Techtronic Industries Co. Ltd.

(*Incorporated in Hong Kong with limited liability*)

(Stock Code: 669)

Announcement of results for the six months period ended 30th June, 2005

HIGHLIGHTS

	2005 HK$' million	2004 HK$' million	**Changes**
Turnover	**10,217**	6,724	**+ 52.0%**
Profit from operations	**723**	419	**+ 72.6%**
Profit attributable to shareholders of the Company	**456**	299	**+ 52.7%**
Earnings per share, basic (HK cents)	**33.65**	22.49	**+ 49.6%**
Interim dividend per share (HK cents)	**6.00**	4.50	**+ 33.3%**

The Board of Directors are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months period ended 30th June, 2005 together with the comparative figures in 2004.

INTERIM DIVIDEND

The Directors recommend an interim dividend of HK6.00 cents per share (2004 interim dividend: HK4.50 cents). The interim dividend will be paid to shareholders listed on the register of members of the Company on 16th September, 2005. It is expected that the interim dividend will be paid on or about 30th September, 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS

TTI's four-tiered strategic approach continues to deliver record performance (leading brands, exceed industry growth, commitment to innovation and unmatched operational efficiency). Total Group turnover for the six months period under review was HK$10,217 million, an increase of 52.0% over the same period of 2004. Profit rose by 52.7% to HK$456 million. Earnings per share grew 49.6% to HK33.65 cents. The Directors recommend an interim dividend of HK6.00 cents, as compared with HK4.50 cents at the interim of 2004, an increase of 33.3%.

Each business segment exhibited robust growth in turnover and profitability through well received new product introductions, additional placements in key channels and by creating market advantage through dedicated cost reduction efforts.

In January, we completed the acquisition of the Milwaukee® and AEG® professional power tool and accessories and DreBo® carbide drill bit businesses. The integration of the newly acquired businesses has been smooth. We are building on these acquired brands and their superior technology platforms by combining the Group's design and engineering resources. In addition, we have the most powerful field sales team in the power tool industry with TTI's best-in-industry Home Center sales force with Milwaukee®'s and AEG®'s best-in-industry Industrial/Contractor sales force.

During the period under review, we had several key product launches. Every brand has delivered growth in competitive markets. Our robust marketing programs successfully portray the high quality of the product lines and are designed to trigger value-driven purchases. We remain competitive by leveraging our unique economies of scale and other operational efficiencies, which contribute to sustaining our margins despite pressure from rising raw material prices.

BUSINESS REVIEW

Power Equipment Products

The Power Equipment Products division delivered robust turnover growth of 67.4% over the same period of 2004 to HK$7,889 million, accounting for 77.2% of Group turnover. The strong growth was attributed to the double-digit growth of existing business and first six months' contribution from the recent acquisition.

Our leading position in North America is further strengthened with key innovative product launches for both professional and consumer markets. Targeting the professional / industrial users, the V28™ cordless power tool line by Milwaukee® has exceeded expectations and has been recognized by a number of trade magazines as taking the tool industry to new levels. This new product line is a primary example of how innovation can positively impact an entire market. Since its initial launch in April this year, we have seen very strong demand and we expect tremendous growth potential from this technology platform.

RIDGID® also continued to build strength and capture market share in the professional segment of the building industry with its new line of pneumatic fastening tools, exclusively featuring high performance FastenEdge Technology™. A well executed marketing event at the National Homebuilder's Show in January and an aggressive public relations campaign have kept the RIDGID® brand in front of the customer base.

Our consumer line, under the Ryobi® brand, continued its success in the Ryobi® One+ System™, a revolutionary marketing concept well received by the end users. We successfully added new tools to the line during the first half, supported by robust advertising in trade magazines, The Home Depot circulars and a national TV campaign tied to highly visible instore displays.

Outside of North America, our power tool business continued its positive momentum. Ryobi® delivered double digit growth powered by new products and geographic expansion. AEG® and DreBo® businesses performed according to plan with a focus on leveraging product development and marketing synergies with the TTI Group.

