International Housewares Retail Company Limited
國際家居零售有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1373)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2015

HIGHLIGHTS

- The Group's revenue increased by 11.7% to HK$1,951,279,000 (2013/14[1]: HK$1,746,838,000), with an improvement across all geographical locations.
- The number of stores in the Group's retail network rose to 371, representing a net increase of 38 stores.
- The Group's overall comparable store sales growth[2] was 6.1% (2013/14: 9.5%), among which Hong Kong sustained a growth of 8.2% (2013/14: 10.0%).
- The Group maintained a strong financial position with cash and cash equivalents of HK$447,376,000 (30 April 2014: HK$466,432,000).
- The Group's gross profit rose by 11.1% to HK$902,790,000 (2013/14: HK$812,529,000) while gross margin remained stable at 46.3% (2013/14: 46.5%).
- Hong Kong remained as the key market for the Group, contributing 84.6% (2013/14: 85.3%) of the Group's total revenue, and net profit of the Hong Kong market was HK$106,016,000 (2013/14: HK$113,772,000[3] excluding the one-off items), representing a decrease of 6.8%.
- The Group's profit attributable to equity holders for the Year was HK$88,390,000 (2013/14: HK$114,248,000[3] excluding the one-off items), representing a decrease of 22.6%.
- The Board has resolved to recommend the payment of a final dividend of 5.6 HK cents per share. Combined with the interim dividend of 4.9 HK cents per share, the total annual dividend would be 10.5 HK cents per share.

The board of directors (the "Board" or "Directors") of International Housewares Retail Company Limited (the "Company") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 April 2015 prepared in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules" and the "Stock Exchange" respectively), together with the comparative figures as follow:

Notes:
1. *Comparative figures for the financial year ended 30 April 2014 are shown as 2013/14 in brackets.*
2. *Comparable store sales growth represents a comparison of sales of the same store having full year operations in the comparable periods.*
3. *The adjusted profit for the comparable last year 2013/14, a non-HKFRS measure, eliminated the effect of one-off items, which is useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business. One-off items mainly represented listing expenses, gain on disposal of non-current asset held for sale and loss from financial assets at fair value through profit or loss.*

OVERVIEW

International Housewares Retail Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") achieved another annual record high in revenue for the year ended 30 April 2015 (the "Year"), a strong indication of the Group's capability to overcome short-term fluctuations and challenges in the markets. The revenue reached HK$1,951,279,000 (2013/14: HK$1,746,838,000), representing a significant growth of 11.7% over the last year. As at 30 April 2015, the Group had a total of 371 stores worldwide in Hong Kong, Singapore, Malaysia, Mainland China, Macau, Cambodia, Indonesia, Saudi Arabia and New Zealand, with a net addition of 38 stores during the Year.

FINANCIAL PERFORMANCE

For the Year, the Group's revenue increased by 11.7% to HK$1,951,279,000 (2013/14: HK$1,746,838,000). This was mainly due to the opening of new stores and growth in comparable store sales. Revenue was also driven by the growth in both the number of transactions and the average spending per transaction. In addition, we continued to increase the variety of our merchandise to capture additional market opportunities and expand our customer base.

The Group's gross profit margin remained stable, and our gross profit increased by 11.1% to HK$902,790,000 (2013/14: HK$812,529,000).

Operating expenses increased slightly from 40.5% to 42.1% as a percentage of revenue against the last year. This was primarily due to continuing increase of rental expenses and staff cost. Moreover, a number of new stores were opened during the Year and are still in their investment periods. In addition, there was certain expenses to tighten the Company's compliance with relevant regulatory requirements and related costs of internal control measures. In spite of these adverse factors, thanks to our strong brand recognition and popular product offering, the Group has managed to deliver record-high sales to maintain costs as a stable percentage of revenue during the Year.

Excluding net gain of HK$30,117,000 arising from one-off items[(1)] from the last year, the profit attributable to equity holders of the Company for the Year decreased by 22.6% to HK$88,390,000 (2013/14: HK$114,248,000[(1)]), with the net profit margin of 4.5% (2013/14: 6.5%[(1)]).

