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, 2012

HIGHLIGHTS

	2012 USD million	2011 USD million	**Changes %**
Turnover	**1,855**	1,784	**+4.0**
EBITDA	**188**	170	**+10.4**
EBIT	**127**	115	**+10.4**
Profit attributable to Owners of the Company	**96**	80	**+20.1**
EPS (US cents)	**5.69**	5.00	**+13.8**
Interim dividend per share (approx. US cent)	**0.87**	0.64	**+35.0**

- **Record sales and profit for the period**
- **Continued margin improvement**
- **Positive free cash flow**
- **Interim dividend increased by 35.0%**
- **Reduced gearing from 66.1% to 37.4%**
- **New products driving growth**

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 months period ended June 30, 2012 together with the comparative figures in 2011.

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of HK6.75 cents (approximately US0.87 cent) (2011: HK5.00 cents (approximately US0.64 cent)) per share for the six months period ended June 30, 2012. The interim dividend will be paid to shareholders listed on the register of members of the Company on September 14, 2012. It is expected that the interim dividend will be paid on or about September 28, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Record Sales and Profit

TTI delivered record sales, record profit, and margin improvement for the period. This strong performance was a result of our ability to generate organic growth in existing and new markets, with powerful brands that connect with end-users, innovative new products with leading-edge technologies, and continuous improvement through operational efficiency and procurement.

Net profit attributable to shareholders was USD96 million, a 20.1% increase over the first half of 2011. Basic earnings per share was US5.69 cents, an increase of 13.8% compared to the same period last year. Total organic Group sales were up 5.2% before foreign currency impact. Foreign currency negatively impacted revenue by 1.2%. Our ongoing strategic focus on developing exciting new products contributed to the Group's growth and comprised one third of sales. We continued to drive our geographic expansion programs aggressively, generating rest-of-world organic sales growth of 8.5% before currency adjustments.

Operational Efficiencies Deliver Margin Improvements

Gross margin increased to 33.5% for the first half of 2012 from 32.9% for the first half of 2011. The improvement was achieved through productivity gains, including value engineering, lean manufacturing and supply chain efficiency programs, all of which have helped offset inflationary pressures. We were able to reduce headcount by 4.3% while growing sales 5.2%.

We continued investing in R&D and marketing to drive new product introductions and brand-building in global markets.

The Company continued to improve its working capital position. In the first six months of 2012, working capital as a percentage of sales improved to 18.9% as compared to 22.1% for the same period of 2011. Inventory was reduced by USD49 million, a 6.1% decrease compared to the same period last year.

BUSINESS REVIEW

Power Equipment Business Review

The Power Equipment business, which includes Power Tools, Hand Tools, Outdoor Products and Accessories, delivered USD1.4 billion in sales, 10.1% higher than the same period last year before adjustments for currency. The business accounted for 75.9% of overall Group sales.

Industrial

MILWAUKEE® recorded double-digit sales growth across all geographic regions in the first half of 2012. Growth was driven by the introduction of new products using MILWAUKEE®'s advanced technology, like the powerful M18® FUEL™ range of lithium ion cordless tools, further expansion of innovative hand tools and continued penetration of the distribution network, driving gains in market share. MILWAUKEE® Power Tool Accessories likewise continued to deliver market gains, posting robust double-digit sales growth. This was partly driven by the expansion of the SHOCKWAVE™ range of drilling and fastening accessories and aggressive conversion programs in key markets, which have helped expand our presence in the home center, construction, industrial and hardware channels.

Consumer, Trade and Professional

For the first half of 2012, the North American Consumer Power Tools Division posted mid single-digit gains within the home improvement marketplace while improving our market position. Driving the expansion was the ongoing launch of innovative new products backed by marketing activities to communicate benefits to end-users, the underlying strength of lithium cordless tool demand, the successful RIDGID® JobMax® lithium ion cordless multi-tools for professionals, and the continuing success of the RYOBI® 18-volt ONE+ System® of cordless tools.

Outdoor Products & Accessories

Outdoor Products performed well despite second quarter weather-related challenges in our largest markets. This growth was supported by the robust sales of new RYOBI® lithium cordless outdoor products, expansion of the RYOBI® and HOMELITE® gas products, and growth in accessories.

RYOBI® lithium cordless products are rapidly gaining popularity among a growing segment of end-users who are adopting lithium cordless technology. As a result, lithium cordless outdoor products represent the fastest-growing segment in the outdoor category. The new RYOBI® outdoor lithium 40-volt products have been launched globally. This more powerful, higher-voltage lithium platform further strengthens the RYOBI® cordless offering, which includes 24-volt and the well-known, consumer market-leading RYOBI® 18-volt ONE+ System®.

