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 2016

HIGHLIGHTS

- The Group's revenue increased by 4.5% to HK$2,039,575,000 (2014/15[1]: HK$1,951,279,000).
- Hong Kong market sustained a comparable store sales growth[2] of 5.3% (2014/15: 8.2%).
- The adjusted net profit[3]of Hong Kong business for the second half of the Year increased to HK$60,751,000, a growth of 9.7% from the same period last year of HK$55,398,000, compared with the adjusted net profit for the first half of the Year of HK$36,665,000, representing an increase of 65.7%.
- The Group maintained a strong financial position with cash and cash equivalents of HK$406,080,000 (30 April 2015: HK$447,376,000).
- The Group's gross profit rose by 5.0% to HK$947,577,000 (2014/15: HK$902,790,000) while gross profit margin increased slightly to 46.5% (2014/15: 46.3%).
- Eliminating the effect from one-off items[4] for the Year, the adjusted net profit[4] attributable to owners of the Company for the Year decreased by 9.1% to HK$80,378,000 (2014/15: HK$88,390,000), representing 3.9% of revenue (2014/15: 4.5%).
- 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 5.0 HK cents per share, the total annual dividend would be 10.6 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 2016 (the "Year") 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 2015 are shown as 2014/15 in brackets.*
2. *Comparable store sales growth represents a comparison between the store sales of those stores that were open throughout the years being compared.*
3. *The adjusted net profit, a non-HKFRS measure, did not include the effect of the depreciation of the Renminbi fixed deposits, which is useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business.*
4. *The adjusted net profit, a non-HKFRS measure, did not include the effect of one-off items for the Year, 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 losses from the depreciation of the Renminbi fixed deposits and disposal of assets due to the closure of business operations in West Malaysia and the Mainland China.*

OVERVIEW

The Group has achieved another annual record high in revenue for the year ended 30 April 2016, a strong indication of it's capability to overcome short-term fluctuations and challenges in the retail market. Revenue rose to HK$2,039,575,000 (2014/15: HK$1,951,279,000), a growth of 4.5% over the last year. As at 30 April 2016, the Group had a total of 358 stores worldwide in Hong Kong, Singapore, Macau, Cambodia, Indonesia, East Malaysia, Saudi Arabia and New Zealand.

With the global economy remaining uncertain and our peers giving major discounts and mounting more promotions, the overall operating environment continues to be challenging. However, given the large global supplier network we have built during an operational experience of 25 years, it has the ability to secure a stable and continuous supply of a wide variety of products at competitive prices. In addition, the strong Hong Kong dollar and depreciating Renminbi and other foreign currencies have been helpful to the Group in reducing procurement cost. In the second half of the Year, to overcome the many challenges, the Group continued to broaden its product portfolio, adding higher gross profit margin products while constantly monitoring purchase prices and logistics costs of its sourcing activities, and prudently managing expenses.

Thus Hong Kong business performs particularly well, the adjusted net profit(1)of Hong Kong business for the second half of the Year increased to HK$60,751,000, a growth of 9.7% from the same period last year of HK$55,398,000, with the adjusted net profit margin of 6.5% (same period last year: 6.2%), compared with the adjusted net profit for the first half of the Year of HK$36,665,000, representing an increase of 65.7%.

Note:

1. *The adjusted net profit, a non-HKFRS measure, did not include the effect of the depreciation of the Renminbi fixed deposits, which is useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business.*

FINANCIAL PERFORMANCE

The increase in revenue for the Year 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 rose by 5.0% to HK$947,577,000 (2014/15: HK$902,790,000) while gross profit margin increased slightly to 46.5% (2014/15: 46.3%).

Operating expenses increased slightly from 42.1% to 43.3% as a percentage of revenue against last year. This was primarily due to ongoing increases in rental expenses and staff cost. Moreover, a number of new stores were opened during the Year and are still in their investment periods. 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.

Not including the effect of one-off items(1) for the Year, the adjusted net profit(1) attributable to owners of the Company for the Year decreased by 9.1% to HK$80,378,000 (2014/15: HK$88,390,000), representing 3.9% of revenue (2014/15: 4.5%).

Note:

1. *The adjusted net profit, a non-HKFRS measure, did not include the effect of one-off items for the Year, 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 losses from the depreciation of the Renminbi fixed deposits and disposal of assets due to the closure of business operations in West Malaysia and the Mainland China.*

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2016, the Group had cash and cash equivalents amounting to HK$406,080,000 (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.

The Group's treasury management policy was not to engage in any highly leveraged or speculative derivative products and it continues to place the majority of our surplus cash in Hong Kong dollars bank deposit with appropriate maturity period to meet the funding requirements in the future. The current ratio for the Group was 2.8 (30 April 2015: 2.7). Bank borrowings amounted to HK$44,373,000 as at 30 April 2016 (30 April 2015: HK$75,130,000). The Group was in a net cash position as at 30 April 2016. The Group's gearing ratio as determined by bank borrowings divided by total equity was 6.4% (30 April 2015: 10.3%).