Note:

1. *The adjusted profit for the comparable last year 2013/14, a non-HKFRS measure, eliminated the effect of one-off items, which is useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business. One-off items mainly represented listing expenses, gain on disposal of non-current asset held for sale and loss from financial assets at fair value through profit or loss.*

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2015, the Group had cash and cash equivalents amounting to HK$447,376,000 (30 April 2014: HK$466,432,000). Most of the Group's cash and bank deposits were denominated in Hong Kong dollars and Renminbi, and were deposited with major banks in Hong Kong with maturity dates falling within three months.

It is the Group's treasury management policy not to engage in any highly leveraged or speculative derivative products and it will continue to place the majority of our surplus cash in Hong Kong dollars or Renminbi bank deposits with appropriate maturity periods to meet the funding requirements in the future. The current ratio for the Group was 2.7 (30 April 2014: 3.0). Bank borrowings amounted to HK$75,130,000 as at 30 April 2015 (30 April 2014: HK$64,094,000). The Group was in net cash position as at 30 April 2015. The Group's gearing ratio as determined by bank borrowings divided by total equity was 10.3% (30 April 2014: 8.9%).

SHARES TRANSACTIONS

Subject to the terms and conditions of the sale and purchase agreement dated 23 October 2014, JHC Ella Limited, a subsidiary of the Company, acquired certain business and assets from Union Way Trading Limited (the "Acquisition").

The Acquisition, which includes the retailing of accessories, stationery, toys and housewares products targeting younger customers, will help the expansion of our customer base to include customers in their twenties and thirties. We believe this is an opportunity that will bring reasonable returns by expanding of the Group's network, as well as optimising synergies between the parties in leasing, logistics, merchandising, information technology and marketing where the Group already has a strong platform in Hong Kong.

The consideration of the Acquisition comprised cash of HK$3,000,000 and 800,000 ordinary shares of the Company with an issue price of HK$1.77 per share to Union Way Trading Limited on 5 December 2014. Details of the Acquisition are set out in the announcement of the Company dated 23 October 2014.

ACQUISITION OF PROPERTY

On 1 December 2014, the Group entered into a formal sale and purchase agreement with an independent third party, pursuant to which, it has agreed to acquire a property situated at Caine Road in Hong Kong (the "Property") for a purchase price of HK$39,000,000. The Group holds the Property for self use by providing spaces for retail store.

OTHERS

Notwithstanding the foregoing, financial policies, contingent liabilities, capital commitments and charges on the Group's assets did not differ materially during the Year from the information presented in the last published annual report.

OPERATING EFFICIENCIES

The Group's overall comparable store sales growth[1] for the Year was 6.1% (2013/14: 9.5%), among which Hong Kong sustained a growth at 8.2% (2013/14: 10.0%).

In the past few years, the overall rental expenses have increased significantly, while rental expenses constitute a significant portion of our operating expenses. Despite this adverse dynamic, the Group managed to maintain rental costs as a stable percentage of revenue historically, as through leveraging our strong brand recognition and popular product offerings, we can open new stores using less prime retail space and thereby control our rental expenses as we expand. We are also able to rent retail spaces of varying sizes, giving us more flexibility in choosing retail spaces and controlling our overall rental expenses.

In addition, the salaries of employees have generally increased in recent years. We expect our employee expenses to rise along with inflation. In order to mitigate the effects of increasing employee expenses, we have employee training programmes in place to maximise productivity and we redeploy our employees to different stores from time to time in order to further maximise productivity. As a result, the Group has managed to maintain stable staff costs within a reasonable percentage range of its revenue.

In spite of these adverse factors, by leveraging our strong brand recognition and popular product offering, the Group has managed to deliver record-high sales to maintain costs as a stable percentage of revenue during the Year. The Group's operating expenses as a percentage of revenue increased only slightly during the Year, accounting for 42.1% of its revenue (2013/14: 40.5%).