Floor Care and Appliances Business Review

The Floor Care and Appliance business, reported USD0.5 billion in sales, 7.9% lower than the same period last year before adjustments for currency. The business accounted for 24.1% of overall Group sales.

Sales of our branded floor care business declined 1.4% before currency adjustment, with Europe and rest-of-world growing double-digit while our OEM business contracted. The business in North America faced a challenging environment. Sales increased in Europe as we continued to expand distribution and sales in core categories. Australia and New Zealand achieved significantly higher sales as VAX® products gained market share.

FINANCIAL REVIEW

Financial Results

Turnover for the period under review amounted to USD1,855 million, 4.0% higher than the USD1,784 million reported for the same period last year. Profit attributable to Owners of the Company amounted to USD96 million as compared to USD80 million reported last year, an increase of 20.1%. Basic earnings per share was at US5.69 cents (2011: US5.00 cents).

EBITDA amounted to USD188 million, an increase of 10.4% as compared to the USD170 million reported in the same period last year.

EBIT amounted to USD127 million, an increase of 10.4% as compared to the USD115 million reported in the same period last year.

Result Analysis

Gross Margin

Gross margin improved to 33.5% as compared to 32.9% in the same period last year. The margin improvement was the result of new product introduction, category expansion all with higher margin, efficient production in the new PRC facilities, effective supply chain management and volume leverage on our economies of scale.

Operating Expenses

Total operating expenses for the period amounted to USD498 million as compared to USD474 million reported for the same period last year, representing 26.8% of turnover (2011: 26.6%). 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 USD37 million (2011: USD31 million), representing 2.0% of turnover (2011: 1.8%) reflecting our continuous investment in R&D even in times of economic challenge. With our new innovation centre in full operation in current period, efficiency and cost effectiveness is expected to be further improved in the coming years.

Net interest expenses for the period amounted to USD22 million as compared to USD28 million reported for the same period last year. Interest cover, expressed as a multiple of EBITDA to total interest was at 7.2 times (2011: 5.9 times).

Effective tax rate for the period was at 7.6% (2011: 8.0%). 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 USD1.5 billion, as compared to USD1.2 billion at December 31, 2011, an increase of 16.9%. Book value per share was USD0.80 as compared to USD0.78 at December 31, 2011, an increase of 2.6%.

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 37.4% as compared to 66.1% as at June 30, 2011. The gearing improvement is the result of our business growth and all the convertible bonds been converted into shares during the period. 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 borrowing accounted for 33.7% of total debts (33.1% at December 31, 2011).

The Group's major borrowings continued to be in US Dollars and HK Dollars. 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 USD30 million of fixed interest rate notes, refinanced by other bank facilities with lower interest rates. This refinancing arrangement will lower our interest cost in future periods.

Working Capital
Total inventory was at USD752 million as compared to USD801 million for the same period last year. The number of days inventory was at 73 days as compared to 82 days as at June 30, 2011. 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 64 days as compared to 68 days as at June 30, 2011. Excluding the gross up of the receivables factored which is without recourse in nature, receivable turnover days were at 57 days as compared to 61 days as at June 30, 2011. 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 69 days (62 days at December 31, 2011).

The Group's current ratio increased from 1.23 times to 1.33 times and the quick ratio also increased from 0.79 as at December 31, 2011 to 0.86.

Working capital as a percentage of sales was at 18.9% as compared to 22.1% for the same period last year.

Capital Expenditure
Total capital expenditures for the period amounted to USD37 million (2011: USD44 million).

Capital Commitment and Contingent Liability
As at June 30, 2012, total capital commitments amounted to USD19 million (2011: USD10 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 18,521 employees (2011: 19,360 employees) in Hong Kong and overseas. Total staff cost for the period under review amounted to USD263 million as compared to USD251 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

The Group enters the second half with strong momentum across our businesses and is firmly positioned to build on the positive first half performance.

We are excited about the new products, such as the expanding range of new cordless lithium tools and innovative accessories, which will be launched. Also, as part of our aggressive strategy to continue achieving progress in operational excellence, we will drive further gains in efficiency across our manufacturing operations, supporting further margin improvement.

In Power Equipment, the MILWAUKEE®'s M12® and M18® cordless platforms and the RYOBI®'s 18-volt ONE+ System® will continue to see expansion as we add to the ranges and more end-users adopt our highly advanced lithium technology. In Outdoor Products, we will be expanding our lithium cordless product range to capture the growing demand for cordless.

