

Management's Discussion and Analysis

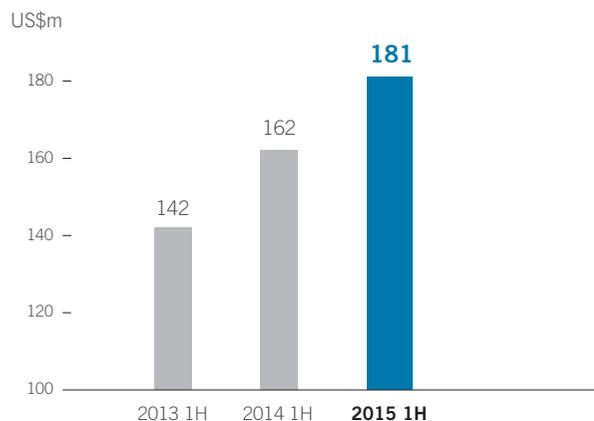
Record Performance

In the first half of 2015, TTI delivered record results with double-digit growth in revenue, gross profit and net income. Profit margins continued to improve with revenues increasing by 10.0% or 14.4% when excluding the effect of foreign currency exchange. All regions delivered impressive organic growth, demonstrating the company's ability to capture market share through innovation. The Power Equipment segment, comprising 79.1% of the Group's revenue, generated double-digit sales growth of 16.7%, outpacing the power tool industry with our Milwaukee Tool business recording a 24.4% increase in global sales. The Consumer Power Tools and Outdoor Products businesses showed strong momentum also delivering double-digit increases in sales. Accounting for one-fifth of the Group's revenue, the Floor Care and Appliance division continued to grow in the cordless product category although the overall division was down by 9.7%, primarily due to a mandated European Union (EU) Energy Labeling Directive and the strategic exit of our low margin OEM businesses. We view this as episodic and the business will resume its normal course in the years to come.

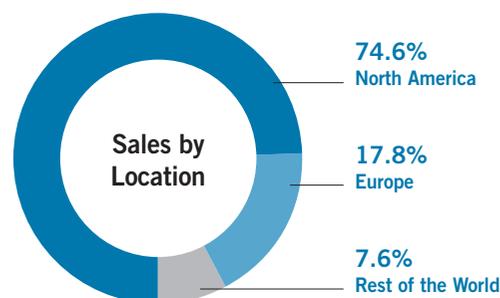
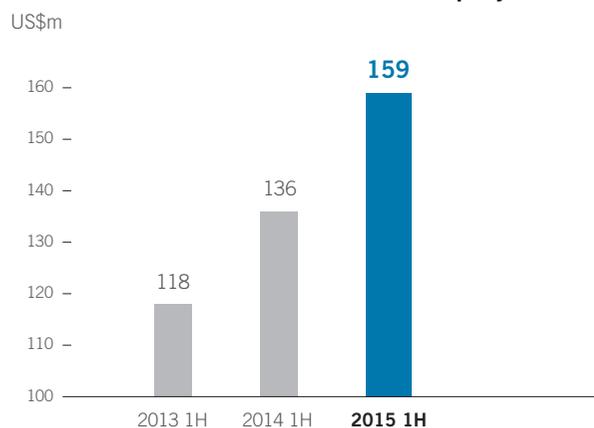
The Group's strong first half results reflect the continued success of our strategy to bring to market exciting new products with cutting-edge technology such as our industry-leading lithium cordless platforms, powerful brands built on in-depth understanding of customer needs, loyalty from end-users, and consistent commitment to continued improvements in operational efficiency.

Our focus on driving the gross margin to new levels, has yielded the seventh consecutive reporting period of gross margin improvement. The relentless efforts on manufacturing productivity, global purchasing programs, and ongoing initiatives to boost supply chain efficiency, combined with the impact from our high margin new product stream and volume leverage resulted in a 60 basis point improvement in gross margin to 35.6%. Investments in R&D, geographic expansion and marketing programs have driven the flow of new and innovative products, increasing our distribution reach. Our EBIT increased by 12.1% and net profit attributable to shareholders reached US\$159 million, which is a 16.5% expansion. Basic earnings per share increased 16.4% to 8.67 US cents.