The following table provides details of the Group's operating expenses:

For the year ended 30 April	**2015**		2014		
	HK$	**(%) of revenue**	HK$	(%) of revenue	Change (%)
Distribution and advertising expenses	**53,328,000**	**2.7%**	46,763,000	2.7%	14.0%
Administrative and other operating expenses					
Rental expenses– retails stores	**296,963,000**	**15.2%**	248,081,000	14.2%	19.7%
Employee benefit expenses	**282,136,000**	**14.5%**	238,674,000	13.7%	18.2%
Other expenses	**189,897,000**	**9.7%**	161,338,000	9.2%	17.7%
One-off items[2]	**-**	**-**	12,930,000	0.7%	-100.0%
Total operating expenses	**822,324,000**	**42.1%**	707,786,000	40.5%	16.2%

Notes:

1. *Comparable store sales growth represents a comparison of sales of the same store having full year operations in the comparable periods.*
2. *One-off items mainly represented listing expenses.*

DISTRIBUTION NETWORK

We plan to continue to expand our operations by leveraging the strength of our brand, our extensive retail network and large global supplier network. Meanwhile, the Group intends to focus on improving operational efficiencies in Singapore, the West Malaysia and Mainland China markets to bring extra revenue to the Group.

We believe that our comparable store sales growth in Hong Kong as well as the increasing revenue from our operations in Singapore, West Malaysia, Mainland China and Macau demonstrated our growth potential in these regions. As at 30 April 2015, the Group had a presence in 10 jurisdictions throughout the world. The number of stores increased by 38 to 371 during the Year, of which 360 stores were directly managed by the Group and 11 stores were licenced stores.

The following table sets forth the number of our stores worldwide:

	As at 30 April 2015	As at 30 April 2014	Net increase/ (decrease)
Our stores			
Hong Kong	**267**	241	26
Singapore	**65**	52	13
West Malaysia	**12**	15	(3)
Mainland China	**8**	9	(1)
Macau	**8**	6	2
Sub-total	**360**	323	37
Our licenced stores			
East Malaysia	**2**	2	0
Saudi Arabia	**5**	5	0
New Zealand	**1**	1	0
Indonesia	**1**	1	0
Cambodia	**2**	1	1
Sub-total	**11**	10	1
Total	**371**	333	38

HUMAN RESOURCES

To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. Performance bonuses and share options are then offered to qualified employees. A performance-based element is included in the annual discretionary bonus for all staff as well as in share options for supervisory and managerial staff. As at 30 April 2015, the Group employed approximately 2,400 employees (30 April 2014: 2,010). Total staff costs for the Year were HK$282,136,000 (2013/14: HK$238,674,000).

OPERATIONAL REVIEW BY BUSINESS SEGMENTS

The Group's business segments by nature include retail, wholesale and licencing and others.

Retail revenue for the Year achieved a record-high revenue and continued to be the primary sales driver for the Group with a growth of 12.0%. This was mainly due to the opening of new stores and growth in comparable store sales. Revenue was also driven by the growth in both the number of transactions and the average spending per transaction. In addition, we continued to increase the variety of our merchandise to capture additional market opportunities and expand our customer base. This resulted in HK$1,924,621,000 (2013/14: HK$1,719,014,000) of retail revenue which included consignment sales commission income, accounting for 98.6% (2013/14: 98.4%) of total revenue.

The wholesale business, licencing income and others as a whole decreased by 4.2% from the last year to HK$26,658,000 (2013/14: HK$27,824,000).

OPERATIONAL REVIEW BY GEOGRAPHICAL LOCATIONS

Operation Review – Hong Kong

Hong Kong remained the key market for the Group, representing 84.6% (2013/14: 85.3%) of the Group's total revenue. Revenue in Hong Kong for the Year achieved a record-high total revenue of HK$1,651,154,000 (2013/14: HK$1,489,652,000) with a 10.8% increase, while comparable store sales(1) showed a relatively healthy growth of 8.2% (2013/14: 10.0%).

Excluding net gain of HK$32,010,000 arising from one-off items(2)from the last year, the profit in Hong Kong for the Year was HK$106,016,000 (2013/14: HK$113,772,000(2)), representing a decrease of 6.8% from the last year, with the net profit margin of 6.4% (2013/14: 7.6%(2)).