Profitability for Floor Care has shown improvement when compared to the second half of last year. We anticipate that the improvements will continue, supported by a stream of innovative new products and first half operational changes.

With our stable of powerful brands and pipeline of new products, we are confident of delivering another period of record sales and profit.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Company has complied with all the code provisions of the Code on Corporate Governance Practices (effective until March 31, 2012) and the Corporate Governance Code (effective from April 1, 2012) 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, 2012, except none of the Directors are appointed for a specific term since they are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Further, Mr Christopher Patrick Langley OBE (an Independent Non-executive Director) was unable to attend the annual general meeting of the Company held on May 18, 2012 as he had to attend another annual general meeting of which he is the chairman of the audit committee.

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 enquiries of the Directors regarding any non-compliance with the Model Code during the six months period ended June 30, 2012 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, 2012, 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

A total of 3,330,000 ordinary shares of HKD0.10 each in the Company were repurchased by the Company during the period at prices ranging from HKD7.93 to HKD9.85 per share. The aggregate amount paid by the Company for such repurchases amounting to USD3,870,000 was charged to the retained earnings.

The repurchased shares were cancelled and the issued share capital and the capital redemption reserve of the Company was reduced and increased respectively by the par value thereof.

The repurchase of the Company's shares during the period were effected by the Directors pursuant to the mandate from shareholders received at the previous annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Except as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from September 13, 2012 to September 14, 2012, 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 12, 2012.

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 2012 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 16, 2012

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, one Non-executive Director, namely, Prof Roy Chi Ping Chung BBS JP and five Independent Non-executive Directors, namely, Mr Joel Arthur Schleicher, Mr Christopher Patrick Langley OBE, Mr Manfred Kuhlmann, Mr Peter David Sullivan and Mr Vincent Ting Kau Cheung.

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

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AEG® is a registered trademark and its use is pursuant to a License granted by AB Electrolux (publ).

RYOBI® is a registered trademark and its use is pursuant to a License granted by Ryobi Limited.

RIDGID® is a registered trademark of Ridgid, Inc., part of Emerson Professional Tools, a business of St. Louis-based Emerson (NYSE: EMR).

RESULTS SUMMARY

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months period ended June 30, 2012

	Notes	**2012 USD'000 (Unaudited)**	2011 USD'000 (Unaudited)
Turnover	3	**1,854,793**	1,783,909
Cost of sales		**(1,232,684)**	(1,197,565)
Gross profit		**622,109**	586,344
Other income		**2,187**	2,760
Interest income		**4,075**	1,793
Selling, distribution, advertising and warranty expenses		**(255,615)**	(242,411)
Administrative expenses		**(204,611)**	(199,964)
Research and development costs		**(37,362)**	(31,257)
Finance costs		**(26,483)**	(29,298)
Profit before share of results of associates and taxation		**104,300**	87,967
Share of results of associates		**-**	(273)
Profit before taxation		**104,300**	87,694
Taxation charge	4	**(7,916)**	(7,024)
Profit for the period	5	**96,384**	80,670
Other comprehensive income			
Exchange differences on translation of foreign operations and other comprehensive (loss) income for the period		**(1,458)**	15,685
Total comprehensive income for the period		**94,926**	96,355
Profit for the period attributable to:			
Owners of the Company		**96,362**	80,259
Non-controlling interests		**22**	411
		96,384	80,670
Total comprehensive income attributable to:			
Owners of the Company		**94,906**	95,909
Non-controlling interests		**20**	446
		94,926	96,355
Earnings per share (US cents)	7		
Basic		**5.69**	5.00
Diluted		**5.51**	4.79

