014 is 15.57%.

14. Share capital

	Number of shares		**Share capital**	
	June 30 2011	December 31 2010	**June 30 2011 US$'000**	December 31 2010 US$'000
Ordinary shares of HK$0.10 each				
Authorized	**2,400,000,000**	2,400,000,000	**30,769**	30,769
Issued and fully paid:				
At the beginning of the period	**1,606,625,752**	1,591,252,152	**20,598**	20,401
Issue of shares upon exercise of warrants	**-**	14,903,600	**-**	191
Issue of shares upon exercise of share options	**390,000**	470,000	**5**	6
At the end of the period	**1,607,015,752**	1,606,625,752	**20,603**	20,598

15. Contingent liabilities

	June 30 2011 US$'000	December 31 2010 US$'000
Guarantees given to banks in respect of credit facilities utilised by associates	**11,066**	9,379

16. Capital commitments

	June 30 2011 US$'000	December 31 2010 US$'000
Capital expenditure in respect of the purchase of property, plant and equipment:		
Contracted for but not provided	**7,597**	12,984
Authorized but not contracted for	**2,582**	842