Operation Review – Singapore

In Singapore, while the revenue grew by 19.0% to HK$238,213,000 (2013/14: HK$200,128,000) during the Year, comparable store sales growth(1) recorded a negative growth of 8.9% (2013/14: a growth of 5.8%). The principal reasons were conservative consumer spending patterns and a lack of adequate execution capability of our local operation team. To address the problem, we have been re-assigning experienced staff to travel to or on consignment to Singapore from time to time as needed to provide training and to spearhead operations planning and execution.

We will continue with replication and integration of our Hong Kong systems and procedures to the extent that they can be adopted in Singapore. We believe that this will not only improve operational efficiency but also enable new staff to more easily master their daily operational duties.

In addition, we will slow down or temporarily suspend our expansion until such time the local talent pool is in place and equipped with sufficient ability to generate growth. Despite the bottleneck, Singapore remains our strategic market and the Group expects to achieve moderate growth and is optimistic about its business prospects for the mid- to long-term.

Operation Review – Mainland China

With respect to Mainland China, the Group's business there recorded revenue growth of 14.8% to HK$4,945,000 (2013/14: HK$4,306,000), while comparable store sales growth(1) was 11.4% (2013/14: 19.1%) during the Year. The store network has been reviewed and certain under-performing stores have now been integrated.

Operation Review – West Malaysia

The revenue for our West Malaysia operations was HK$20,407,000 (2013/14: HK$19,117,000), an increase of 6.8% over the last year while comparable store sales growth(1) recorded a negative growth of 6.6% (2013/14: a growth of 12.4%).

Operation Review – Macau

During the Year, the Group's Macau revenue recorded an increase of 8.7% to HK$36,560,000 (2013/14: HK$33,635,000), while comparable store sales growth(1) was 5.9% (2013/14: n/a(3)).

Notes:

1. *Comparable store sales growth represents a comparison of sales of the same store having full year operations in the comparable periods.*
2. *The adjusted profit for the comparable last year 2013/14, a non-HKFRS measure, eliminated the effect of one-off items, which is useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business. One-off items mainly represented listing expenses, gain on disposal of non-current asset held for sale and loss from financial assets at fair value through profit or loss.*
3. *We have no comparable store sales data as our first full financial year of operation in Macau is the financial year ended 30 April 2014.*

FUTURE PROSPECTS

The Group's outlook for 2016 is cautiously optimistic. With the stepped-up efforts of the Government of the Hong Kong Special Administrative Region to increase housing supply in the next five years, more public housing units are expected to be completed. As such, the Group will eye new housing estates as the target locations for new store openings, striving to cater for the needs of a large amount of household products to new residents moving in to the area. Recently, the Group has successfully bid for two retail spaces in new developed public housing estates in Hung Shui Kiu and Shui Chuen O. It is believed the entry into these newly-developed areas along with rising disposable income can strategically capture the robust demand for houseware products. The Group is continuing to adjust its strategies in line with the Government's development policies and closely monitor development plans.

As the pioneer of the "fixed price store" concept in Hong Kong in the early 1990's, the Group has observed the return of the "fixed price" trend this year. Riding on this momentum, the Group has opened 「均一駅」, the first returned fixed-price store in Tin Shui Wai, in July 2015, selling selected special products at either HK$10 per piece or three pieces for HK$100. The Group believes the fixed price store concept will enhance its flexibility in the continual expansion and penetration of its network in support of its other retail store brands. Meanwhile, the membership programme "JHC HomePass" continues to facilitate repeat purchases and attract new customers to boost same store sales. As of 30 April 2015, JHC HomePass has more than 200,000 members in Hong Kong, and the Group is devoting greater efforts to interact with its members.

On the operations front, the Group seeks to leverage an electronic platform enabling effective information exchange between the Group and its suppliers to derive maximum benefits. Since the platform commenced operation during the year, the Group can place e-orders to suppliers through the platform. All orders confirmed by suppliers are automatically updated to the system, which simplifies the purchase workflow and improves operational efficiency, providing accurate and timely information for inventory planning and control.