EBIT



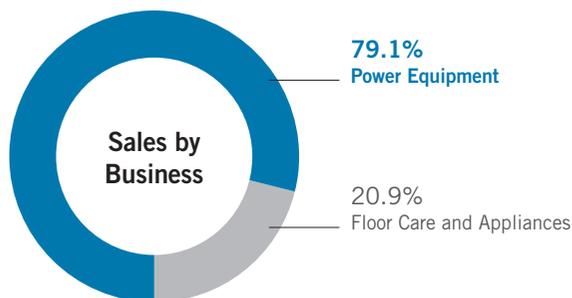
Profit Attributable to Owners of the Company



Business Review

Power Equipment

The Power Equipment business had a strong first half delivering US\$1,958 million in revenue, a 16.7% increase compared with the same period in 2014, accounting for 79.1% of the Group's revenue.



Industrial

Our Milwaukee Tool business delivered another exceptional first half growing 24.4% globally with double-digit sales across all regions. We continue to take market share with a consistent flow of innovative new products, implementation of targeted end-user initiatives and a focus on operational excellence.

The MILWAUKEE M12 and M18 lithium cordless power tool platforms continued to penetrate global markets and were supported by a number of innovative new product additions. The brand's disruptive FUEL technology franchise was fortified with the introduction of breakthrough products such as the industry's first sub-compact 12 volt brushless circular saw. FUEL technology continues to receive an extremely positive response from end users and distribution channels throughout our global markets. Powered by industry-leading technology, the MILWAUKEE brand continues to accelerate professional and industrial users' transition from traditional corded tools to lithium cordless power tools. The introduction of the M18 compact brushless drill driver, hammer drill driver and impact drivers strengthened the MILWAUKEE brand's position among the cordless drilling and driving solutions segment. In the second half of the year, an extensive flow of additional M18 cordless products will be released to bolster our industrial product and productivity solutions offerings.

Our MILWAUKEE brand continues to grow in the power tool accessory business by bringing to market new products that offer productivity enhancing solutions to end-users. We introduced HOLE DOZER bi-metal hole saws, providing end users with high-performance hole-cutting solutions engineered to withstand the extreme conditions of jobsites. In addition, the new MILWAUKEE adjustable hole saw reinforces the brand's position as a leading solutions provider for challenging electrical and plumbing installations.

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We strengthened our hand tool business with the introduction of an innovative line of lightweight and compact pliers, storage products that deliver game-changing user-focused solutions, and tape measures with longer-lasting blade life. Continued development of the tape measure business has resulted in double-digit market share gains in targeted markets.

We invested in the expansion of our layout and measurement business through EMPIRE levels, which is receiving strong commercial support throughout the U.S. and Canada, and continued expansion across global markets. In addition, operational enhancements within our hand tool business have resulted in significant productivity gains while setting the stage for rapid and sustained growth.

Consumer Power Tools

We recorded substantial gains in our Consumer Power Tools business delivering double-digit organic growth across North America, Europe ("EMEA"), and Australia and New Zealand ("ANZ"). RYOBI is the number one do-it-yourself ("DIY") power tools brand in the world and is based on our flagship 18V ONE+ SYSTEM platform. To build on the leadership position of the ONE+ brand, we continue to expand the system through innovative products with industry-leading technological improvements such as the new 5.0ah lithium battery pack. The ONE+ brand is generating customer loyalty with backward compatible new batteries and tools that work with all previous RYOBI 18V ONE+ tools and batteries.

