

[For Immediate Release]

TechTronic Industries Announces 2002 Interim Results

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Profit Surges 78% to HK\$168 million

Results Highlights

	<i>For the six months ended 30 June</i>		
	2002 (HK\$ M)	2001 (HK\$ M)	changes
Turnover	3,959	2,316	+ 71.0%
Gross Profit	964	491	+ 96.3%
Net Profit	168	94*	+ 77.8%
EPS (Basic)	28.01 cents	16.75 cents*	+ 67.2%
Interim Dividend Per Share	6.0 cents	4.5 cents	+ 33.3%
Gross Profit Margin	24.4%	21.2%	--
Net Profit Margin	4.2%	4.1%	--

* As restated

Financial Highlights

	30 Jun 2002	31 Dec 2001	changes
Net Tangible Asset Per Share	HK\$2.38	HK\$1.81	+ 31.5%
Gearing Ratio	21.3%	54.9%	--

Turnover breakdown by products

	<i>For the six months ended 30 June</i>			
	2002 (HK\$ M)	2001 (HK\$ M)	change	% of turnover
Power & Outdoor Products	3,140	1,601	+ 96.2%	79.4%
Floor Care Appliance	618	525	+ 17.7%	15.6%
Solar Powered & Electronic Products	124	103	+ 20.4%	3.1%

(HONG KONG, 8 August 2002) – **TechTronic Industries Company Limited** (“TTI”) (SEHK stock code 669; ADR symbol: TTNDY) today announced its record interim results of HK\$168 million net profit for the period ended 30 June 2002, represented a growth of 77.8% as compared with the HK\$94 million for the same period last year. Basic earnings per share grew 67.2% to HK 28.01 cents from HK 16.75 cents in the comparable 2001 period.

“Extending the profit growth from last year, I am pleased to announce these spectacular results once again, despite the weak economic environment. Our robust growth reflects our successful strategy to transform into a global Own Brand Manufacturer. We are delighted to achieve both turnover and profit growth in all geographic markets and business segments,” said Mr. Horst Julius Pudwill, Chairman of TTI.

The Group’s strong performance were achieved by increasing demand for it’s recognized brands with effective advertising and promotion activities, and providing customers with a value-positioned product range. These elements, plus a strategy to work closely with volume customers in the home-improvement and related industries have driven TTI to outperform the market and deliver 68.5% turnover growth in North America, representing 83.5% of the Group business. In addition to the strong gains made in North America, sales to Europe increased by 101.9%, and sales to other countries, including Australasia, were up 42.2%.

Power and Outdoor Products

The Power and Outdoor Products Division, which includes the Homelite business acquired earlier, delivered an aggressive 96.2% growth over the corresponding period last year, representing 79.4% of the Group’s turnover.

Turnover of Ryobi power tools posted an impressive growth of over 100% for the first half. The investments in brand promotion and marketing campaigns have improved the Ryobi brand awareness and created strong demand from the market. The quality of the Ryobi product, combined with its value-price positioning, has allowed the Group to increase turnover and improve profitability. The original design manufacturing (ODM) and original equipment manufacturing (OEM) businesses also remain healthy growth.

Homelite outdoor lawn and garden power tools adds a leading brand name and positioned TTI solidly in the outdoor products category. “The performance of Homelite was ahead of plan. Integration of the Homelite acquisition has progressed smoothly and assimilated into Ryobi operations, resulting in synergies in logistics, product technologies, production capabilities, distribution and marketing programs. Given the potential of outdoor tools is similar as power tools, we consider the outlook for Homelite will become one of the major drives of the Group’s future growth,” said Mr. Pudwill. The outdoor tools business also complement the seasonal factors inherent in the power tools industry, providing a more even level of orders, strengthening the consistency of the revenue stream and benefiting the supply chain.

Floor Care Appliances

The Floor Care Appliances Division recorded a 17.7% gain in turnover to HK\$ 617.8 million, which accounted for 15.6% of the Group's turnover in the first half. The growth was driven by new product introductions and from demand-generating retail price adjustments by our OEM customers in North America. Product development programs remain vibrant with a growing OEM customer base. In the United Kingdom, a successful promotion with a major retailer dramatically increased consumer demand and demonstrated the strength of the Vax brand. New product initiatives that will expand the Vax product range are underway.

Solar Powered and Electronic Products

The Solar Powered and Electronic Products Division, which represented 3.1% of Group turnover, also achieved a strong turnover growth of 20.4 % to HK\$123.8 million. The strong profit growth was the result of a disciplined and focused product-development program targeted at high value-added items, the launching of a new range of products as well as strict overhead controls and pricing policies.