With the aim to broaden the Group's income stream and further penetrate the younger generation market segment, we have successfully acquired and integrated the ELLA brand as well as launched e-commerce platform JHCeshop last year. Since our acquisition of ELLA in December 2014, we have opened new branded shops in Yuen Long, Kowloon City and Aberdeen. We are trying to drive online shoppers to our physical stores aiming to bring extra business to them offering the option of picking up their purchases at stores. About 40% of customers choose to pick up parcels at our stores. These new businesses will enable us to tap the potential in the young adults market and the online shopping trend, spurring further growth with substantial results in the medium- to long-run.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2015

	Note	Year ended 30 April 2015 HK$'000	2014 HK$'000
Revenue	3	1,951,279	1,746,838
Cost of sales	4	(1,048,489)	(934,309)
Gross profit		902,790	812,529
Other income - net		16,675	17,749
Other (losses)/gains - net		(1,566)	41,926
Distribution and advertising expenses	4	(53,328)	(46,763)
Administrative and other operating expenses	4	(768,996)	(661,023)
Operating profit		95,575	164,418
Finance income		6,184	4,628
Finance expenses		(1,691)	(1,449)
Finance income - net		4,493	3,179
Profit before income tax		100,068	167,597
Income tax expense	5	(20,829)	(24,498)
Profit for the year		79,239	143,099
Profit/(loss) attributable to:			
Owners of the Company		88,390	144,365
Non-controlling interests		(9,151)	(1,266)
		79,239	143,099
Earnings per share attributable to the owners of the Company for the year (expressed in HK cents per share)			
Basic earnings per share	6	HK 12.2 cents	HK 22.2 cents
Diluted earnings per share	6	HK 12.2 cents	HK 22.1 cents
Dividends	7	68,107	194,391

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2015

	Year ended 30 April	
	2015	**2014**
	HK$'000	HK$'000
Profit for the year	79,239	143,099
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency translation differences	(1,861)	(1,443)
Other comprehensive income for the year, net of tax	(1,861)	(1,443)
Total comprehensive income for the year	77,378	141,656
Attributable to:		
Owners of the Company	87,297	143,171
Non-controlling interests	(9,919)	(1,515)
Total comprehensive income for the year	77,378	141,656

CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2015

	Note	As at 30 April 2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		117,161	72,552
Intangible assets		30,103	29,716
Deferred income tax assets		5,357	4,919
Non-current prepayment and deposits		73,493	62,830
		226,114	170,017
Current assets			
Inventories		294,952	308,735
Trade and other receivables	8	58,577	47,938
Amount due from shareholders		465	-
Pledged bank deposits		6,533	6,517
Bank deposits with initial terms of over three months		567	51
Cash and cash equivalents		447,376	466,432
		808,470	829,673
Total assets		1,034,584	999,690
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium		591,274	589,400
Reserves:			
- Proposed final dividend		40,567	32,551
- Others		88,074	74,151
		719,915	696,102
Non-controlling interests		12,332	22,578
Total equity		732,247	718,680

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 APRIL 2015

	Note	As at 30 April 2015 HK$'000	As at 30 April 2014 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		2,462	2,989
Loans due to non-controlling shareholders of subsidiaries		2,620	481
Provision for reinstatement cost		2,134	-
		7,216	3,470
Current liabilities			
Trade and other payable	9	193,968	177,958
Amount due to a non-controlling shareholder of a subsidiary		1,147	247
Loan due to a non-controlling shareholder of a subsidiary		450	2,587
Borrowings		75,130	64,094
Current income tax liabilities		24,426	32,654
		295,121	277,540
Total liabilities		302,337	281,010
Total equity and liabilities		1,034,584	999,690
Net current assets		513,349	552,133
Total assets less current liabilities		739,463	722,150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

International Housewares Retail Company Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in retail sales and trading of housewares products, licencing of franchise rights and provision of management services.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Group is controlled by Hiluleka Limited (incorporated in the British Virgin Islands). The ultimate controlling parties of the Group are Mr. Lau Pak Fai, Peter and Ms. Ngai Lai Ha.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 24 July 2015.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(i) The following standards, amendments to standards and interpretations to standards are mandatory for the Group's financial year beginning on 1 May 2014. The adoption of these standards, amendments and interpretations has not had any significant impact to the results and financial position of the Group.