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at June 30, 2012

	Notes	**June 30 2012 USD'000 (Unaudited)**	December 31 2011 USD'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8 & 15	**358,912**	360,082
Lease prepayments		**36,034**	36,432
Goodwill		**530,401**	530,856
Intangible assets	8	**391,787**	371,275
Interests in associates		**18,415**	20,165
Available-for-sale investments		**1,269**	1,269
Deferred tax assets		**76,156**	73,633
		1,412,974	1,393,712
Current assets			
Inventories		**752,186**	704,419
Trade and other receivables	9	**726,610**	673,457
Deposits and prepayments		**89,211**	72,897
Bills receivable	9	**25,022**	35,760
Tax recoverable		**7,945**	12,361
Trade receivables from an associate		**78**	205
Derivative financial instruments		**5,983**	8,867
Held-for-trading investments		**7,060**	8,288
Bank balances, deposits and cash		**530,076**	459,650
		2,144,171	1,975,904
Current liabilities			
Trade and other payables	10	**704,606**	618,863
Bills payable	10	**55,184**	42,991
Warranty provision		**42,722**	44,748
Trade payables to an associate		**-**	4,037
Tax payable		**8,024**	10,937
Derivative financial instruments		**6,498**	9,002
Restructuring provision		**1,426**	3,743
Dividend payable		**18,185**	-
Obligations under finance leases - due within one year		**1,206**	1,730
Discounted bills with recourse		**539,385**	518,897
Unsecured borrowings - due within one year	11	**217,488**	194,025
Convertible bonds	12	**-**	134,001
Bank overdrafts		**22,329**	19,972
		1,617,053	1,602,946
Net current assets		**527,118**	372,958
Total assets less current liabilities		**1,940,092**	1,766,670

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) - continued

As at June 30, 2012

	Notes	**June 30 2012 USD'000 (Unaudited)**	December 31 2011 USD'000 (Audited)
CAPITAL AND RESERVES			
Share capital	13	**23,372**	20,533
Reserves		**1,433,030**	1,225,043
Equity attributable to owners of the Company		**1,456,402**	1,245,576
Non-controlling interests		**8,572**	8,552
Total equity		**1,464,974**	1,254,128
NON-CURRENT LIABILITIES			
Obligations under finance leases - due after one year		**4,313**	4,755
Unsecured borrowings - due after one year	11	**361,592**	396,877
Retirement benefit obligations		**81,637**	82,937
Deferred tax liabilities		**27,576**	27,973
		475,118	512,542
Total equity and non-current liabilities		**1,940,092**	1,766,670

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 ("Stock Exchange").

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, 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2011.

In the current interim period, the Group has applied for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are mandatory effective for the current interim period.

The application of the above amendments to 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.

3. Segment information

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

For the period ended June 30, 2012

	Power Equipment USD'000	Floor Care and Appliances USD'000	Eliminations USD'000	Consolidated USD'000
Turnover				
External sales	**1,407,426**	**447,367**	**-**	**1,854,793**
Inter-segment sales	**6,960**	**457**	**(7,417)**	**-**
Total segment turnover	**1,414,386**	**447,824**	**(7,417)**	**1,854,793**

3. Segment information - continued

For the period ended June 30, 2011

	Power Equipment USD'000	Floor Care and Appliances USD'000	Eliminations USD'000	Consolidated USD'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

Inter-segment sales are charged at prevailing market rates.

	Six months period ended June 30					
	2012			2011		
	Power Equipment USD'000	**Floor Care and Appliances USD'000**	**Consolidated USD'000**	Power Equipment USD'000	Floor Care and Appliances USD'000	Consolidated USD'000
Segments results	**114,801**	**15,982**	**130,783**	89,803	27,462	117,265
Finance costs			**(26,483)**			(29,298)
Share of results of associates			-			(273)
Profit before taxation			**104,300**			87,694
Taxation charge			**(7,916)**			(7,024)
Profit for the period			**96,384**			80,670

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 segments reported to the CODM of the Group:

	June 30 2012 USD'000	December 31 2011 USD'000
Power Equipment	**2,292,598**	2,175,535
Floor Care and Appliances	**625,972**	619,405
	2,918,570	2,794,940

4. Taxation charge

	Six months period ended June 30	
	2012	2011
	USD'000	USD'000
Current tax:		
Hong Kong	**569**	700
Overseas Tax	**6,219**	12,679
Deferred Tax	**1,128**	(6,355)
	7,916	7,024

Hong Kong Profits Tax is calculated at 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.

5. Profit for the period

	Six months period ended June 30	
	2012	2011
	USD'000	USD'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation and amortisation of property, plant and equipment	**36,172**	34,866
Amortisation of lease prepayments	**163**	159
Amortisation of intangible assets	**24,773**	20,237
Total depreciation and amortisation	**61,108**	55,262
Exchange loss (gain)	**4,942**	(10,082)
Staff costs	**263,391**	250,747
Fair value loss on held-for-trading investments	**1,228**	762

6. Dividends

A dividend of HK7.75 cents (approximately US1.00 cent) per share (2011: HK6.25 cents (approximately US0.80 cent) per share) was paid to shareholders as the final dividend for 2011 on July 6, 2012.

The Directors have determined that an interim dividend of HK6.75 cents (approximately US0.87 cent) per share (2011: HK5.00 cents (approximately US0.64 cent) per share) should be paid to the shareholders of the Company whose names appear in the Register of Members on September 14, 2012.