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 Hong Kong market sustained a comparable store sales growth [(1)] of 5.3% (2014/15: 8.2%) during the Year.

In the past few years, overall rental expenses, a significant portion of our operating expenses, have significantly increased. Through leveraging our advantages of 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 varying sizes of retail spaces, giving us more flexibility in choosing locations 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 rising employee expenses, we have employee training programmes in place to improve productivity and we periodically redeploy our employees to different stores in order to 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 strengths in brand and merchandise, the Group has managed to deliver record-high sales to maintain costs as a stable percentage of revenue during the Year. Operating expenses as a percentage of revenue increased only slightly during the Year, to 43.3% (2014/15: 42.1%).

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

For the Year Ended 30 April		**2016**		**2015**	
	HK$	**(%) of revenue**	**HK$**	**(%) of revenue**	**Change (%)**
Distribution and advertising expenses	**56,981,000**	**2.8%**	53,328,000	2.7%	6.9%
Administrative and other operating expenses [(2)]	**812,567,000**	**39.8%**	768,996,000	39.4%	5.7%
One-off items[(3)]	**13,886,000**	**0.7%**	-	-	-
Total operating expenses	**883,434,000**	**43.3%**	822,324,000	42.1%	7.4%

Notes:

1. *Comparable store sales growth represents a comparison between the store sales of those stores that were open throughout the years being compared.*
2. *Eliminating the effect from one-off items[(3)] for the year.*
3. *One-off items mainly represented losses from the depreciation of the Renminbi fixed deposits and disposal of assets due to the closure of business operations in West Malaysia and the Mainland China.*

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 its operational efficiency in the Singapore market to generate added revenue.

We believe that our comparable store sales growth in Hong Kong as well as the increasing revenue from our operations in Singapore and Macau has demonstrated our growth potential in these regions. As at 30 April 2016, the Group had a presence in eight jurisdictions throughout the world with a total of 358 stores, of which 347 were directly managed by the Group and 11 were licenced stores. The following table presents the number of our stores worldwide:

	As at 30 April 2016	**As at 30 April 2015**	**Net increase/ (decrease)**
The Group's directly managed stores			
Hong Kong	**277**	267	10
Singapore	**62**	65	(3)
West Malaysia	**-**	12	(12)
Mainland China	**-**	8	(8)
Macau	**8**	8	-
Sub-total	**347**	360	(13)
The Group's licenced stores			-
East Malaysia	**1**	2	(1)
Saudi Arabia	**5**	5	-
New Zealand	**1**	1	-
Indonesia	**1**	1	-
Cambodia	**3**	2	1
Sub-total	**11**	11	-
Total	**358**	371	(13)

HUMAN RESOURCES

To ensure that the Group attracts and retains staff capable of attaining optimum performance levels, remuneration packages are reviewed on a regular basis. Performance bonuses, share options and share awards could then be subsequently offered to qualified employees. A performance-based element is included in the annual discretionary bonus for all staff as well as in share options and share awards for supervisory and managerial staff. As at 30 April 2016, the Group has employed approximately 2,236 employees (30 April 2015: 2,400). Total staff costs for the Year were HK$303,839,000 (2014/15: HK$282,136,000).

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 4.7%. 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. These combined efforts resulted in HK$2,015,960,000 (2014/15: HK$1,924,621,000) of retail revenue which included consignment sales commission income, accounting for 98.8% (2014/15: 98.6%) of total revenue.

The wholesale business, licencing income and others as a whole decreased by 11.4% from the previous year to HK$23,615,000 (2014/15: HK$26,658,000).

OPERATIONAL REVIEW BY GEOGRAPHICAL LOCATIONS

Operations Review – Hong Kong

Hong Kong remained the key market for the Group, representing 86.1% (2014/15: 84.6%) of the Group's total revenue. Revenue in Hong Kong for the Year achieved a record-high total revenue of HK$1,755,007,000 (2014/15: HK$1,651,154,000), a 6.3% increase, while comparable store sales(1) showed a relatively healthy growth of 5.3% (2014/15: 8.2%).

Eliminating the effect of the exchange loss arising from the depreciation of the Renminbi fixed deposits of HK$3,725,000 for the Year, the adjusted net profit(2) in Hong Kong for the Year was HK$97,416,000 (2014/15: HK$106,016,000), representing a decrease of 8.1% from the last year, with the adjusted net profit margin of 5.6% (2014/15: 6.4%).

