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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2015

FINANCIAL HIGHLIGHTS

- For the Period, the Group's revenue reached HK$960,463,000 (2014/15: HK$901,349,000), representing a growth of 6.6%.
- The comparable store sales growth (1) of the Group in Hong Kong sustained a growth of 7% (2014/15: 10%).
- As at 31 October 2015, the Group had a total of 368 stores worldwide.
- The Group's gross profit rose by 5.2% to HK$446,584,000 (2014/15: HK$424,631,000) while gross profit margin decreased slightly to 46.5% (2014/15: 47.1%).
- Eliminated the effect of the exchange loss arising from the depreciation of the Renminbi fixed deposit of HK$3,032,000 for the Period, the adjusted profit(2) attributable to equity holders of the Company for the Period was HK$24,135,000.(2014/15: HK$44,828,000), representing a decrease of 46.2%.
- The Group maintained a strong financial position with cash and cash equivalents of HK$405,368,000.
- The Board has resolved to declare an interim dividend of 5.0 HK cents per ordinary share (2014/15: an interim dividend of 4.9 HK cents per ordinary share).

Notes:

1. *Comparable store sales growth represents a comparison of sales of the same store having full six-month operations in the comparable periods.*
2. *The adjusted profit, a non-HKFRS measure, eliminated the effect of the depreciation of the Renminbi fixed deposit for the Period, which is useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business.*

The board of directors (the "Board" or "Directors") of International Housewares Retail Company Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 31 October 2015 (the "Period") 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 comparative figures for the six months ended 31 October 2014 ("2014/15").

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

International Housewares Retail Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") achieved another half-year record high in revenue for the six months ended 31 October 2015 (the "Period") indicating the Group's capability to overcome short-term fluctuations and challenges in the markets. The Group's revenue reached HK$960,463,000 (2014/15: HK$901,349,000), representing a growth of 6.6% over that of the same period last year. As at 31 October 2015, the Group had a total of 368 stores worldwide in Hong Kong, Singapore, Malaysia, Mainland China, Macau, Cambodia, Indonesia, Saudi Arabia and New Zealand. Despite subdued consumer confidence, the Group achieved satisfactory comparable store sales growth[1] in Hong Kong of 7% (2014/15: 10%).

Financial Performance

For the Period, the Group's revenue increased by 6.6% to HK$960,463,000 (2014/15: HK$901,349,000). This was mainly due to the growth in Group's overall 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 variety of our product offerings to capture additional market opportunities and expand our customer base.

The Group's gross profit rose by 5.2% to HK$446,584,000 (2014/15: HK$424,631,000) while gross profit margin decreased slightly to 46.5% (2014/15: 47.1%). During the Period, the discount driven marketplace necessitated more promotions and markdowns, and this placed considerable pressure on our gross profit margin. Fortunately, the continued steps to streamline the logistics arrangement with suppliers as well as bargaining more favorable pricing that reduced the procurement cost allowed the Group to offset much of this pressure. As a result, the Group was able to maintain a relatively stable gross profit margin.

Operating expenses increased from 42.5% to 44.9% as a percentage of revenue against the same period last year. This was primarily due to continuing increase of rental expenses and staff cost. In spite of these adverse dynamics, with our strong brand recognition and popular product offering, the Group has been able to deliver record-high sales with costs and expenses maintained at a manageable level as a percentage of revenue during the Period.

The profit attributable to equity holders of the Company for the Period was HK$21,103,000 (2014/15: HK$44,828,000), representing a decrease of 52.9 %. Such decrease is mainly as a result of increasing operating costs across the Group, the weak consumer sentiment in Singapore and Malaysia and the exchange loss arising from the depreciation of the Renminbi fixed deposit. Eliminated the effect of the exchange loss arising from the depreciation of the Renminbi fixed deposit of HK$3,032,000 for the Period, the adjusted profit[2] attributable to equity holders of the Company for the Period was HK$24,135,000, representing a decrease of 46.2%.