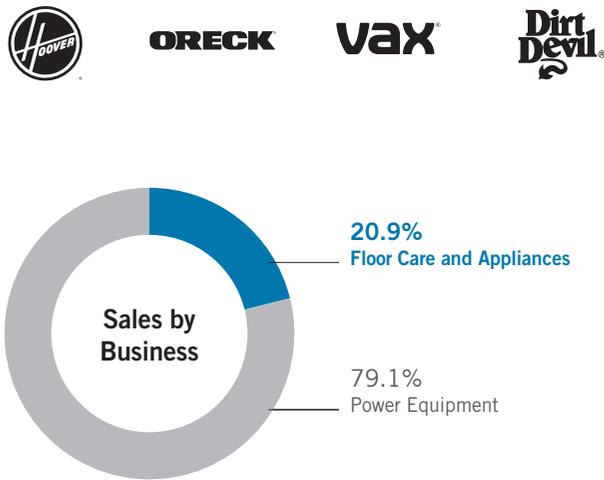
The AEG tradesman brand delivered exceptional growth in EMEA and ANZ. The brand gained traction with a further expansion of the 18V lithium cordless range that has best-in-class features and industry leading lithium technology including the recently launched brushless motor technology.

Outdoor Products

The Outdoor Products business achieved outstanding double-digit growth across the North American, EMEA and ANZ markets. This growth was the result of favorable weather conditions and an exciting range of new products. We are leading the industry's transition to lithium cordless outdoor tools with new products additions to the RYOBI lithium cordless platforms. By driving the benefits of lithium cordless-powered outdoor products, the highly successful RYOBI 18V ONE+ SYSTEM platform and 40V programs generated robust sales and delivered share gains in key markets. In the traditional corded and gas product categories, a number of new additions such as the RYOBI electric pressure washers, RYOBI full crank gas trimmers, and RYOBI gas powered 2800PSI pressure washer contributed to overall business growth. Positive momentum was generated by product marketing events, product training for our retail partners and promotional marketing campaigns.

Floor Care and Appliances

Floor Care and Appliances, accounting for 20.9% of the Group's revenue, declined 9.7% to US\$516 million in the first half of 2015.



As part of our continued focus on building strong brands, we are by design strategically exiting our low margin OEM appliance businesses, which had a significant impact to the revenue decline in this segment. In addition, we underestimated the EMEA sales impact of complying with the EU Energy Labeling Directive. This resulted in higher than expected engineering costs and an oversupply of legacy products in the channel. Fortunately, the episodic impact on our business is behind us and we will be on track for growth in the years to come. On a positive note, our European cordless program is flourishing and holds great promise for the floor care business.

Our North American business exceeded overall industry growth driven by the HOOVER brand at key mass retailers and with our commercial cleaning partners using the HOOVER and ORECK commercial brands. Category share gains were achieved with the expansion of our HOOVER cordless cleaning line of products that are powered by leveraging TTI's lithium cordless technology. We are driving demand for cordless cleaning with the introduction of two revolutionary products including the industry's first cordless upright cleaner with a detachable "lift off" canister and the first cordless hard floor cleaner designed on our market-leading FLOORMATE platform. The ORECK brand generated solid double-digit growth with continued partner store expansion and new product introductions. In addition, our commercial HOOVER brand launched a new innovative platform of products that features industry-leading performance and new HUSHTONE technology, which enables high-performance, quiet cleaning for noise-sensitive commercial environments such as offices, hotels and hospitals.

Outlook

TTI is firmly positioned to build on the positive momentum generated by our businesses and we are confident that we will sustain solid organic growth in the second half of the year. At the core of our successful business is a sophisticated product development process that aims to solve end-user needs. Our innovative products, powerful brands, and relentless efforts to pursue operational excellence have set a solid foundation for delivering exceptional organic sales growth and ongoing positive financial performance. We remain focused on propelling our business forward through investments in product development, marketing, and geographic expansion. Our ongoing commitment in these areas will continue to deliver value to support robust business growth and meet financial objectives.