HKAS 32 (Amendment)	Financial Instruments: Presentation on Asset and Liability Offsetting
HKAS 36 (Amendment)	Impairment of Assets on Recoverable Amount Disclosures
HKAS 39 (Amendment)	Financial Instruments : Recognitions and Measurement - Novation of derivatives
HKFRS 10, HKFRS12 and HKAS 27 (Amendments)	Consolidation for Investment Entities
HK (IFRIC) 21	Levies

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

(ii) The following standards, amendments and interpretations have been issued but are not effective for the financial year beginning on 1 May 2014 and have not been early adopted by the Group:

		Effective for the accounting period beginning on or after
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(ii) The following standards, amendments and interpretations have been issued but are not effective for the financial year beginning on 1 May 2014 and have not been early adopted by the Group: (Continued)

		Effective for the accounting period beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
Annual Improvements Project	Annual Improvements 2010-2012 Cycle and Annual Improvements 2011-2013 Cycle	1 July 2014
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1 January 2016

The Group is currently assessing the impact of the adoption of the above new standards, amendments to standards and interpretations that have been issued but are not effective for annual periods beginning on or after 1 May 2014, and does not expect there will be a significant impact to the Group's consolidated financial statements.

3 Segment information

The chief operating decision-maker has been identified as the executive directors of the Group. The executive directors review the Group's internal reporting in order to assess performance and allocate resources and has determined the operating segments based on these reports.

The executive directors considered the nature of the Group's business and determined that the Group has three reportable operating segments as follows:

(i) Retail*

(ii) Wholesales

(iii) Licencing and others

The executive directors assess the performance of the operating segments based on revenue and gross profit percentage of each segment. As the Group's resources are integrated and there are no discrete operating segment assets and liabilities for the retail and wholesales business segments, accordingly, no operating segment assets and liabilities are presented.

* Including consignment sales commission income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Segment information (Continued)

The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2015 is as follows:

	Retail	**Wholesales**	**Licencing and others**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue (all from external customers)	1,924,621	26,459	199	1,951,279
Cost of sales	(1,026,090)	(22,399)	-	(1,048,489)
Segment results	898,531	4,060	199	902,790
Gross profit %**	46.69%	15.34%	-	46.27%
Other income				16,675
Other losses, net				(1,566)
Distribution and advertising expenses				(53,328)
Administrative and other operating expense				(768,996)
Operating profit				95,575
Finance income				6,184
Finance costs				(1,691)
Profit before income tax				100,068
Income tax expense				(20,829)
Profit for the year				79,239

** Gross profit % is calculated by gross profit (segment results) divided by revenue (segment revenue).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Segment information (Continued)

The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2014 is as follows:

	Retail	Wholesales	Licencing and others	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue (all from external customers)	1,719,014	27,469	355	1,746,838
Cost of sales	(911,339)	(22,970)	-	(934,309)
Segment results	807,675	4,499	355	812,529
Gross profit %	46.98%	16.38%	-	46.51%
Other income				17,749
Other gains, net				41,926
Distribution and advertising expenses				(46,763)
Administrative and other operating expense				(661,023)
Operating profit				164,418
Finance income				4,628
Finance costs				(1,449)
Profit before income tax				167,597
Income tax expense				(24,498)
Profit for the year				143,099

Segment revenue reported above represents revenue generated from external customers. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The turnover from the Group's largest customer amounted to less than 10% of the Group's total turnover for each of the years ended 30 April 2015 and 2014.

Revenue from external customers in the Mainland China, Singapore, Malaysia, Macau and Hong Kong are as follows:

	Year ended 30 April 2015	2014
	HK$'000	HK$'000
Hong Kong	1,651,154	1,489,652
Mainland China	4,945	4,306
Singapore	238,213	200,128
Malaysia	20,407	19,117
Macau	36,560	33,635
	1,951,279	1,746,838

3 Segment information (Continued)

The total of non-current assets, other than intangible assets and deferred income tax assets of the Group as at 30 April 2015 and 2014 are as follows:

	As at 30 April	
	2015	**2014**
	HK$'000	HK$'000
Hong Kong	130,739	79,343
Mainland China	17,169	15,285
Singapore	32,702	28,737
Malaysia	7,155	9,970
Macau	2,889	2,047
	190,654	135,382

The amounts provided to the executive directors with respect total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