Notes:

1. *Comparable store sales growth represents a comparison of sales of the same store having full six-month operations in the comparable periods.*
2. *The adjusted profit, a non-HKFRS measure, eliminated the effect of the depreciation of the Renminbi fixed deposit for the Period, which is useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business.*

Liquidity and Financial Resources

As at 31 October 2015, the Group had cash and cash equivalents amounting to HK$405,368,000 (30 April 2015: HK$447,376,000). Most of the Group's cash and bank deposits were denominated in Hong Kong dollars, 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 bank deposits with appropriate maturity periods to meet the funding requirements in the future. The current ratio for the Group was 2.9 (30 April 2015: 2.7). Bank borrowings amounted to HK$68,430,000 as at 31 October 2015 (30 April 2015: HK$75,130,000). The Group was in net cash position as at 31 October 2015. The Group's gearing ratio as determined by bank borrowings divided by total equity was 9.9% (30 April 2015: 10.3%).

Others

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

Operating Efficiencies

Despite subdued consumer confidence, the Group achieved satisfactory comparable store sales growth[1] in Hong Kong of 7% (2014/15: 10%).

In the past few years, the overall rental expenses increased significantly, particularly for prime retail locations. Rental expenses constitute a significant portion of our operating expenses. Despite this adverse dynamic, the Group has been able to maintain rental costs at a manageable level as a percentage of revenue historically, as through leveraging our strong brand recognition and popular product offerings, we can open new stores with less prime retail space and thereby control our rental expenses as we expand. We are also able to rent retail spaces of varying sizes, which gives 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 increase 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 may redeploy our employees to different stores from time to time in order to further maximise productivity. As a result, the Group has been able to maintain staff costs within a manageable level as a percentage of revenue.

In spite of these adverse dynamics, with our strong brand recognition and popular product offering, the Group has been able to deliver record-high sales with costs and expenses maintained at a manageable level as a percentage of revenue during the Period. The Group's operating expenses as a percentage of revenue only increased during the Period, accounting for 44.9% of its revenue (2014/15: 42.5%). The Group is confident that operating expenses as a percentage of revenue will improve in the light of the festive shopping spree in the second half of the Group's financial year.

The Group will continue to exercise prudence in managing its expenses. The Group has closely monitored store man-hour expenses. Meanwhile, through operating energy efficient lighting installation to retail stores, there has begun to reduce the related operating expenses from the same period last year.

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

For the six months ended 31 October	**2015**		2014		
	HK$	**(%) of revenue**	HK$	(%) of revenue	Increase (%)
Distribution and advertising expenses	**27,634,000**	**2.9%**	23,553,000	2.6%	17.3%
Administrative and other operating expenses:					
-Rental expenses – retails stores	**158,951,000**	**16.5%**	142,007,000	15.7%	11.9%
-Employee benefit expenses	**142,730,000**	**14.9%**	126,111,000	14.0%	13.2%
-Other expenses[2]	**101,703,000**	**10.6%**	91,846,000	10.2%	10.7%
Total operating expenses	**431,018,000**	**44.9%**	383,517,000	42.5%	12.4%

Notes:

1. *Comparable store sales growth represents a comparison of sales of the same store having full six-month operations in the comparable periods.*
2. *Other expenses including the exchange loss arising from the depreciation of the Renminbi fixed deposit of HK$3,032,000.*

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Distribution Network

The Group believes that the cumulative brand awareness over the years, the extensive retail network with a proven track record of stable growth and the large global supplier network, will contribute to the Group's continuous business development. The Group remains positive about the mid- to long- term business prospect and plan to continue to expand our operations in Hong Kong, Singapore and Macau. Meanwhile, in the overseas retail business, the depreciation of currencies in Mainland China, Malaysia and Singapore not only affected the sales figures denominated in Hong Kong dollar, but also led to increased costs in these markets. The Group will continue to restructure its store portfolio in the overseas markets in a prudent manner, by further closing down underperforming stores to minimize the negative effects on the retail business as a whole and focusing on the profitable stores.

We believe that our comparable store sales growth in Hong Kong as well as the increasing revenue from our operations in Singapore and Macau demonstrate our growth potential in these regions. As at 31 October 2015, the Group had a presence in 10 jurisdictions throughout the world. The number of stores has a net decrease by 3 to 368 for the period from 30 April 2015 to 31 October 2015, of which 357 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 31 October 2015	As at 30 April 2015	Net increase/ (decrease)
The Group's stores			
Hong Kong	**272**	267	5
Singapore	**64**	65	(1)
West Malaysia	**8**	12	(4)
Mainland China	**5**	8	(3)
Macau	**8**	8	-
Sub-total	**357**	360	(3)
The Group's licenced stores			
East Malaysia	**2**	2	-
Saudi Arabia	**5**	5	-
New Zealand	**1**	1	-
Indonesia	**1**	1	-
Cambodia	**2**	2	-
Sub-total	**11**	11	-
Total	**368**	371	(3)

