



Housewares International Limited
ABN 90 086 933 431

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5 pages

**HOUSEWARES INTERNATIONAL LIMITED
HALF YEAR ENDED 31 DECEMBER 2002**

“EARNINGS CONTINUE TO GROW FROM A SOLID BASE”

The Board of Housewares International Limited (“HWI”) today announced that the Group’s net profit after tax for the half year ended 31 December 2002 is \$14.416m, up 20% on the previous corresponding half-year’s profit after tax of \$12.012m.

Group earnings before interest, tax and amortisation (“EBITA”) at \$24.709m are 26% up on the previous corresponding half-year’s EBITA of \$19.690m. The increase in profits was driven by a strong rise in earnings in Australia, New Zealand and Hong Kong.

The increase in the interest charge relates to bank funding for part payment of the Breville acquisition, which was settled in December 2001. Net of the increased interest charge, group profit before tax at \$21.727m is up 21% on the previous corresponding half-year.

The financial result has enabled the Board to declare a fully franked interim dividend of 6c per share for the half-year ended 31 December 2002, which is 20% up from the corresponding half-year’s dividend of 5c per share. The dividend is payable on 9 April 2003, with a record date of 21 March 2003.

The first half of the financial year traditionally accounts for some 70% of the company's earnings and tends to be cash flow negative as peak working capital requirements are funded through the December closing. The majority of the working capital increase results from peak season Christmas sales being carried through the balance sheet date as receivables and collected in the next accounting period. Accordingly, positive cash flow is expected through the second half of the financial year as peak working capital requirements unwind through to June, being a month-end more representative of the average levels of working capital employed in the business.

The published earnings per share number is distorted by the fact that 34m shares were issued in December 2001 to partly settle the Breville acquisition. Such shares were included for three weeks in the December 2001 diluted weighted average calculation and for six months in the December 2002 calculation. Earnings per share, based on the diluted number of shares on issue at the end of each respective accounting period, has increased from 10.9c in 2001 to 12.6c in 2002.

AUSTRALIA AND NEW ZEALAND

The improved profitability results from a full six months contribution from Breville and a strong pre-Christmas sales period for small appliances.

The principal small appliance and homeware brands all performed well with standout categories being juicing, coffee, sandwich presses, kitchenware and servingware.

The Breville integration has been completed and restructure initiatives aimed at reducing infrastructure costs in the homewares division are now being pursued, with restructure costs being written-off as incurred. Retailers also reacted positively to the initial homewares sales in New Zealand and the company will continue to build on this offering during 2003.

HONG KONG

Export sales and import volumes into Australia and New Zealand are well up on last year, which has translated into much improved revenues for the Hong Kong office. The Hong Kong office continues to play a central role in establishing new export markets for group products.

NORTH AMERICA

Metro's earnings are in line with the previous corresponding half-year. This is a commendable achievement against the backdrop of a fragile economic environment and an exceptionally weak retail Christmas trading season. Operating costs continue to be well managed and the introduction of Breville and ceramics into the USA is well on track, with launch costs being written-off as incurred.

The Anglo Canadian joint venture generated its maiden operating profit after accounting for Breville launch costs and restructure costs incurred to upgrade financial and management accounting functions, re-engineer business processes and integrate warehousing into a single facility. Product integration initiatives for kitchenware are progressing well and retailers are embracing the extended product offering in Canada.

The Breville brand was launched into North America at the January 2003 Chicago Housewares Show. USA and Canadian based retailers showed favourable interest in the Breville brand and its niche range of products. This is the first phase of a five-part exercise, the remaining four parts being the securing of retail listings, procurement of firm orders, delivery of inventory into stores and successful repeat orders.

BALANCE SHEET

The balance sheet reflects the company's investment in working capital through its peak December trading period. This is consistent with the previous corresponding half-year.

The rate of increase in working capital has been kept below the rate of increase in sales and earnings, reflecting an ongoing commitment to astute working capital management.

Net debt at 31 December 2002 reflects the group's peak seasonal funding requirement and represents a debt to capital employed ratio of 37% with a conservative level of interest cover in the income statement.

DIVIDEND RE-INVESTMENT PLAN ("DRP")

The company's DRP remains operative and for purposes of the December 2002 interim dividend, shares will be issued at a 2.5% discount to the weighted average market price of the company's shares for the five trading days up to and including the dividend record date of 21 March 2003.

The capital raised through the DRP will be used to fund working capital to support the launch of Breville in North America and provide the company with capital to pursue new product/business opportunities in Australia.

SUMMARY

In summary, it is pleasing to note that the company performed to plan during its peak Christmas and Thanksgiving trading seasons. The Breville acquisition continues to deliver strong results and the brand's drive into North America represents an exciting opportunity for HWI to gain brand recognition in the USA and Canada.

The Board would like to thank our management and staff around the world for their outstanding contribution during the year.

SUMMARY FINANCIAL RESULT

Figures in A\$000s	Dec-02	Dec-01	%
Sales	266,101	189,449	40
EBITA	24,709	19,690	26
Amortisation	709	492	
EBIT	<u>24,000</u>	<u>19,198</u>	25
Net interest	2,273	1,192	
NIBT	<u>21,727</u>	<u>18,006</u>	21
Taxation	7,311	5,994	
NIAT	<u><u>14,416</u></u>	<u><u>12,012</u></u>	20

FOR FURTHER INFORMATION, PLEASE CONTACT:

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