



Housewares International Ltd
A.B.N. 90 086 933 431

Appendix 4D
Half Year Report
31 December 2004

Housewares International Limited

Appendix 4D - Half Year Report

Note: The numbering marked with [] within this Half Year Report is consistent with the numbering used in the guidelines issued by the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2 A.3.

Current Reporting Period [1]: Half Year Ended 31 December 2004


Previous Corresponding Period [1]: Half Year Ended 31 December 2003

Results for Announcement to the Market

| | Percentage Change | | | Amount A\$'000 |
|--|--------------------------------|----------------------------------|---|---|
| | Up or Down | % | | |
| Sales Revenue | Down | 0.3% | to | \$260,001 |
| Revenues from ordinary activities [2.1] | Down | 0.5% | to | \$261,220 |
| Underlying profit after tax | Up | 6.5% | to | \$17,313 |
| Profit from ordinary activities after tax attributable to members [2.2] | Up | 3.5% | to | \$16,825 |
| Net profit for the half year attributable to members [2.3] | Up | 3.5% | to | \$16,825 |
| Dividends [2.4] | Date paid / payable [5] | Amount per security [2.4] | Franked amount per Security at 30% tax [2.4] | Amount per security of foreign source dividend [5] |
| <i>Interim Dividend</i> | | | | |
| Current Reporting Period | 23 MAR 2005 | 9.5¢ | 9.5¢ | 0.0¢ |
| Previous Corresponding Period | 8 APR 2004 | 7.0¢ | 7.0¢ | 0.0¢ |
| The record date for determining entitlements to the interim dividend [2.5]: | | | 8 March 2005 | |
| Brief explanation [2.6] | | | | |
| Please refer to the commentary in the review of results and operations section of the Directors' Report. | | | | |
| For further explanation please refer to the profit announcement accompanying this Half Year Report. | | | | |



Housewares International Ltd
A.B.N. 90 086 933 431

| | | | |
|--|--|---|-------------------------------|
| Net tangible assets [3] | | | |
| | | Current period | Previous corresponding period |
| Net tangible assets per security | | 78.23 ¢ | 66.36 ¢ |
| Control gained or lost over entities [4] | | | |
| The Group has not gained control of, or lost control of, any entities during the half year ended 31 December 2004. | | | |
| Total dividend paid / payable [5] | | | |
| | | Current period | Previous corresponding period |
| | | A\$'000 | A\$'000 |
| Final dividend paid | | 4,115 | 4,573 |
| Dividend reinvestment plans [6] | | | |
| The dividend plan shown below is in operation: HOUSEWARES INTERNATIONAL LIMITED DIVIDEND REINVESTMENT PLAN The shares pursuant to the Dividend Reinvestment Plan will be issued at a 2.5% discount to the weighted average market price of the company's shares sold on the Australian Stock Exchange during the five consecutive trading days immediately preceding, and inclusive of, the record date. | | | |
| The last date for receipt of election notices for the dividend reinvestment plan 5.00pm 8 March 2005 | | | |
| Associates and joint venture entities [11] | | | |
| Name of associates and joint venture entities [11.1] | Percentage holdings in associates and joint venture entities [11.2] | Current period | Previous corresponding period |
| | | A\$'000 | A\$'000 |
| Anglo Canadian Housewares, L.P. | 50% | 657 | 203 |
| Aggregate share of profit of associates and joint venture entities [11.3] | | 657 | 203 |
| For foreign entities, which set of Accounting Standards are used in compiling the report [8] | | | |
| Not applicable. | | | |
| Compliance statement | | | |
| This report should be in conjunction with the attached Half Year Report for the half year ended 31 December 2004. | | | |
| No audit dispute or qualification is contained in the attached Independent Review Report for the half year ended 31 December 2004. | | | |
| Sign here: | | | |
| | |  _____ Laurelle Jackson Company Secretary | |
| Date: | | _____ 16 February 2005 | |



Housewares International Ltd
A.B.N. 90 086 933 431

Appendix 4D
Half Year Report
31 December 2004

HOUSEWARES INTERNATIONAL LIMITED

Half Year Report

FOR THE HALF YEAR ENDED
31 December 2004

Contents

| | |
|---|-----------|
| Directors' Report | 2 |
| Condensed Statement of Financial Performance | 3 |
| Condensed Statement of Financial Position | 4 |
| Condensed Statement of Cash Flows | 5 |
| Notes to the Half Year Report | 6 |
| Independent Review Report | 14 |
| Auditor's Independence Declaration | 16 |
| Company Directory | 17 |



Housewares International Ltd
A.B.N. 90 086 933 431

Directors' Report

The board of directors of Housewares International Limited has pleasure in submitting its report in respect of the financial half year ended 31 December 2004.