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 bonus, share awards 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 awards and share options for supervisory and managerial staff. As at 31 October 2015, the Group employed approximately 2,250 employees (30 April 2015: 2,400). Total staff costs for the Period were HK$142,730,000 (2014/15: HK$126,111,000).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

Retail revenue for the Period achieved a record-high revenue and continued to be the primary sales driver for the Group with a growth of 7%. This was mainly due to the growth in Group's overall 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 product offerings to capture additional market opportunities and expand our customer base. This resulted in HK$950,287,000 (2014/15: HK$888,136,000) of retail revenue which included consignment sales commission income, accounting for 98.9% (2014/15: 98.5%) of total revenue.

The wholesale business, licencing income and others as a whole decreased by 23.0% from the same period last year to HK$10,176,000 (2014/15: HK$13,213,000).

Operational Review by Geographical Locations

Operation Review – Hong Kong
Hong Kong remained the key market for the Group, representing 84.9% (2014/15: 83.4%) of the Group's total revenue. Revenue in Hong Kong for the Period achieved a record-high total revenue of HK$815,003,000 (2014/15: HK$751,767,000) with a 8.4% increase, while comparable store sales growth [(1)] showed a relatively healthy growth of 7.0% (2014/15: 10.0%).

Eliminated the effect of the exchange loss arising from the depreciation of the Renminbi fixed deposit of HK$3,032,000 for the Period, the adjusted net profit [(2)] in Hong Kong for the Period was HK$36,665,000 (2014/15: HK$50,618,000), representing a decrease of 27.6% with the adjusted net profit[(2)] margin of 4.5% (2014/15: 6.7%).

Operation Review – Singapore
In Singapore, the revenue grew slightly by 0.1% to HK$119,311,000 (2014/15: HK$119,182,000) during the Period. In local currency terms, the revenue grew by 9.6% while comparable store sales growth [(1)] recorded a growth of 0.3% (2014/15: -6.9%), given a conservative consumer spending patterns. Recognizing that the second half of this financial year will be challenging, the Group intends to focus on improving operational efficiencies, including putting employee training programmes in place to maximise productivity and further leverage our strategic strengths in system integration. We will continue our all-out effort in expanding of the market in Singapore after strengthening the Group's position in this market. Singapore will remain our important market and the Group expects to achieve moderate growth and holds an optimistic view about its business for the mid- to long-term.

Operation Review – Mainland China
With respect to Mainland China, the Group's revenue recorded a decrease of 13.0% to HK$2,276,000 (2014/15: HK$2,616,000). In local currency terms, the revenue decreased by 11.6% while comparable store sales growth [(1)] was 40.4% (2014/15: 32.1%) during the Period. The store network has been reviewed and certain under-performing stores have now been consolidated.

Operation Review – West Malaysia
The revenue for West Malaysia operations was HK$5,180,000 (2014/15: HK$11,755,000), a decrease of 55.9% over the same period last year. In local currency terms, the revenue decreased by 46.0% while comparable store sales growth [(1)] was -19.3% (2014/15: - 3.6%).

Operation Review – Macau
During the Period, the Group's Macau revenue recorded an increase of 16.6% to HK$18,693,000 (2014/15: HK$16,029,000), while comparable store sales growth [(1)] was 2.5% (2014/15: 3.7%).

Notes:

1. *Comparable store sales growth represents a comparison of sales of the same store having full six-month operations in the comparable periods.*
2. *The adjusted profit, a non-HKFRS measure, eliminated the effect of the depreciation of the Renminbi fixed deposit for the Period, which is useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business.*

Future Prospects

Looking ahead, the Group will continue to strengthen its market position as the leading houseware retail chain in Hong Kong, Singapore and Macau. With this in mind, we intend to reinforce its brand recognition by implementing various marketing initiatives and promotional campaigns so as to more effectively reach out to its current and potential customers, and, ultimately to drive future growth.