7. 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	
	2012	2011
	USD'000	USD'000
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to owners of the Company	**96,362**	80,259
Effect of dilutive potential ordinary shares:		
Effective interest on convertible bonds (net of tax)	**4,457**	7,772
Earnings for the purpose of diluted earnings per share	**100,819**	88,031
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,694,876,782**	1,606,738,752
Effect of dilutive potential ordinary shares:		
Share options	**5,430,285**	6,617,803
Convertible bonds	**129,688,975**	223,557,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,829,996,042**	1,836,913,555

The computation of diluted earnings per share for the six months ended June 30, 2012 and June 30, 2011 does not assume the exercise of the Company's outstanding share options if the exercise price of these options is higher than the average market price for the Company's shares.

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

During the period, the Group spent approximately USD37 million (for the six months ended June 30, 2011: USD44 million) and USD45 million (for the six months ended June 30, 2011: USD23 million) on the acquisition of property, plant and equipment and intangible assets respectively.

9. 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 2012 USD'000	December 31 2011 USD'000
0 to 60 days	**612,456**	569,695
61 to 120 days	**24,937**	17,145
121 days or above	**21,267**	19,806
Total trade receivables	**658,660**	606,646
Other receivables	**67,950**	66,811
	726,610	673,457

All the Group's bills receivable at June 30, 2012 are due within 120 days.

10. Trade and other payables/Bills payable

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

	June 30 2012 USD'000	December 31 2011 USD'000
0 to 60 days	**324,459**	259,435
61 to 120 days	**112,124**	93,376
121 days or above	**11,530**	7,048
Total trade payables	**448,113**	359,859
Other payables	**256,493**	259,004
	704,606	618,863

All the Group's bills payable at June 30, 2012 are due within 120 days.

11. Unsecured borrowings

During the period, the Group obtained new bank borrowings in the amount of USD353 million (2011: USD161 million) which are London Interbank Offered Rate, Euro Interbank Offered Rate or Hong Kong best lending rates based. The Group repaid the existing bank borrowings in the amount of USD332 million (2011: USD336 million).

12. Convertible bonds

In 2009, the Group issued two tranches of 5-year 8.5% coupon convertible bonds with an aggregate principal amount of USD150,000,000 ("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 Bonds 2014's holders, on April 30, 2012, the holders could redeem Convertible Bond 2014 at the principal amount plus accrued interest to the date of redemption. Accordingly, the Convertible Bonds 2014 were classified as current liabilities as of December 31, 2011.

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

During the period, all the Convertible Bonds 2014 were converted into 223,557,689 shares of the Company at HKD5.20 per share.

13. Share capital

	Number of shares		**Share capital**	
	June 30 2012	December 31 2011	**June 30 2012 USD'000**	December 31 2011 USD'000
Ordinary shares of HKD0.10 each				
Authorised	**2,400,000,000**	2,400,000,000	**30,769**	30,769
Issued and fully paid:				
At the beginning of the period	**1,601,564,252**	1,606,625,752	**20,533**	20,598
Issue of shares upon exercise of share options	**395,000**	455,000	**5**	6
Repurchase of shares	**(3,330,000)**	(5,516,500)	**(43)**	(71)
Conversion of convertible bonds	**223,557,689**	-	**2,877**	-
At the end of the period	**1,822,186,941**	1,601,564,252	**23,372**	20,533

During the period, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares at HKD0.10 each	Price per share Highest HKD	Price per share Lowest HKD	Aggregate consideration paid USD'000
January 2012	200,000	8.01	7.93	205
May 2012	1,980,000	9.85	8.59	2,316
June 2012	1,150,000	9.40	8.75	1,349
	3,330,000			3,870

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. An amount equivalent to the par value of the shares cancelled of USD43,000 was transferred to the capital redemption reserve. The consideration paid on the repurchase of the shares of approximately USD3,870,000 was charged to retained profits.

14. Contingent liabilities

	June 30 2012 USD'000	December 31 2011 USD'000
Guarantees given to banks in respect of credit facilities utilised by associates	**11,013**	10,858

15. Capital commitments

	June 30 2012 USD'000	December 31 2011 USD'000
Capital expenditure in respect of the purchase of property, plant and equipment:		
Contracted for but not provided	**17,684**	15,484
Authorised but not contracted for	**1,447**	287

16. Event after the reporting period

On August 3, 2012, the Company has entered into an USD146,000,000 medium term loan with final maturity in 2016. The loan will be applied to refinance loans due.