Directors

The names of the company's directors in office during the half year and until the date of this report are as follows. Directors were in office for this entire period unless indicated otherwise.

| | | |
|----------------|------------------------|------------------------------|
| William Wavish | Non-executive chairman | (Appointed 19 November 2004) |
| John McConnell | Non-executive director | |
| Steven Klein | Non-executive director | |
| John Schmoll | Non-executive director | (Appointed 19 November 2004) |
| Steven Fisher | Non-executive director | (Appointed 19 November 2004) |
| Mark Kirkby | Managing director | |
| Joseph Hersch | Executive director | |
| Frank Jones | Non-executive chairman | (Retired 23 November 2004) |
| Peter Morgan | Non-executive director | (Retired 23 November 2004) |

Review of Results and Operations

Sales growth has continued to be subdued as a result of deflated retail price points and the less favourable translation of US\$ denominated sales. The company has continued to limit its exposure to price entry point and direct import product categories. Sales revenues of the consolidated entity for the year to 31 December 2004 were \$260,001, which was down 0.3% from the consolidated sales for the previous corresponding period.

The underlying consolidated profit after tax for the financial year to 31 December 2004 was \$17,313, up 6.5% on the previous corresponding period result of \$16,255. This underlying result excludes the surplus lease space expense recognised as a result of the Rydalmere warehouse closure and income tax adjustments relating to prior periods. After the inclusion of this surplus lease space expense and tax adjustments, the net profit after tax attributable to shareholders increased by 3.5% from \$16,255 to \$16,825.

The underlying consolidated earning per share (adjusted for the surplus lease space expense) increased from 14.11 cents per share to 14.71 cents per share; consequently the board has declared an interim fully franked dividend of 9.5 cents per share (2004: 7.0 cents).

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC class order 98/0100. The Company is an entity to which the class order applies.

Auditor's Declaration of Independence

Attached is a copy of the auditor's declaration provided under section 307C of the Corporations Act 2001 in relation to the review for the half year ended 31 December 2004. This auditor's declaration forms part of this directors' report.

Signed in accordance with a resolution of directors.

William Wavish
Chairman

Mark Kirkby
Managing Director

Sydney
16 February 2005



Housewares International Ltd
A.B.N. 90 086 933 431

Appendix 4D
Half Year Report
31 December 2004

Condensed Statement of Financial Performance

for the half year ended 31 December 2004

| | Note | Consolidated | |
|---|---------|----------------|----------------|
| | | 31 Dec 2004 | 31 Dec 2003 |
| | | \$'000 | \$'000 |
| Sales revenue | 2(a) | 260,001 | 260,800 |
| Cost of sales | | (149,362) | (157,302) |
| Other costs related to the sale of goods | 2(b) | (41,239) | (38,114) |
| Provision for diminution in the value of inventories | | 152 | 169 |
| Gross profit | | 69,552 | 65,553 |
| Other revenues from ordinary activities | 2(a) | 1,219 | 1,730 |
| Share of net profits of joint venture partnership accounted for using equity method | | 657 | 203 |
| Employee expenses | | (25,514) | (24,274) |
| Advertising expense | | (4,734) | (3,363) |
| Depreciation & amortisation expense | 2(b) | (2,698) | (2,484) |
| Premises, lease & utilities expenses | | (7,449) | (6,599) |
| Borrowing costs expense | 2(b) | (3,066) | (2,634) |
| Other expenses from ordinary activities | | (2,607) | (3,657) |
| Specific expense: | | | |
| - Surplus lease space arising on Rydalmere warehouse closure | | (1,662) | - |
| Profit from ordinary activities before income tax expense | | 23,698 | 24,475 |
| Income tax relating to: | | | |
| - ordinary activities, excluding specific expense | | (8,047) | (8,220) |
| - specific expense | | 499 | - |
| - prior period adjustments | | 675 | - |
| Net profit attributable to members of Housewares International Limited | | 16,825 | 16,255 |
| Net exchange difference on translation of financial statements of self-sustaining foreign operations | | (3,307) | (2,831) |
| Total revenues, expenses and valuation adjustments attributable to members of Housewares International Limited and recognised directly into equity | | (3,307) | (2,831) |
| Total change in equity from non-owner transactions attributable to members of Housewares International Limited | | 13,518 | 13,424 |
| Basic earnings per share (cents per share) | | 14.30 | 14.11 |
| Diluted earnings per share (cents per share) | | 13.99 | 13.72 |
| Franked dividend per share (cents per share) | 4(b), 9 | 9.5 | 7.0 |

