



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

10 May 2007

ASX Announcement

1. Corporate Restructuring

- 1.1 The sale of the Sabco brushware and cleaning business, which has now been completed, is effective as from 30 March 2007.
- 1.2 The sale of the Australian and New Zealand homewares business, which is subject to the approval of HWI shareholders, is effective as from 16 March 2007. The general meeting to approve this sale will be held on 8 June 2007 and shareholders will be sent shortly a Notice of General Meeting, Explanatory Memorandum and Independent Expert Report.
- 1.3 The purchase of the remaining 50% of HWI's Canadian based distribution business will be completed shortly. This 50% interest will be purchased for CAN \$8m and will be effective as from 1 January 2007.

2. Earnings Update

HWI currently expects that underlying earnings before interest, tax, depreciation and amortisation (before significant items) for the 2006/2007 financial year from the continuing electrical and international operations will be between \$30m and \$32m resulting in underlying net profit after tax (NPAT) from the continuing electrical and international operations in the range of \$16m to \$18m.

Underlying NPAT (including losses from the Homewares/Sabco businesses, which were \$6.1m in the first half and continued until their disposal as above) is expected to be in the range \$8.5m to \$9.5m. After tax significant items of approximately \$43m are anticipated, being principally asset write downs, as previously announced.

The Australian and New Zealand electrical businesses continue to experience competitive trading conditions. The international division continues to make good progress, with products released at the recent Chicago trade fair having been very well received.

Importantly, the company is continuing to focus and invest in its strategic R&D and innovation platforms as well as its international infrastructure and presence.

The impact of an expected average 11% Australian dollar appreciation in the second half will, however, have a short term dampening effect on reported international earnings growth.



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3. Approaches from Third Parties

The Board will continue to keep shareholders advised of any developments, as appropriate, in relation to approaches that have been made by a number of parties that have indicated that they are interested in making an offer for the company.

For further information, please contact:

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