4 Expenses by nature

	2015 HK$'000	2014 HK$'000
Auditors' remuneration	2,543	3,031
Air conditioning expenses	12,063	10,523
Advertising and promotion expenses	13,445	13,722
Amortisation of trademark	630	613
Building management fees	30,934	27,742
Cost of inventories sold	1,048,489	934,309
Delivery charges	36,689	29,654
Depreciation expense		
- owned property, plant and equipment	32,530	27,412
Employee benefit expense (including directors' emoluments)	282,136	238,674
Government rates	10,207	7,961
Legal and professional fee		
- incurred for initial public offering	-	9,828
- others	4,213	3,410
Operating lease rental in respect of		
- office premises and warehouses	27,084	19,825
- retails shops	296,963	248,081
Repair and maintenance	7,602	8,207
Utility expenses	28,225	24,822
Net exchange losses	89	3,255
Others	36,971	31,026
Total cost of sales, distribution and advertising expenses, and administrative and other operating expenses	1,870,813	1,642,095

5 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2015 HK$'000	2014 HK$'000
Current income tax		
- Hong Kong profits tax	21,318	23,336
- Overseas taxation	585	488
- (Over)/under provisions in prior years	(240)	373
Deferred income tax	(834)	301
	20,829	24,498

6 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2015	**2014**
	HK$'000	HK$'000
Profit attributable to owners of the Company (HK$'000)	88,390	144,365
Weighted average number of ordinary shares in issue (in thousands)	724,467	649,306
Basic earnings per share attributable to owners of the Company (HK cents per share)	12.2	22.2

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary share: share options. For share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	2015	**2014**
	HK$'000	HK$'000
Profit attributable to owners of the Company (HK$'000)	88,390	144,365
Weighted average number of ordinary shares in issue (in thousands)	724,467	649,306
Adjustments for:		
- Share options (thousands)	1,785	2,778
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	726,252	652,084
Diluted earnings per share attributable to owners of the Company (HK cents per share)	12.2	22.1

7 Dividend

In the prior year, a final dividend of HK$96,000,000 in relation to the year ended 30 April 2013 were declared and paid by a subsidiary to the then shareholders of the subsidiary before the reorganisation. In addition, a special dividend of HK$55,000,000 in relation to the period before the financial year ended 30 April 2013 was declared and paid by the subsidiary to the then shareholders of the subsidiary before the reorganisation. Also, an interim dividend of HK$14,464,000 (HK 2.0 cents per share) and a special dividend of HK$28,927,000 (HK 4.0 cents per share) was declared and paid by the Company in respect of the year ended 30 April 2014.

In current year, a final dividend of HK$32,551,000 (HK 4.5 cents per share) in relation to the year ended 30 April 2014 was declared and paid by the Company in respect of the year ended 30 April 2014. Also, an interim dividend of HK$35,556,000 (HK 4.9 cents per share) was declared and paid by the Company in respect of the year ended 30 April 2015.

A final dividend in respect of the year ended 30 April 2015 of HK 5.6 cents per share, amounting to a total dividend of approximately HK$40,567,000, is to be proposed at the upcoming annual general meeting. These financial statements do not reflect this dividend payable.

8 Trade and other receivables

	2015 HK$'000	2014 HK$'000
Trade receivables	6,721	3,356
Prepayments	16,959	17,408
Deposits and other receivables	108,390	90,004
	132,070	110,768
Less non-current portion:		
Deposits	(60,763)	(50,459)
Prepayment for purchase of property, plant and equipment	(12,730)	(12,371)
	(73,493)	(62,830)
Current portion	58,577	47,938

All non-current receivables are due within five years from the end of the year.

The Group normally make sales to customers on a cash-on-delivery basis. The ageing analysis of trade receivables based on invoice dates is as follows:

	2015 HK$'000	2014 HK$'000
Up to 3 months	6,721	3,356

As of 30 April 2015, trade receivables of HK$4,947,000 (2014: HK$2,479,000) were past due but not impaired. These relate to a number of independent franchisees and customers for whom there is no recent history of default. The ageing analysis of these trade receivables based on invoice dates is as follows:

	2015 HK$'000	2014 HK$'000
Up to 3 months	4,947	2,479

The maximum exposure to credit risk at the reporting date is the carrying values of each class of receivable (excluding prepayments) mentioned above. The Group does not hold any collateral as security.