The accompanying notes form an integral part of this Condensed Statement of Financial Performance.



Housewares International Ltd
A.B.N. 90 086 933 431

Appendix 4D
Half Year Report
31 December 2004

Condensed Statement of Financial Position

at 31 December 2004

| | Consolidated | | |
|---|----------------|-----------------|----------------|
| | 31 Dec 2004 | 30 June 2004 | 31 Dec 2003 |
| Note | \$'000 | \$'000 | \$'000 |
| Current assets | | | |
| Cash assets | 13,044 | 7,203 | 18,622 |
| Receivables | 116,737 | 70,761 | 113,358 |
| Inventories | 96,535 | 93,598 | 79,593 |
| Other | 4,388 | 2,287 | 3,619 |
| Total current assets | 230,704 | 173,849 | 215,192 |
| Non-current assets | | | |
| Receivables | 941 | 983 | 1,649 |
| Investments accounted for using the equity method | 7,676 | 7,246 | 7,024 |
| Plant and equipment | 12,095 | 11,446 | 10,940 |
| Deferred tax assets | 6,438 | 7,111 | 6,467 |
| Intangibles | 77,256 | 78,165 | 78,614 |
| Total non-current assets | 104,406 | 104,951 | 104,694 |
| Total assets | 335,110 | 278,800 | 319,886 |
| Current liabilities | | | |
| Payables | 41,410 | 39,462 | 46,200 |
| Interest-bearing liabilities | 6,793 | 8,022 | 9,382 |
| Tax liabilities | 6,212 | 2,686 | 5,786 |
| Provisions | 6,537 | 6,713 | 6,922 |
| Total current liabilities | 60,952 | 56,883 | 68,290 |
| Non-current liabilities | | | |
| Interest-bearing liabilities | 102,892 | 62,400 | 94,261 |
| Provisions | 1,440 | 771 | 1,401 |
| Total non-current liabilities | 104,332 | 63,171 | 95,662 |
| Total liabilities | 165,284 | 120,054 | 163,952 |
| Net assets | 169,826 | 158,746 | 155,934 |
| Equity | | | |
| Contributed equity | 119,721 | 118,044 | 116,306 |
| Reserves | (2,543) | 764 | (1,865) |
| Retained profits | 52,648 | 39,938 | 41,493 |
| 5 | 52,648 | 39,938 | 41,493 |
| Total equity | 169,826 | 158,746 | 155,934 |

The accompanying notes form an integral part of this Condensed Statement of Financial Position.



Housewares International Ltd
A.B.N. 90 086 933 431

Appendix 4D
Half Year Report
31 December 2004

Condensed Statement of Cash Flows

for the half year ended 31 December 2004

| | | Consolidated | |
|---|------|-----------------|-----------------|
| | | 31 Dec 2004 | 31 Dec 2003 |
| | Note | \$'000 | \$'000 |
| Cash flows from operating activities | | | |
| Receipts from customers | | 235,707 | 230,225 |
| Payments to suppliers and employees | | (256,603) | (243,427) |
| Interest received | | 145 | 205 |
| Borrowing costs paid | | (3,208) | (2,340) |
| Income taxes paid | | (4,837) | (6,140) |
| Net cash flows used in operating activities | | (28,796) | (21,477) |
| Cash flows from investing activities | | | |
| Purchase of business | 6 | - | (17,311) |
| Deferred settlement payment for purchase of business | | (465) | (373) |
| Purchase of plant and equipment | | (2,638) | (3,981) |
| Proceeds from sale of plant and equipment | 2(a) | 127 | 153 |
| Distribution from joint venture partnership | | 151 | - |
| Net cash flows used in investing activities | | (2,825) | (21,512) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings from non related entities | | 77,965 | 60,665 |
| Repayment of borrowings from non related entities | | (37,562) | (10,295) |
| Proceeds from issues of ordinary shares | | 56 | 3,624 |
| Payment of share issue costs | | - | (36) |
| Payment of dividends on ordinary shares | 4(a) | (3,288) | (3,624) |
| Proceeds from repayment of Senior Executive Option Plan loans | | 1,185 | 258 |
| Principal repayments finance leases | | - | (22) |
| Net cash flows from financing activities | | 38,356 | 50,570 |
| Net increase in cash held | | 6,735 | 7,581 |
| Cash at the beginning of the half year | | 6,634 | 11,317 |
| Exchange rate variations on foreign cash balances | | (650) | (336) |
| Cash at the end of the half year | | 12,719 | 18,562 |

