

26 August 2008

Manager, Company Announcements,
Australian Stock Exchange Limited,
Level 4, 20 Bridge Street,
SYDNEY NSW 2000

Full Year Reports – 30 June 2008

Year End Report Announcement

Attached is a copy of the Housewares International Limited Year End Report Announcement for the Year Ended 30 June 2008.

Yours faithfully



Shiraz Khan
Company Secretary



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

YEAR END REPORT ANNOUNCEMENT

26 August 2008

FOR THE YEAR ENDED 30 JUNE 2008

The Board of Housewares International Limited today announced the financial results of the Group for the year ended 30 June 2008.

- GROUP SALES were \$425.8m (2007: \$438.4m).
 - Continuing Operations ⁽¹⁾ (Electrical and International) sales increased by 14.1% to \$425.3m (2007: \$372.8m).
 - The now disposed Australian Homewares sales were \$0.5m (2007: \$65.6m) ⁽²⁾
- GROUP UNDERLYING EBITDA increased to \$37.1m (2007: \$25.4m).
 - Continuing Operations EBITDA increased by 7.9% to \$37.4m [*in line with market guidance*] (2007: \$34.7m).
 - Australian Homewares EBITDA loss was a minimal -\$0.3m (2007: loss -\$9.3m). ⁽²⁾
- GROUP UNDERLYING PAT was \$20.9m (2007: \$11.6m).
- GROUP REPORTED PAT was \$20.9m - no significant items in FY08 (2007: loss -\$34.0m).
- Continuing Operations EPS increased by 22.4% to 16.6 cents.
- Gearing (24.8%), interest cover (6.9 times) and ROE (15.9%) - a solid foundation for future.
- A final dividend of 2.0 cents per share has been declared bringing the total dividend for the year to 10.5 cents per share (2007: Nil).

Group summary result

Abridged Income Statement \$m	GROUP			CONTINUING OPERATIONS ⁽¹⁾		
	FY08	FY07	% Chng	FY08	FY07	% Chng
Sales Revenue	425.8	438.4	(2.9%)	425.3	372.8	14.1%
Underlying EBITDA	37.1	25.4	46.1%	37.4	34.7	7.9%
Underlying EBIT	31.9	20.8	53.4%	32.2	30.7	4.7%
Underlying PAT	20.9	11.6	80.2%	21.0	19.9	5.4%
Significant Items	-	(45.6)		-	(3.1)	
Fair value adjustment ⁽³⁾	-	(37.4)		-	-	
Other	-	(8.2)		-	(3.1)	
Reported PAT	20.9	(34.0)	n/a	21.0	16.8	24.6%
Basic EPS (cents)	16.5	(27.4)	n/a	16.6	13.6	22.4%
Div per share (cents)	10.5	Nil				
Gearing ratio ⁽⁴⁾	24.8%	38.0%				
Interest cover (times) ⁽⁵⁾	6.9	3.9				
Return on Equity (ROE) ⁽⁶⁾	15.9%	9.9%				

The Group had a very encouraging FY08 as an organisation focussed on its core electrical and international operations after the FY07 disposal of its loss-making Australian Homewares business. The Group did however, as with the rest of the industry, experience a retail slow down in 2H08. The negative currency translation effect of approximately 15% dampened strong growth in international sales particularly in 2H08.



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Sales Revenue

\$ m Business Segment	GROUP			CONTINUING OPERATIONS (1)		
	FY08	FY07	% Chng	FY08	FY07	% Chng
Australia	195.2	258.1	(24.4%)	194.7	192.5	1.1%
Electrical	194.7	192.5		194.7	192.5	
Homewares	0.5	65.6				
International	230.6	180.3	27.9%	230.6	180.3	27.9%
Total	425.8	438.4	(2.9)%	425.3	372.8	14.1%

Australia Electrical sales of \$194.7m increased by 1.1% in a very competitive marketplace.

Following the division's FY07 disposal, there were negligible Australian Homewares sales during FY08.

In AUD terms, International sales increased by 27.9% to \$230.6m (2007: \$180.3m) driven primarily by Breville product which has achieved continued good growth in the export, USA and Canadian markets. The results of the Canadian business which became a wholly owned subsidiary on 1 January 2007 (FY07) are now fully included in FY08 results and only the second half FY07. Excluding the inclusion of Canada, in USD terms, comparable international sales increased by 25.3%. Offsetting a slow-down in sales during 4Q08 in North America, export sales continued to grow strongly.