The carrying amounts of trade and other receivables approximated their fair values.

9 Trade and other payables

	2015 HK$'000	2014 HK$'000
Current		
Trade payables	151,148	143,616
Accrual for cost of initial public offering	-	427
Other payables and accruals	33,498	25,282
Deposit received	181	177
Receipts in advance and cash coupons	3,206	747
Provision for employee benefits	5,935	7,709
	193,968	177,958

The ageing analysis of trade payables based on invoice dates were are follows:

	2015 HK$'000	2014 HK$'000
0 – 30 days	76,325	45,916
31 – 60 days	31,178	48,365
61 – 90 days	22,105	20,387
91 – 120 days	19,984	23,732
Over 120 days	1,556	5,216
	151,148	143,616

OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules. The Directors recognise the importance of good corporate governance in the management of the Group. The Board will review and monitor the corporate governance practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

The Board is of the view that the Company has met the code provisions set out in the CG Code, except that there is no separation of the roles of Chairman and Chief Executive Officer as stipulated in the code provision A.2.1 of the CG Code. Currently, Mr. Lau Pak Fai Peter is both the Chairman and the Chief Executive Officer of the Company. As Mr. Lau is one of the founders of the Group, the Board believes that it is in the best interest of the Group to have Mr. Lau taking up both roles for continuous effective management of the Board and business development of the Group.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the consolidated financial statements for the year ended 30 April 2015. The figures in respect of the preliminary announcement of the Group's results for the year ended 30 April 2015 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiry with all of the Directors, Directors confirmed that they had been in compliance with the required standard set out in the Model Code during the year ended 30 April 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 30 April 2015, the Company repurchased a total of 1,225,000 shares of the Company on the Stock Exchange at an aggregate consideration of HK$2,229,000. All the repurchased shares were subsequently cancelled. Particulars of the repurchases are as follows:

Month	Number of shares repurchased	Purchase price (per share)		Aggregate Consideration
		Highest	Lowest	HK$
		HK$	HK$	
March	550,000	1.69	1.63	917,000
April	675,000	2.05	1.85	1,312,000
	1,225,000			2,229,000

The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share of the Company. Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year ended 30 April 2015.

DIVIDENDS

An interim dividend of 4.9 HK cents per ordinary share (2013/14: interim and special dividends of 2.0 HK cents and 4.0 HK cents respectively), representing a total payout of approximately HK$35,556,000 was paid by the Company on 29 January 2015. The Board has resolved to recommend the payment of a final dividend of 5.6 HK cents per ordinary share to shareholders whose names appear on the register of members of the Company on Wednesday, 7 October 2015 which will be paid on or around Friday, 16 October 2015. Taking into account of the interim dividend payment, the total dividend for the Year would amount to 10.5 HK cents per share, totaling approximately HK$76,123,000 for the Year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company for the annual general meeting will be closed from Monday, 21 September 2015 to Friday, 25 September 2015 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attendance at the annual general meeting to be held on Friday, 25 September 2015, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 18 September 2015.

The register of members of the Company for the final dividend will be closed from Monday, 5 October 2015 to Wednesday, 7 October 2015 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 October 2015.

PUBLICATION

The annual results announcement of the Company for the year ended 30 April 2015 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.japanhome.com.hk) respectively. The 2015 annual report will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our management team members and staff for their commitment and contributions. I also greatly appreciate the constant support of our customers, business partners and shareholders. We shall be grateful for your continuing trust and support in the years to come.

By order of the Board of
International Housewares Retail Company Limited
LAU Pak Fai Peter
Chairman and Executive Director

Hong Kong, 24 July 2015

As at the date of this announcement, the executive Directors are Mr. LAU Pak Fai Peter, Ms. NGAI Lai Ha and Mr. CHENG Sing Yuk, the non-executive Director is Mr. YEUNG Yiu Keung, and the independent non-executive Directors are Dr. LO Wing Yan William, J.P., Mr. HUANG Lester Garson, J.P. and Mr. MANG Wing Ming Rene.