The accompanying notes form an integral part of this Condensed Statement of Cash Flows.



Housewares International Ltd
A.B.N. 90 086 933 431

Notes to the Half Year Report

for the half year ended 31 December 2004

Note 1. Basis of Preparation of the Half Year Financial Report

The half year report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the consolidated entity as the full financial report.

The half year report should be read in conjunction with the Annual Report of Housewares International Limited as at 30 June 2004. It is also recommended that the half year report be considered together with any public announcements by Housewares International Limited and its controlled entities during the half year ended 31 December 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half year report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half year report has been prepared in accordance with the historical cost conventions, and does not take account of changes in either the general purchasing power of the dollar or in the specific assets, except for identifiable intangible assets – brand names.

For the purpose of preparing the half year report, the half year has been treated as a discrete reporting period.

(b) Change in accounting policies

The accounting policies applied are consistent with the most recent annual financial report for the year ended 30 June 2004. Where necessary, comparatives have been reclassified and repositioned for consistency with current year presentation and disclosures.

(c) Changes in estimation method

There have been no changes during the half year.



Housewares International Ltd
A.B.N. 90 086 933 431

Notes to the Half Year Report continued

for the half year ended 31 December 2004

Note 2. Profit from Ordinary Activities

Profit from ordinary activities before income tax expense includes the following revenue and expenses whose disclosure is relevant in explaining the financial performance of the entity:

| | | Consolidated | |
|--|------|----------------|----------------|
| | | 31 Dec 2004 | 31 Dec 2003 |
| | Note | \$'000 | \$'000 |
| <i>(a) Revenue from Ordinary Activities</i> | | | |
| <i>Revenues from operating activities</i> | | | |
| Revenue from sale of goods | | 260,001 | 260,800 |
| <i>Revenue from non-operating activities</i> | | | |
| Interest from unrelated persons | | 145 | 205 |
| Gross proceeds from the sale of non-current assets | (i) | 127 | 152 |
| Net translation gains | | 855 | 1,188 |
| Other | | 92 | 185 |
| <i>Total revenue from non operating activities</i> | | <u>1,219</u> | <u>1,730</u> |
| <i>Total revenue from ordinary activities</i> | | <u>261,220</u> | <u>262,530</u> |
| (i) Loss on sale of plant and equipment | | (67) | (49) |
| <i>(b) Expenses from Ordinary Activities</i> | | | |
| <i>Other costs related to the sale of goods:</i> | | | |
| Rebates paid / payable to customers | | 24,455 | 22,857 |
| Costs of delivering goods to customers | | 11,113 | 9,748 |
| Discounts and returns | | 5,588 | 5,434 |
| Other costs | | 83 | 75 |
| | | <u>41,239</u> | <u>38,114</u> |
| <i>Depreciation and amortisation:</i> | | | |
| Depreciation of plant and equipment | | 1,789 | 1,658 |
| Amortisation of leased assets | | - | 3 |
| Amortisation of goodwill | | 909 | 823 |
| | | <u>2,698</u> | <u>2,484</u> |
| <i>Borrowing costs:</i> | | | |
| Interest paid or payable | | | |
| - Other interest bearing liabilities | | 2,555 | 1,936 |
| - Redeemable preference shares | | 72 | 176 |
| - Finance lease | | - | 1 |
| Other borrowing costs | | 439 | 521 |
| | | <u>3,066</u> | <u>2,634</u> |
| <i>Other expense items:</i> | | | |
| Operating lease rentals | | 3,957 | 4,112 |
| Bad and doubtful debts | | (542) | (467) |
| Provision for employee entitlements | | 2,124 | 1,906 |



Housewares International Ltd
A.B.N. 90 086 933 431

Notes to the Half Year Report continued

for the half year ended 31 December 2004

Note 3. Seasonal Factors

The financial performance of the consolidated entity is exposed to seasonality in the volume of sales; such that the Company's financial performance is historically weighted in favour of the half year to 31 December. This seasonality is a reflection of the additional retail sales generated during the Christmas trading period each year.