The outdoor power equipment division also delivered excellent growth in the first half of the year. We continued to capitalize on the already strong position of Ryobi® and introduced a number of new products. The innovative design and function of the new gas powered pressure washer, under the Ryobi® brand, was one of several new product introductions based on specific customer research. Homelite® continues to be a brand of choice adding to the growth of this division. We also enjoyed strong growth in Europe for the outdoor products, thanks to continuous introduction of new products.

Floor Care Appliances

Turnover in the Floor Care Appliances division increased 15.3% over the same period of 2004, to HK$1,980 million, accounting for 19.4% of Group turnover.

A strengthened North American management team is launching new marketing campaigns that highlight product innovations and cleaning solutions in response to customer research. The Dirt Devil® brand remained a consumer favorite exhibiting strong growth across all markets. A wide range of new products has been introduced, including the new Dynamite® line of vacuums and trendy Broom Vac. We continued to build on our strong relationship with the key retailers, providing them with well-received products and efficient sales support. Dirt Devil® in Europe also recorded double-digit growth for the first half on aggressive advertising and new products.

Dirt Devil® is celebrating the 100 year anniversary of the company with an innovative promotion campaign featuring a unique line of products, creative merchandising and packaging, and end-user promotions.

In the UK, Vax® is the fastest growing floor care brand and has captured market gains with its robust new product introductions such as the innovative upright carpet washers and easy-to-use bagless vacuums. Strong relationships with customers, energetic marketing campaigns and an array of new products promise continued growth.

Our OEM business delivered positive results as new products launched in late 2004 had exceptional end-user acceptance. The strategic investment continues in product development capabilities to support our OEM customer demand for new products. As planned, there are relentless efforts to improve product performance, increase manufacturing efficiencies and drive cost containment programs.

Laser and Electronic Products

Turnover for the Laser and Electronic Products division climbed 18.0% over the same period of 2004 to HK$348 million, accounting for 3.4% of Group turnover. The double-digit growth in sales and profits were the result of major new product introductions in key markets. Aggressive productivity measures were taken to contain costs. The product innovation and enhanced productivity helped strengthen the strategic alliance with our key ODM partners as we provided them continued product advantage at competitive costs.

[[MIDCOLUMN]]

The Group regards human capital is vital to 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 and bonuses to eligible staff, based on the performance of the Group and the individual employee.

OUTLOOK

TTI is well positioned for excellent growth going into the second half of 2005. Continued investment in innovation has added depth and breadth to our already leading brands. The Group's core strategies (leading brands, exceed industry growth, commitment to innovation and unmatched operational efficiency) are sound and are delivering significantly higher performance in all areas of the business.

Strong sales momentum of the Power Equipment Products division will continue as many of the successful product introductions such as the V28™ from Milwaukee®, the continued expansion of the Ryobi® One+ System™ and RIDGID® pneumatic fastening tools will hit their full stride in the second half of the year. All of these product lines are experiencing tremendous market acceptance and are continuing to expand the number of products within each line, all indicators of strong future growth. In addition, the success of the Ryobi® One+ System™ will be expanded to the key markets in Europe with placements in key retail channels and heavy marketing programs to support the volume of products hitting the stores. AEG® will benefit from new products and OEM customer programs that we launch in the second half.

In outdoor power equipment, under the Ryobi® and Homelite® brands, new products such as a log splitter, gas powered pressure washer and blowers will continue to drive strong performance through the second half of the year. All markets will benefit from the new product launches.

The Floor Care Appliances division is poised for market share gains across all geographic markets with a number of new product launches. A major opportunity for business expansion in the second half of the year will be the introduction the Vax® brand in the US market with a new generation of Vax® vacuum cleaners, in collaboration with major national retailers. The unique, premium "cutting edge" product line will feature a philosophy called Next Clean, which combines effectiveness with user-focused engineering, to deliver superior cleaning with less strain and less bending by the user.

The Laser and Electronic Products division will continue to expand its business with its powerful array of new products. A range of electronic hand tools, solar lights and infant care products will be launched in the second half of the year which is expected to deliver excellent future growth. The innovative AIRgrip® laser technology platform is being expanded in the second half and will be supported by substantial marketing programs. In addition, we will continue to expand our presence in the European market where a large potential remains untapped.