In the second half of the year, against the backdrop of continuing uncertainty in the global economy, together with competitors' intensified discounting and promotional activities in the market, the overall operating environment will remain challenging. However, the Group will continue to optimize the product mix to cater to customer needs and preferences and to improve the gross profit margins. As part of its expansion strategy, the Group will enhance its sourcing and logistics capabilities by establishing logistics centers in Mainland China and other regions. In addition, the Group will strategically broaden the product categories, especially higher gross profit margin products as well as continue to constantly monitor the purchase price and logistics costs of our sourcing activities. In addition, the strong Hong Kong dollar and depreciating Renminbi or other foreign currencies will reduce the procurement cost, which will benefit the Group.

Regarding the retail business, Hong Kong has remained the key market for the Group. The Group intends to continue to focus on the Hong Kong market in the future. Going forward, despite the weak retail environment, the Group sees opportunities and potential for its growth and expansion. Many of the products the Group offers are affordable household necessities with a steady demand without significant fluctuation regardless of changes in overall market conditions. Moreover, rental expenses of stores are starting to experience a downward trend which is a favorable factor to the Group's long-term expansion strategy, although rental expenses of stores continued to increase during the Period, in particular of shopping malls.

Meanwhile, for other overseas markets, Singapore will remain our important market and the Group expects to achieve moderate growth and holds an optimistic view about its business for the mid- to long-term. On the other hand, the depreciation of currencies in Mainland China, Malaysia and Singapore has not only affected the sales figures denominated in Hong Kong dollars, but also increased costs in these markets. The Group continues to prudently restructure its store portfolio in the overseas markets, by further closing down underperforming stores to minimize the negative effects on the retail business as a whole and focusing on the profitable stores.

Harnessing the competitive edge of the online-to-offline business, the Group has launched its e-commerce business in Hong Kong. The "JHCeshop" e-shop targeting online shoppers, serves as another convenient, highly flexible and accessible retail channel for customers to purchase the Group's products. The Group is developing online platform to strengthen cooperation with physical stores and to leverage on the capability of online marketing to highlight the attractive product offerings of both online and offline stores. Besides, the Group will continue to showcase, promote and market products through the mobile applications and social media platforms such as Facebook and WeChat. By understanding customers' consumption habits, the Group aims to provide products tailored to consumption behavior and market demand, thereby enhancing customers' brand loyalty.

Besides, our fixed-price store under the banner of "123 by Ella" in Wong Tai Sin based on a "sample and fast consuming" concept opened in November 2015, selling selected trendy and personal merchandise at a range of fixed prices. The Group believes the fixed price store model enhances its flexibility in the continuous expansion and penetration of its network in support of its other retail store brands.

Building on its position as the leading houseware retail chain with deep market penetration over many years, we are also continuously exploring new concepts and co-operation opportunities with potential overseas brands to expand their brands into the Hong Kong market. We believe this can further strengthen our overall market presence and accelerate the expansion of our customer base, and more importantly, bring additional revenue and profit and create synergies particularly in leasing, logistics and marketing.

To fuel further business growth, the membership program "JHC HomePass" continues to facilitate repeat purchases and attracts new customers to boost comparable same store sales. "JHC HomePass" is aimed at boosting the number of transactions and the average spending per transaction, thus broadening the Group's revenue stream. The membership program also enhances understanding of customers' spending behaviour and preferences and the Group can subsequently formulate even more effective marketing promotions. As of 31 October 2015, "JHC HomePass" has more than 300,000 members in Hong Kong, accounting for approximately 13% of the retail business revenue in Hong Kong. It also contributes to higher spending amounts per transaction. The Group is devoting greater efforts to interact with its members and is confident of building up a sizeable membership base by offering valuable benefits such as rebates, special birthday discounts or special promotional events exclusively for members.