This seasonality in the volume of sales also results in a higher level of the receivable and inventory balances at the half year compared to year-end, which consequently results in a higher working capital requirement and negative operating cash flows at the half year.

| | | Consolidated | |
|---|--|---------------------|--------------------|
| | | 31 Dec 2004 | 31 Dec 2003 |
| | | \$'000 | \$'000 |
| Note | | | |
| Note 4. Dividend Paid or Provided for on Ordinary Shares | | | |
| <i>(a) Dividends paid during the half year</i> | | | |
| <i>2004 final dividend of 3.5 cents per share (2003: 4.0 cents) per fully paid ordinary share fully franked at 30% tax rate</i> | | | |
| | - Dividend paid in cash | 3,288 | 3,624 |
| | - Dividend reinvested | 827 | 949 |
| 5 | Total 2004 final dividend | 4,115 | 4,573 |
| <i>(b) Dividends proposed and not recognised as a liability</i> | | | |
| <i>2005 interim dividend of 9.5 cents per share (2004: 7.0 cents) per fully paid ordinary share fully franked at 30% tax rate</i> | | | |
| 5 | | 11,242 | 8,157 |
| Note 5: Reconciliation of Retained profits | | | |
| | Balance at beginning of the half year | 39,938 | 29,811 |
| | Net profit attributable to members of Housewares International Limited | 16,825 | 16,255 |
| | Total available for appropriation | 56,763 | 46,066 |
| 4(a) | Dividends paid or reinvested | (4,115) | (4,573) |
| | Balance at end of the half year | 52,648 | 41,493 |
| Retained profits are expected to be utilised as follows: | | | |
| 4(b), 9 | - Proposed dividend declared | 11,242 | 8,157 |
| | - Retained | 41,406 | 33,336 |



Housewares International Ltd
A.B.N. 90 086 933 431

Notes to the Half Year Report continued

for the half year ended 31 December 2004

| | | Consolidated | |
|--|------|--------------|-------------|
| | | 31 Dec 2004 | 31 Dec 2003 |
| | Note | \$'000 | \$'000 |
| Note 6. Change in Composition of Entity | | | |
| On 26 September 2003, the consolidated entity purchased certain assets and liabilities of the Maximum Cleaning business from SABCO Australia Limited. The components of the acquisition cost were: | | | |
| Consideration | | | |
| - cash paid for purchase of business | | - | 17,311 |
| - payables related to purchase of business | | - | 12 |
| Consideration paid or payable | | - | 17,323 |
| Net Assets acquired | | | |
| - inventories | | - | 4,798 |
| - plant and equipment | | - | 248 |
| - trade creditors | | - | (455) |
| - fair value of net tangible assets acquired | | - | 4,591 |
| - brand names acquired | | - | 6,700 |
| - goodwill arising on acquisition | | - | 6,032 |
| | | - | 17,323 |

Note 7. Contingent Assets and Liabilities

Since 30 June 2004, there has been no material change of any contingent liabilities or contingent assets.