TTI has every reason to believe we will stay on course for record performance. Even though raw material cost trends remain uncertain, and consumers are more demanding, our leading brands have delivered what it takes to win in the marketplace: a flow of highly innovative and quality products, a dedication to cost rationalization and earning the trust and respect of all of our partners in every industry. The on-going integration of the Milwaukee®, AEG® and DreBo® is positioning the Group to leverage marketing and operational synergies, generating opportunities for significant growth and efficiency gains.

AUDIT COMMITTEE

The Audit Committee is composed of three independent non-executive directors, Mr. Joel Arthur Schleicher (Chairman), Mr. Christopher Patrick Langley and Mr. Manfred Kuhlmann. The Audit Committee has reviewed with management the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited interim financial statements for the six months period ended 30th June, 2005.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months period ended 30th June, 2005, with deviations from code provisions A.4.1 of the CG Code only in respect of the service term of non-executive directors.

Under the code provisions A.4.1, non-executive directors should be appointed for a specific term and subject to re-election.

None of the existing non-executive (including independent non-executive) directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the CG Code. However, all the directors of the Company (executive, non-executive and independent non-executive) are subject to the retirement by rotation at each annual general meeting under the 103(A) of the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

REMUNERATION COMMITTEE

A Remuneration Committee has been established in accordance with the requirements of the CG Code. The Remuneration Committee comprises one non-executive director, Mr. Vincent Ting Kau Cheung (Chairman) and two independent non-executive directors, Mr. Christopher Patrick Langley and Mr. Manfred Kuhlmann.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by directors as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Code"). Having made specific enquiry of the directors of the Company, all the directors confirmed that they had compiled with the required standards as set out in the Code during the six months period ended 30th June, 2005.

PURCHASE, SALES OR REDEMPTION OF SHARES

There has been no purchase, sale or redemption of shares of the Company by the Company or any of its subsidiaries during the period.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 12th September, 2005 to Friday, 16th September, 2005, 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, Secretaries Limited, at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00p.m. on Friday, 9th September, 2005.

PUBLICATION OF INTERIM RESULTS ON WEBSITE

The financial information required to be disclosed under paragraphs 46(1) to 46(6), and 46(9) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and TTI's website at www.ttigroup.com in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises four executive directors, namely Mr. Horst Julius Pudwill, Mr. Roy Chi Ping Chung, JP, Mr. Patrick Kin Wah Chan, Mr. Frank Chi Chung Chan, two non-executive directors, namely Dr. Akio Urakami and Mr. Vincent Ting Kau Cheung, and three independent non-executive directors, namely Mr. Joel Arthur Schleicher, Mr. Christopher Patrick Langley and Mr. Manfred Kuhlmann.

By Order of the Board
Horst Julius Pudwill
Chairman and Chief Executive Officer

Hong Kong, 18th August, 2005

RESULTS SUMMARY

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the six months period ended 30th June, 2005

	Notes	**2005** HK$'000	2004 HK$'000	**2005** US$'000 **(Note 8)**	2004 US$'000 (Note 8)
Turnover	3	**10,217,328**	6,724,115	**1,309,914**	862,066
Cost of sales		**(7,045,245)**	(4,720,044)	**(903,235)**	(605,134)
Gross profit		**3,172,083**	2,004,071	**406,679**	256,932
Other operating income		**15,092**	14,074	**1,935**	1,804
Interest income		**22,692**	22,155	**2,909**	2,840
Selling, distribution, advertising and warranty expenses		**(1,008,271)**	(693,737)	**(129,265)**	(88,941)
Administrative expenses		**(1,226,291)**	(762,714)	**(157,220)**	(97,785)
Research and development costs		**(251,880)**	(164,759)	**(32,292)**	(21,123)
Profit from operations	4	**723,425**	419,090	**92,746**	53,727
Finance costs		**(149,734)**	(58,702)	**(19,197)**	(7,526)
Profit before share of results of associates and taxation		**573,691**	360,388	**73,549**	46,201
Share of results of associates		**(2,999)**	(626)	**(384)**	(80)
Profit before taxation		**570,692**	359,762	**73,165**	46,121
Taxation	5	**(93,741)**	(42,677)	**(12,018)**	(5,471)
Profit for the period		**476,951**	317,085	**61,147**	40,650
Attributable to:					
Shareholders of the Company		**456,362**	298,858	**58,507**	38,313
Minority interests		**20,589**	18,227	**2,640**	2,337
Profit for the period		**476,951**	317,085	**61,147**	40,650
Dividends		**(169,651)**	(118,444)	**(21,750)**	(15,185)
Earnings per share (HK / US cents)	6				
Basic		**33.65**	22.49	**4.31**	2.88
Diluted		**31.89**	21.78	**4.09**	2.79