Operations

While concentrating on business expansion, the Group also continued its efforts to add value throughout the supply chain. Given its enlarged range of business activities, TTI has aggressively leveraged its purchasing power to reduce production cost. It also capitalized on manufacturing synergies generated by the enlarged businesses and systematically implemented continuous improvement programs to upgrade product quality while, at the same time, eliminating waste and reducing defects. As a result, the gross profit in the first half increased to 96.2% to HK\$964.1 million as compared with HK\$491.5 million last year.

Outlook

Looking ahead, based on customer orders secured for the third and fourth quarters, TTI expects to deliver a continuous robust growth in the second half of 2002, driven by innovative new products, expanding product mix, bright outlook of for the outdoor product brands, and further penetration of the Ryobi market presence in North America, Europe and in Australasia.

Mr Pudwill concluded, "The healthy performance reflected in the first half results is evidence of the soundness and execution of our business strategy. Looking ahead, TTI will continue to dedicate to brand building, customer-focused product development and cost improvement, which will drive the business forward despite the economic uncertainty."

About TechTronic Industries Company Limited

Founded in the 1985, TTI is a world leader in the design, engineering, manufacturing and marketing of home improvement products, including power tools, lawn and gardening tools, floor care appliances as well as solar and electronic products. TTI has enjoyed continuous growth since its listing on the Hong Kong Stock Exchange in 1990, achieving a CAGR of over 20% for the past five years in both turnover and profit. With the acquisitions of the Ryobi and Homelite businesses around the world, TTI became a major global leader in the home improvement industry.

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CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2002

	<u>2002</u> <i>HK\$'000</i> (Unaudited)	<u>2001</u> <i>HK\$'000</i> (Unaudited) (as restated)
Turnover	3,958,850	2,315,629
Cost of sales	(2,994,707)	(1,824,114)
Gross profit	964,143	491,515
Other revenue	38,508	28,677
Selling and distribution expenses	(269,562)	(112,893)
Administrative expenses	(461,853)	(208,979)
Research and development costs	(46,071)	(43,319)
Profit from operations	225,165	155,001
Finance costs	(37,548)	(47,814)
Profit before share of results of associates and taxation	187,617	107,187
Share of results of associates	(168)	(280)
Profit before taxation	187,449	106,907
Taxation	(14,920)	(9,616)
Profit before minority interests	172,529	97,291
Minority interests	(4,904)	(2,991)
Profit for the period	167,625	94,300
Interim dividend	(45,025)	(33,679)
Profit for the period, retained	122,600	60,621
Earnings per share		
Basic	28.01 cents	16.75 cents
Diluted	27.57 cents	16.69 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June 2002

	<u>30.6.2002</u> <u>HK\$'000</u> (Unaudited)	<u>31.12.2001</u> <u>HK\$'000</u> (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	877,828	678,629
Goodwill	85,881	83,815
Negative goodwill	(25,321)	(26,722)
Intangible assets	5,823	5,759
Interests in associates	126,481	108,366
Investments in securities	60,489	60,530
Deposit for acquisition of a subsidiary	-	148,200
Deferred tax asset	25,856	21,193
Other assets	1,195	1,195
	<u>1,158,232</u>	<u>1,080,965</u>
Current assets		
Inventories	1,331,914	799,975
Trade and other receivables	1,132,176	598,361
Prepaid expenses and others	279,170	309,448
Bills receivables	148,473	331,431
Investments in securities	7,239	4,899
Amounts due from an associate	5,649	2,511
Bank balance, deposits and cash	1,212,300	644,039
	<u>4,116,921</u>	<u>2,690,664</u>
Current liabilities		
Trade and other payables	2,069,420	1,732,582
Taxation payable	2,920	12,149
Dividend payable	45,025	-
Obligations under finance leases and hire purchase contracts		
- due within one year	8,372	10,263
Bank borrowings – due within one year	746,626	217,060
	<u>2,872,363</u>	<u>1,972,054</u>
Net current assets	<u>1,244,558</u>	<u>718,610</u>
Total assets less current liabilities	<u>2,402,790</u>	<u>1,799,575</u>
CAPITAL AND RESERVES		
Share capital	128,863	114,903
Reserves	1,473,742	988,471
	<u>1,602,605</u>	<u>1,103,374</u>
MINORITY INTERESTS	<u>14,881</u>	<u>9,977</u>
NON-CURRENT LIABILITIES		
Obligations under finance leases and hire purchase contracts		
- due after one year	5,216	8,721
Bank borrowings – due after one year	779,940	675,967
Deferred tax liabilities	148	1,536
	<u>785,304</u>	<u>686,224</u>
	<u>2,402,790</u>	<u>1,799,575</u>