Housewares International Ltd
A.B.N. 90 086 933 431

Notes to the Half Year Report continued

for the half year ended 31 December 2004

Note 8. Segment Information

Segment Reporting - Primary Segment - Geographic Segments

| | Australia \$'000 | New Zealand \$'000 | Hong Kong \$'000 | Nth America \$'000 | Eliminations \$'000 | Consolidated \$'000 |
|---|---------------------|-----------------------|---------------------|-----------------------|------------------------|------------------------|
| 31 December 2004 | | | | | | |
| Revenue | | | | | | |
| Sales to customers outside the consolidated entity | 194,910 | 27,899 | 9,655 | 27,537 | - | 260,001 |
| Other revenue from outside the consolidated entity | 343 | 84 | 55 | 16 | 576 | 1,074 |
| Inter segment revenue | 370 | - | - | - | (370) | - |
| Total segment revenue | 195,623 | 27,983 | 9,710 | 27,553 | 206 | 261,075 |
| Unallocated revenue | | | | | | 145 |
| Total revenues from ordinary activities | | | | | | 261,220 |
| Share of net profits/(losses) of joint venture partnership | | | | | | 657 |
| Total consolidated revenue | | | | | | 261,877 |
| Results | | | | | | |
| Segment result | 18,152 | 2,251 | 2,658 | 3,551 | (432) | 26,180 |
| Unallocated expenses | | | | | | (2,482) |
| Consolidated entity profit from activities before income tax expense | | | | | | 23,698 |
| Income tax expense | | | | | | (6,873) |
| Consolidated entity profit from ordinary activities after income tax expense | | | | | | 16,825 |
| 31 December 2003 | | | | | | |
| Revenue | | | | | | |
| Sales to customers outside the consolidated entity | 197,038 | 23,132 | 8,208 | 32,422 | - | 260,800 |
| Other revenue from outside the consolidated entity | 1,180 | 64 | 64 | 200 | 17 | 1,525 |
| Inter segment revenue | 652 | - | - | - | (652) | - |
| Total segment revenue | 198,870 | 23,196 | 8,272 | 32,622 | (635) | 262,325 |
| Unallocated revenue | | | | | | 205 |
| Total revenues from ordinary activities | | | | | | 262,530 |
| Share of net profits/(losses) of joint venture partnership | | | | | | 203 |
| Total consolidated revenue | | | | | | 262,733 |
| Results | | | | | | |
| Segment result | 18,575 | 1,343 | 2,329 | 4,568 | (432) | 26,383 |
| Unallocated expenses | | | | | | (1,908) |
| Consolidated entity profit from activities before income tax expense | | | | | | 24,475 |
| Income tax expense | | | | | | (8,220) |
| Consolidated entity profit from ordinary activities after income tax expense | | | | | | 16,255 |



Housewares International Ltd
A.B.N. 90 086 933 431

Notes to the Half Year Report continued

for the half year ended 31 December 2004

Note 9: Significant Events after year-end

Subsequent to 31 December 2004, the directors have declared a fully-franked interim dividend of 9.5 cents per share (2003: 7.0 cents per share). In accordance with the Company's accounting policy no liability is recognised at 31 December 2004.

No other matters or circumstances have arisen since the end of the year, which significantly affected or may affect the operations of the consolidated entity.

Note 10: Impact of adopting AASB equivalents to IASB standards

Housewares International Limited has continued in transitioning its accounting policies and financial reporting from current Australian Standards (Australian GAAP) to Australian equivalents of International Financial Reporting Standards (IFRS), as issued by the Australian Accounting Standards Board. The consolidated entity will prepare its first fully IFRS compliant financial report for the year ended 30 June 2006. The company has allocated internal resources and engaged expert advice to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As a result of these procedures, Housewares International Limited has graded impact areas as high, medium, or low, and has established an IFRS project team to oversee each of the areas in order of priority.

The key areas where accounting policies will change and may have an impact on the financial report of Housewares International Limited are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. Accordingly, there can be no assurances that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with IFRS.

The currently identified key potential effects of the conversion to IFRS on the consolidated entity are as follows:

- Recognition of certain assets and liabilities under IFRS that were not recognised under Australian GAAP, will result in adjustments to opening retained earnings (unless they relate to acquired intangible assets);
- Internally generated intangible assets will not be recognised and intangible assets will only be revalued if there is an active market. This may require revaluations of intangible assets recorded in prior periods to be reversed on adoption to IFRS;
- Goodwill and intangible assets with indefinite useful lives will be tested for impairment annually, and will not be amortised;
- Impairments of assets will be determined on a discounted basis, with strict tests for determining whether the value of goodwill and cash-generating operations have been impaired;
- To the extent not already recognised, financial instruments must be recognised on the statement of financial position and all derivatives and most financial assets will be carried at fair value;
- Income tax will be calculated based on the "balance sheet" approach, which may result in more deferred tax assets and liabilities being recognised and, as tax effects follow the underlying transaction, some tax effects may be recognised in equity;
- The consolidated entity has the ability to transfer its foreign currency translation reserve to retained profits upon transition;
- Equity-based compensation in the form of shares and options will be recognised as expenses in the period during which the employee provides related services; and
- Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

The IFRS project team has progressed with its IFRS project. For example, preliminary models have been developed for the assessment of impairment of goodwill and intangible assets, a review on the impacts of the changes on the senior executive option plan has been commenced, and "balance sheet" method tax effect accounting training conducted. While this is the case, the consolidated entity at this stage has not completed its IFRS project and therefore can not reliably quantify the complete future impact on the financial performance and financial position of the adoption of IFRS, including system upgrades and other implementation costs that may be incurred.