Underlying EBITDA (7)

\$ m Business Segment	GROUP			CONTINUING OPERATIONS (1)		
	FY08	FY07	% Chng	FY08	FY07	% Chng
Australia	18.1	8.7	108.0%	18.4	18.0	2.2%
Electrical	18.4	18.0		18.4	18.0	
Homewares	(0.3)	(9.3)				
International	19.0	16.7	13.8%	19.0	16.7	13.8%
Underlying EBITDA	37.1	25.4	46.1%	37.4	34.7	7.9%

Group Underlying EBITDA increased by 46.1% to \$37.1m (2007: \$25.4m). A significant component of this increase was the unrepeated FY07 -\$9.3m EBITDA loss incurred by the now disposed Australian Homewares business (FY08 loss amounted to \$0.3m).

Australia Electrical EBITDA increased by 2.2% to \$18.4m (2007: \$18.0m), broadly in line with sales. Whilst the strong AUD had a positive impact on the cost of Australian imports, the effect of rising commodity prices has largely offset this benefit.

International EBITDA grew (in AUD terms) by a pleasing 13.8% to \$19.0m (2007:\$16.7m). The % increase in EBITDA was not as great as the sales' increase due to increased ex factory product costs fuelled by rising commodity prices and weakness in the USD. Recent price increases have alleviated this margin pressure.

As with sales, the strong AUD also had a negative impact on the translation of international earnings. In USD terms, excluding the effects of Canada, (which was not consolidated but equity accounted until 1 January 2007), EBITDA of the International business increased by 20.4%.



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Funds employed

\$m	30 JUN 08	30 JUN 07
Receivables	62.7	71.7
Inventories	80.8	80.5
Trade and other payables	(52.1)	(48.6)
Plant and equipment	9.1	9.5
Intangibles	65.8	63.0
Other assets/(liabilities) (net)	8.7	12.9
Net Assets Employed	175.0	189.0
Borrowings (net)	43.3	71.9
Shareholders' equity	131.7	117.1
Capital Employed	175.0	189.0

The \$28.6m decrease in net borrowings to \$43.3m (2007: \$71.9m) is primarily as a result of FY08 earnings and the \$7.2m deferred proceeds received in FY08 relating to the disposal of the Australian Homewares business in FY07.

During 2H08 the Group entered into revised banking facilities enabling all jurisdictions to be funded by one global facility. The term and nature of the Group's banking facilities now incorporate more favourable conditions appropriate to the restructured continuing business.

Shareholders' equity increased by \$14.6m to \$131.7m. Return on equity (ROE) increased to 15.9% (2007: 9.9%).

Gearing, being net borrowings to capital employed decreased to a conservative 24.8% (2007: 38.0%). Importantly interest cover improved to 6.9 times (2007:3.9 times).

Dividends

A final unfranked dividend of 2.0 cents per share (2007; nil) has been declared. The final dividend will have a record date of 19 September 2008 and will be payable on 9 October 2008. The Board has resolved to suspend operation of the Dividend Reinvestment Plan in respect of this final dividend. As international earnings grow and the Group takes the benefit of Australian tax losses, the Company confirms its previous communication that dividends in the short to medium term will not be franked.

Outlook

The Group's foundations have been strengthened through restructure and focus on its core business. The Board has adopted a conservative FY09 budget to take account of the uncertainty surrounding global economic volatility and falling consumer confidence.

In this environment and consistent with prior years, due to the importance on the full year's result of the peak Christmas trading period, it is too early to provide FY09 earnings guidance.

For further information, please contact:
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(02) 9384 8100



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Table of reference notes

- (1) *“Continuing Operations”, being the Group’s Australian and International business excluding the Australian Homewares business disposed 2007.*
- (2) *The now disposed (2007) Australian Homewares business was treated as a Discontinued Operation, and its results separated for reporting purposes from the results of the Group’s core Electrical and International business (Continuing Operations) (1).*
- (3) *Loss on recognition of fair value of assets related to the Australian Homewares business.*
- (4) *Gearing ratio means Net borrowings divided by capital employed (net borrowings plus shareholders’ equity).*
- (5) *Interest cover means Group Underlying EBITDA divided by net finance costs.*
- (6) *Return on equity (ROE) means Group Underlying PAT (for previous 12 months) divided by shareholders’ equity at balance sheet date.*
- (7) *Corporate EBITDA, a loss of -\$0.7m (FY07: - \$2.2m) was allocated out primarily on the basis of sales revenue.*