CONDENSED CONSOLIDATED BALANCE SHEET

as at 30th June, 2005

	Note	**30th June 2005** HK$'000 **(Unaudited)**	31st December 2004 HK$'000 (Audited and restated)	**30th June 2005** US$'000 **(Note 8)**	31st December 2004 US$'000 (Note 8)
ASSETS					
Non-current assets					
Property, plant and equipment		**1,746,805**	879,846	**223,949**	112,801
Lease prepayment		**69,309**	4,772	**8,886**	612
Goodwill		**4,060,924**	653,504	**520,631**	83,783
Negative goodwill		**–**	(28,868)	**–**	(3,701)
Intangible assets		**473,522**	232,881	**60,708**	29,857
Interests in associates		**168,982**	160,442	**21,664**	20,569
Investments in securities		**–**	27,193	**–**	3,486
Available-for-sale investments		**23,259**	–	**2,982**	–
Deferred tax assets		**377,125**	329,711	**48,349**	42,271
Other assets		**1,195**	1,195	**153**	153
		6,921,121	2,260,676	**887,322**	289,831
Current assets					
Inventories		**4,372,339**	2,787,059	**560,556**	357,315
Trade and other receivables		**3,378,887**	2,762,156	**433,190**	354,123
Deposits and prepayments		**441,051**	382,421	**56,545**	49,028
Bills receivable		**359,074**	256,836	**46,035**	32,928
Tax recoverable		**31,453**	872	**4,032**	112
Trade receivables from associates		**1,276**	1,247	**164**	160
Bank balances, deposits and cash		**1,733,787**	5,452,057	**222,280**	698,982
		10,317,867	11,642,648	**1,322,802**	1,492,648
Current liabilities					
Trade, bills and other payables		**4,063,120**	3,395,650	**520,913**	435,340
Warranty provision		**261,258**	241,375	**33,495**	30,946
Trade payable to an associate		**29,228**	21,593	**3,747**	2,768
Tax payable		**129,119**	105,092	**16,554**	13,473
Dividend payable		**169,651**	–	**21,750**	–
Obligations under finance leases – due within one year		**14,874**	6,266	**1,907**	803
Discounted bills with recourse		**2,477,588**	3,208,964	**317,639**	411,406
Borrowings – due within one year		**746,875**	840,450	**95,754**	107,750
		7,891,713	7,819,390	**1,011,759**	1,002,486
Net current assets		**2,426,154**	3,823,258	**311,043**	490,162
Total assets less current liabilities		**9,347,275**	6,083,934	**1,198,365**	779,993
CAPITAL AND RESERVES					
Share capital	7	**135,907**	135,230	**17,424**	17,337
Reserves		**3,627,990**	3,318,586	**465,122**	425,461
Equity attributable to shareholders of the Company		**3,763,897**	3,453,816	**482,546**	442,798
Minority interests		**101,147**	82,032	**12,968**	10,517
Total Equity		**3,865,044**	3,535,848	**495,514**	453,315
NON-CURRENT LIABILITIES					
Obligations under finance leases – due after one year		**139,641**	8,989	**17,903**	1,152
Convertible bonds		**1,064,664**	1,051,257	**136,495**	134,777
Borrowings – due after one year		**4,233,124**	1,446,292	**542,709**	185,422
Deferred tax liabilities		**44,802**	41,548	**5,744**	5,327
		5,482,231	2,548,086	**702,851**	326,678
		9,347,275	6,083,934	**1,198,365**	779,993

[[NOTES]]