



Housewares International Limited

A.B.N. 90 086 933 431

GROUP REPORT FOR THE YEAR ENDING 30 JUNE 2006



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Financial Results Summary

A\$ Million	FY06	FY05	Change
Group Sales	424.2	408.4	3.9%
Australia	271.2	295.7	-8.3%
Offshore	153.0	112.7	35.8%
Group EBIT	27.2	31.2	-12.8%
Australia	8.5	20.2	
Offshore	18.7	11.0	
Underlying PAT	16.1	18.7	-13.9%
Significant items (after tax)	2.7	4.1	
Reported PAT	13.4	14.6	-8.2%
Operating cash flow	30.4	4.3	
Capital employed *	221.6	228.4	-3.0%
Debt to capital employed	28.8%	32.4%	

* EBIT allocation based on some arbitrary allocations of shared fixed costs



Balance Sheet at 30 June 2006

A\$ Million	FY06	FY05
Fixed Assets	10.5	10.7
Intangibles	82.8	76.6
Investments	8.8	6.6
Others (net)	3.7	4.7
Working Capital	115.8	129.8
○ Inventory	86.4	106.1
○ Receivables	77.7	70.0
○ Payable and Provisions	(48.3)	(46.3)
FUNDS EMPLOYED	221.6	228.4
Debt (net)	63.8	74.1
Shareholder Funds	157.8	154.3
CAPITAL EMPLOYED	221.6	228.4



Group Sales

A\$ Million		FY06	FY05	% Change
Electrical	Australia	196.9	204.5	-3.7%
	Offshore	109.6	75.7	44.8%
	Total	306.5	280.2	9.4%
Homewares	Australia	74.3	91.2	-18.5%
	Offshore	43.4	37.0	17.3%
	Total	117.7	128.2	-8.2%
Group	Australia	271.2	295.7	-8.3%
	Offshore	153.0	112.7	35.8%
	Total	424.2	408.4	3.9%



Group EBIT*

A\$ Million	FY06	FY05	Change
<i>Split by Sub-Segment:</i>			
Electrical	33.5	28.5	17.5%
Homewares	-4.6	4.8	-195.8%
Corporate	-1.7	-2.1	-19.0%
Group	27.2	31.2	-12.8%
A\$ Million	FY06	FY05	Change
<i>Split by Geographic:</i>			
Australia	8.5	20.2	-57.9%
Offshore	18.7	11.0	70.0%
Group	27.2	31.2	-12.8%

* Earnings before interest and tax (EBIT) allocation based on some arbitrary allocations of shared fixed costs



Group Financial Commentary

- Group Sales up 3.9% to \$424.2m and underlying PAT down \$2.6m to \$16.1m.
- Significant gains in offshore sales and earnings offset through difficult local trading conditions and the impact of rationalisation initiatives in Australia.
- Strong operating cash flow of \$ 30.4m (FY05 \$4.3m) and conservative net debt to capital employed ratio of 28.8% (32.4%).
- Fully franked final dividend of 3.5 cps (FY05 3.5 cps) with total fully franked dividend of 13.0 cps (FY05 13.0cps).
- Particularly difficult year where the company needed to complete important restructure initiatives in Australia and continue to strengthen its product innovation and development resources to support future growth opportunities.



Group Financial Commentary

AUSTRALIA

- HWI Electrical holds its market leadership position but difficult trading conditions restrained top line growth.
- Rationalisation benefits expected from Homewares, namely cost savings, are expected to flow through in FY07
- New sales initiatives for SABCO, will increasingly flow through in FY07.
- Credible profit result from Electrical offset through operating losses in Homewares/SABCO.



Group Financial Commentary

OFFSHORE

- Offshore business units enjoyed a year of strong growth.
- Hong Kong export business has secured new markets and customers during the year, principally through the sale of innovative products on an “OEM basis”.
- Breville brand continues to gain increased market acceptance in the USA and Canada.
- Growing range of innovative Breville products is now ranged by leading North American retailers such as Williams Sonoma, Bloomingdales, Crate & Barrel, Bed, Bath & Beyond, Home Outfitters and The Bay.



Group Financial Commentary

OFFSHORE

- Recent Chicago Homewares Show was an absolute highlight for the company. The company's innovative product development credentials were showcased and strategic relationships forged with some of the worlds leading retail chains.
- Offshore Homewares reversed last years declining sales and posted a much improved sales and profit performance during FY06.

- Homewares has completed the restructure of its product offer into a core rather than a promotional offer.
- We are expecting solid growth for SABCO in FY07, through increased retail listings and entry into the commercial supply sector.

The logo for hwi features the lowercase letters 'hwi' in a bold, blue, sans-serif font. A yellow swoosh starts under the 'h', curves under the 'w', and ends under the 'i', with a small blue dot above the 'i'.

hwi Outlook

- North American sales targets of \$50m sales by 2008, as previously flagged, now looks like being exceeded, based on current trading outlook.
- Offshore businesses and profitability anticipated to grow in FY07 on the back of continued innovative product development and greater retail exposure.
- Operating margins forecast to improve in FY07 as offshore business units gain critical mass in their increasingly core markets.

- In recognition of our shifting business base, the company's corporate office will be moved to Sydney over the next few months.
- Sydney will then represent the corporate and 'new product development' hub for the HWI Group.



Thank-you.



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