In the future, the Group will continue to exercise prudence in managing its expenses so as to maximize its return on capital. The Group believes that the cumulative brand awareness over the years, the extensive retail network with a proven track record of stable growth and the large global supplier network will contribute to its continuous business development. The Group remains positive about its mid- to long- term business prospects. With the sufficient cash flow, the Group will be poised to explore further potential investment opportunities with higher return, thus generate greater returns to shareholders.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 OCTOBER 2015

	Note	Unaudited For the six months ended 31 October 2015 HK$'000	2014 HK$'000
Revenue	4	960,463	901,349
Cost of sales		(513,879)	(476,718)
Gross profit		446,584	424,631
Other income		7,242	9,175
Other losses, net		(1,925)	(339)
Distribution and advertising expenses		(27,634)	(23,553)
Administrative and other operating expenses		(403,384)	(359,964)
Operating profit	5	20,883	49,950
Finance income		2,146	3,207
Finance costs		(869)	(649)
Profit before income tax		22,160	52,508
Income tax expense	6	(7,513)	(9,476)
Profit for the period		14,647	43,032
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		(2,850)	(522)
Total comprehensive income for the period		11,797	42,510
Profit/(loss) for the period attributable to:			
Equity holders of the Company		21,103	44,828
Non-controlling interests		(6,456)	(1,796)
		14,647	43,032
Total comprehensive income for the period attributable to:			
Equity holders of the Company		19,210	44,675
Non-controlling interests		(7,413)	(2,165)
		11,797	42,510
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share)	7		
Basic earnings per share		2.92	6.20
Diluted earnings per share		2.92	6.17

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 31 OCTOBER 2015

	Note	Unaudited 31 October 2015 HK$'000	Audited 30 April 2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		114,829	117,161
Intangible assets		27,950	30,103
Deferred income tax assets		5,251	5,357
Non-current prepayment and deposits		75,164	73,493
		223,194	226,114
Current assets			
Inventories		256,735	294,952
Trade and other receivables	8	60,973	58,577
Amounts due from shareholders		465	465
Pledged bank deposits		6,543	6,533
Bank deposits with initial terms of over three months		378	567
Cash and cash equivalents		405,368	447,376
		730,462	808,470
Total assets		953,656	1,034,584
EQUITY			
Equity attributable to equity holders of the Company			
Share capital and share premium		583,145	591,274
Reserves		105,896	128,641
		689,041	719,915
Non-controlling interests		5,481	12,332
Total equity		694,522	732,247

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)
AS AT 31 OCTOBER 2015

	Note	Unaudited 31 October 2015 HK$'000	Audited 30 April 2015 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		2,339	2,462
Loans due to non-controlling shareholders of subsidiaries		52	2,620
Provision for reinstatement costs		2,606	2,134
		4,997	7,216
Current liabilities			
Trade and other payables	9	150,550	193,968
Amount due to a non-controlling shareholder of a subsidiary		874	1,147
Loans due to non-controlling shareholders of subsidiaries		2,842	450
Borrowings		68,430	75,130
Current income tax liabilities		31,441	24,426
		254,137	295,121
Total liabilities		259,134	302,337
Total equity and liabilities		953,656	1,034,584
Net current assets		476,325	513,349
Total assets less current liabilities		699,519	739,463

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 houseware products, licensing of franchise rights and provision of management services.

The Company is a limited liability company incorporated in 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.

This interim financial information is presented in HK dollars, unless otherwise stated. This interim financial information was approved for issue on 18 December 2015.

This condensed consolidated interim financial information has been reviewed, but not audited.

2 Basis of presentation

The condensed consolidated interim financial information for the six months ended 31 October 2015 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting".

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 April 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 Principal accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2015, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards and interpretations are mandatory for the financial year beginning on or after 1 May 2015 that either have no significant impact or are not currently relevant to the Group:

		Effective for accounting period beginning on or after
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvement Project	Annual Improvements 2010-2012 Cycle and Annual Improvements 2011-2013 Cycle	1 July 2014

3 Principal accounting policies (Continued)

The following new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial year beginning 1 May 2015 that not currently relevant to the Group and have not been early adopted:

		Effective for accounting period beginning on or after
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 Amendment	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisition of Interest in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue of Contracts from Customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1 January 2016

4 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 have 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

4 Segment information (Continued)

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.

The segment information provided to the executive directors for the reportable segments for the six months ended 31 October 2015 is as follows:

	Retail	**Wholesales**	**Licencing and others**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue (all from external customers)	950,287	9,844	332	960,463
Cost of sales	(505,662)	(8,217)	-	(513,879)
Segment results	444,625	1,627	332	446,584
Gross profit % **	46.79%	16.53%	-	46.50%
Other income				7,242
Other losses, net				(1,925)
Distribution and advertising expenses				(27,634)
Administrative and other operating expenses				(403,384)
Operating profit				20,883
Finance income				2,146
Finance costs				(869)
Profit before income tax				22,160
Income tax expense				(7,513)
Profit for the period				14,647

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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the six months ended 31 October 2015. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The revenue from the Group's largest customer accounted for less than 10% of the Group's total revenue for the six months ended 31 October 2015.