Housewares International Ltd
A.B.N. 90 086 933 431

Notes to the Half Year Report continued

for the half year ended 31 December 2004

Note 11: Additional Information

(a) Housewares International Limited Dividend Reinvestment Plan

The company has established a dividend reinvestment plan, under which the holders of ordinary shares may elect to have their dividend entitlements satisfied by the issue of new fully paid ordinary shares, rather than being paid in cash.

The shares pursuant to the Dividend Reinvestment Plan will be issued at a 2.5% discount to the weighted average market price of the company's shares sold on the Australian Stock Exchange during the five consecutive trading days immediately preceding, and inclusive of, the record date.

The last date for receipt of election notices for the dividend reinvestment plans is 5:00 pm AEST, 8 March 2005.

(b) Details of Associates and Joint Venture Entities

| Name of associate or joint venture entity | Ownership Interest Percentage Holding | |
|--|--|-------------|
| Anglo Canadian Housewares, L.P. | 50% | |
| | Consolidated | |
| | 31 Dec 2004 | 31 Dec 2003 |
| | \$'000 | \$'000 |
| Aggregate share of profit for each of these entities | 657 | 203 |
| Contribution to net profit for each of these entities | 657 | 203 |



Housewares International Ltd
A.B.N. 90 086 933 431

Directors' Declaration

In accordance with a resolution of the directors of Housewares International Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2004 and the performance for the half year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Wavish', written over a light grey rectangular background.

William Wavish
Chairman

A handwritten signature in black ink, appearing to read 'Kirkby', written over a light grey rectangular background.

Mark Kirkby
Director

Sydney
16 February 2005

Independent review report to the members of Housewares International Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements and the other information set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules for the consolidated entity comprising both Housewares International Limited and the entities it controlled during the half-year and the directors' declaration, for the company, for the half-year ended 31 December 2004.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the Corporations Act 2001, and the ASX Listing Rules as they relate to Appendix 4D. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the ASX and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, and the ASX Listing Rules as they relate to Appendix 4D, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is attached to the Half Year Report.

In addition to our review of the financial report, we were engaged to undertake other non-audit services. The provision of these services has not impaired our independence.

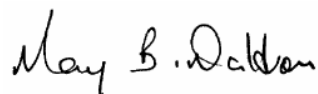
Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report, as defined in the scope section, of the consolidated entity Housewares International Limited and the entities it controlled during the half-year ended 31 December 2004 is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia and the ASX Listing Rules as they relate to Appendix 4D.



Ernst & Young



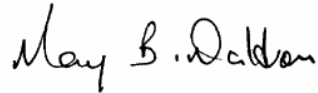
Mary Waldron
Partner
Melbourne
16 February 2005

Auditor's Independence Declaration to the Directors of Housewares International Limited

In relation to our review of the financial report of Housewares International Limited for the half-year ended 31 December 2004, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Mary Waldron
Partner

16 February 2005



Housewares International Ltd
A.B.N. 90 086 933 431

Appendix 4D
Half Year Report
31 December 2004

Company Directory

Directors

Bill Wavish
Non-Executive Chairman

John McConnell
Non-Executive Director

John Schmoll
Non-Executive Director

Steven Klein
Non-Executive Director

Steve Fisher
Non-Executive Director

Mark Kirkby
Managing Director

Joe Hersch
Executive Director

Company Secretary

Laurelle Jackson

Registered Office

461 Plummer Street
Port Melbourne Victoria 3207
Telephone (03) 8698 2800

Share Registers

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067

Enquiries with Australia: 1300 850 505
Enquiries outside Australia: +613 9611 5710
Website: www.computershare.com

Auditors

Ernst & Young
120 Collins Street
Melbourne Victoria 3000

Solicitors

Arnold Bloch Leibler
333 Collins Street
Melbourne Victoria 3000

Stock Exchange Listings

Housewares International Limited shares are quoted on the Australian Stock Exchange.

Website

www.housewares.com.au
www.breville.com.au