4 Segment information (Continued)

The segment information provided to the executive directors for the reportable segments for the six months ended 31 October 2014 is as follows:

	Retail	Wholesales	Licencing and others	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue (all from external customers)	888,136	13,113	100	901,349
Cost of sales	(465,494)	(11,224)	-	(476,718)
Segment results	422,642	1,889	100	424,631
Gross profit % **	47.59%	14.41%	-	47.11%
Other income				9,175
Other losses, net				(339)
Distribution and advertising expenses				(23,553)
Administrative and other operating expenses				(359,964)
Operating profit				49,950
Finance income				3,207
Finance costs				(649)
Profit before income tax				52,508
Income tax expense				(9,476)
Profit for the period				43,032

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

	For the six months ended 31 October	
	2015	**2014**
	HK$'000	HK$'000
Hong Kong	815,003	751,767
Mainland China	2,276	2,616
Singapore	119,311	119,182
Malaysia	5,180	11,755
Macau	18,693	16,029
	960,463	901,349

4 Segment information (Continued)

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

	31 October 2015 HK$'000	As at 30 April 2015 HK$'000
Hong Kong	137,717	130,739
Mainland China	16,208	17,169
Singapore	29,533	32,702
Malaysia	3,913	7,155
Macau	2,622	2,889
	189,993	190,654

5 Operating profit

An analysis of the amounts presented as operating items in the interim financial information is given below.

	For the six months ended 31 October	
	2015 HK$'000	2014 HK$'000
Employee benefit expenses (including directors' emoluments)	142,730	126,111
Operating lease rental in respect of		
- office premises and warehouses	13,676	13,253
- retails shops	158,951	142,007
Depreciation of property, plant and equipment	15,670	16,082
Amortisation of intangible assets	309	307
Loss on disposal of property, plant and equipment	1,198	339
Net exchange loss/(gain)	6,460	(1,607)

6 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit. Overseas profits tax has been provided at the standard tax rate of the respective entities according to local tax laws.

	For the six months ended 31 October	
	2015	**2014**
	HK$'000	HK$'000
Hong Kong profits tax		
- current year	7,241	9,313
- over-provision in prior years	(20)	(224)
Overseas taxation	186	54
	7,407	9,143
Deferred income tax	106	333
Income tax expense	7,513	9,476

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ending 30 April 2016 is 14.8% (the estimated tax rate used for the year ended 30 April 2015 and applied to the six months ended 31 October 2014 was 15.7%).

The Hong Kong Inland Revenue Department is conducting a field audit on three subsidiaries of the Group and had issued additional assessments for the years of assessment 2003/04 to 2008/09 to the three subsidiaries, demanding tax totalling HK$16,685,000. These assessments were protective assessments issued before the expiry of the statutory time-barred period pending the result of the field audit.

Management has recorded income tax provision of HK$2,113,000 (as at 30 April 2015: HK$2,113,000) in the Group's consolidated balance sheet as at 31 October 2015 to cover the total potential additional tax, penalty surcharge and interest. Based on the advice sought from the Group's tax representative and self-assessment, management considers that this amount appropriately reflects the Group's additional liability based on the current status of the case.

Mr Lau Pak Fai, Peter and Ms Ngai Lai Ha, directors of the Company, and Red Home Holding Limited, a shareholder of the Company have agreed to indemnify the Group in respect of such amount and any cost or liabilities arising out of the additional assessment for which the Group may be liable in relation to the tax audit.

7 Earnings per share

(a) Basic

The calculation of basic earnings per share is based on the consolidated profit attributable to equity holders of the Company and on the weighted average number of shares in issue during the period.

	For the six months ended 31 October	
	2015	**2014**
Profit attributable to equity holders of the Company (HK$'000)	21,103	44,828
Weighted average number of shares in issue ('000)	722,545	723,479
Basic earnings per share (HK cents)	2.92	6.20

(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.

	For the six months ended 31 October	
	2015	**2014**
Profit attributable to equity holders of the Company (HK$'000)	21,103	44,828
Weighted average number of shares for diluted earnings per share ('000)	723,080	725,965
Diluted earnings per share (HK cents)	2.92	6.17

8 Trade and other receivables

	31 October 2015 HK$'000	As at 30 April 2015 HK$'000
Trade receivables	6,495	6,721
Prepayments	18,016	16,959
Deposits and other receivables	111,626	108,390
	136,137	132,070
Less non-current portion:		
Deposits	(62,849)	(60,763)
Prepayment for purchase of property, plant and equipment	(12,315)	(12,730)
	(75,164)	(73,493)
Current portion	60,973	58,577

The Group normally makes sales to customers on a cash-on-delivery basis for retail sales. At 31 October 2015 and 30 April 2015, the ageing analysis of trade receivables based on invoice date for wholesales was as follows:

	31 October 2015 HK$'000	As at 30 April 2015 HK$'000
Up to 3 months	6,495	6,721

9 Trade and other payables

	31 October 2015 HK$'000	As at 30 April 2015 HK$'000
Trade payables	114,635	151,148
Other payables and accruals	26,139	33,498
Deposits received	149	181
Receipts in advance	3,469	3,206
Provision for employee benefits	6,158	5,935
	150,550	193,968

(a) The carrying values of trade and other payables approximate their fair values as at 31 October 2015.

(b) The ageing analysis of trade payables based on invoice date are as follows:

	31 October 2015 HK$'000	As at 30 April 2015 HK$'000
0 - 30 days	53,171	76,325
31 - 60 days	14,928	31,178
61 - 90 days	30,040	22,105
91 - 120 days	14,163	19,984
Over 120 days	2,333	1,556
	114,635	151,148

10 Dividends

In the current period, a final dividend of HK$40,295,000 in relation to the year ended 30 April 2015 was declared and paid.

On 18 December 2015, the Board resolved to declare an interim dividend of 5.0 HK cents (2014: 4.9 HK cents per share), totaling HK$35,963,000 (2014: HK$35,556,000). The proposed dividend has not been recognized as a liability in this interim financial information but will be reflected as an appropriation of retained profits for the year ending 30 April 2016.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules" and the "Stock Exchange" respectively). 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 during the Period, 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 Pak Fai Peter 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 Pak Fai Peter taking up both roles for continuous effective management of the Board and business development of the Group.

Review of Financial Statements

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors and one non-executive Director with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed and discussed with the management the unaudited consolidated interim results of the Group for the Period. PricewaterhouseCoopers as the Company's auditor has reviewed the unaudited interim results of the Group for the Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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 throughout the Period.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Period, the Company repurchased a total of 5,157,000 shares of the Company on the Stock Exchange at an aggregate consideration (including transaction cost) of approximately HK$9,113,000. All the repurchased shares were subsequently cancelled by the date of this announcement. Particulars of the repurchases are as follows:

		Purchase price (per share)		
Month	**Number of shares repurchased**	**Highest HK$**	**Lowest HK$**	**Aggregate Consideration HK$**
July	607,000	2.02	1.86	1,176,000
August	2,450,000	2.02	1.67	4,400,000
September	1,500,000	1.77	1.60	2,553,000
October	600,000	1.68	1.61	984,000
Total	5,157,000			9,113,000

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. Besides, the share award scheme of the Company was adopted by the Board on 24 July 2015 (the "Share Award Scheme"). The trustee of the Share Award Scheme, pursuant to the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 840,000 shares of the Company at a total consideration of about HK$1.4 million. 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 Period.

Interim Dividends

The Board has resolved to declare an interim dividend of 5.0 HK cents per ordinary share (2014/15: interim dividend of 4.9 HK cents per share), representing a total payout of approximately HK$35,963,000 (2014/15: approximately HK$35,556,000). Shareholders whose names appear on the register of members of the Company on Friday, 22 January 2016 will be entitled to the interim dividend which will be paid on or around Friday, 29 January 2016.

OTHER INFORMATION (*Continued*)

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 20 January 2016 to Friday, 22 January 2016, (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 19 January 2016.

Publication

The interim results announcement of the Company for the six months ended 31 October 2015 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.japanhome.com.hk) respectively. The 2015/16 interim 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.

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

Hong Kong, 18 December 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 Mr. MANG Wing Ming Rene, Mr. LAU Wai Pun, Raymond and Mr. YEE Boon Yip.