Operations Review – Singapore

In Singapore, the revenue grew by 3.7% in local currency terms while the revenue decreased slightly by 3.0% to HK$231,115,000 in Hong Kong dollars currency terms (2014/15: HK$238,213,000) during the Year. Given a conservative consumer spending pattern, comparable store sales growth(1) was negative at 1.9% (2014/15: -8.9%). The Group intends to focus on improving operational efficiencies, including implementing employee training programmes to maximise productivity and further leverage our strategic advantages in system integration. We will continue our all-out effort in expanding the market in Singapore as we strengthen the Group's position there. Singapore remains as our strategic market and the Group expects to achieve moderate growth as it is optimistic about its business prospects there for the medium- to long-term.

Operations Review – Macau

During the Year, the Group's Macau revenue recorded an increase of 7.6% to HK$39,341,000 (2014/15: HK$36,560,000), while comparable store sales growth(1) was 1.3% (2014/15: 5.9%).

Operations Review – The Mainland China and West Malaysia

For the Mainland China and West Malaysia markets, as at 30 April 2016, the Group already closed down the business operations in both areas to minimise the adverse effects on the retail business as a whole.

Notes:

1. *Comparable store sales growth represents a comparison between the store sales of those stores that were open throughout the years being compared.*

2. *The adjusted net profit, a non-HKFRS measure, did not include the effect of the depreciation of the Renminbi fixed deposits for the Year, 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 is continuing to focus on the Hong Kong market and keep expanding its retail network. For overseas markets, we have closed down the operation in West Malaysia and the Mainland China in order to minimize their negative effects on the retail business as a whole and turned our focus on the business in Singapore. Singapore remains as an important market of the Group, and we are optimistic about its operation in the market achieving steady growth and having good prospects in the medium- to long-term.

The Group has the support of its strong base in Hong Kong and offers a unique "one-stop" shopping experience to customers that sets it apart from its peers. The ongoing renovation of the Group's stores in Hong Kong is targeted at further improving the quality of customers' shopping experience and, in turn, enhance same store sales growth in Hong Kong. It continues to diversify and expand the product mix and promote Concept stores to enlarge its customer base. In particular, it intends to offer more stylish, good value products to the consumers, and, above all, expand product coverage in Hong Kong. The Group has opened the Concept stores under the "Japan Home Center" brand in Central, Whampoa and North Point respectively. This is a strategic move to broaden product categories of the Group to cover selected special products in: smart living, digital accessories, health & beauty, trendy stationery, green food, gardening, fragrance and Japanese & Korean products. The Group believes this concept can facilitate flexibile expansion of its business and enhance market penetration. Furthermore, the Group has opened stores branded "123 by Ella", which operates on the "simple and fast consuming" concept, selling selected trendy and personal merchandise at a range of fixed prices. The Group believes the fixed-price store model can also enhance its flexibility in continuous expansion and market penetration, and at the same time advance the growth of business of other brands under the Group. These new brands are helping the Group extend its business coverage in Hong Kong as well as giving it new income sources.

To harness the advantages the online-to-offline business brings, the Group has launched e-commerce business in Hong Kong aimed at expanding its regional presence. It targeting online shoppers, serves as another convenient, highly flexible and accessible retail channel for customers to purchase the Group's products. In addition, the Group continues to leverage the power of online marketing by introducing dedicated mobile apps and on social media platforms such as Facebook and WeChat to showcase and promote its products and brands. It hopes to provide a mix of products based on consumption behavior and market demand so as to enhance customers' brand loyalty and bring in extra revenue. Moreover, mobile apps can strengthen interaction and communication between the Group and its customers on top of making it easier and more convenient for customers to shop at online shop. The Group expects to see its interaction and communication with customers improved with the help of such effective consumption channels. At the same time, the Group intends its logistics and delivery system to play an increasingly important role in its operation. Thus, it also strives to continue to improve related systems and mechanisms.

To drive business growth, the membership loyalty program continues to facilitate repeat purchases and attract new customers helping to boost same store sales. The membership loyalty program aims to boost transaction numbers as well as the average spending per transaction, thus pushing up the Group's revenue. The program also enables the Group to understand customers' spending behaviors and preferences so that it may formulate more effective marketing promotions. As at 30 April 2016, it has about 400,000 members in Hong Kong, accounting for approximately 14% of the total retail business revenue in the city, helping to increase spending per transaction. The Group continues to step up interaction with its members, offering them exclusive benefits, such as special birthday discounts or special promotional events. Thus it is confident of building a sizeable membership base.

However, the Group will continue to optimize its product mix to meet customer needs and preferences and to help improve its gross profit margin. As a part of its expansion strategy, the Group will enhance its sourcing and logistics capabilities by establishing logistics centers in the Mainland China and other regions, as well as constantly monitoring the purchase price and logistics costs of our sourcing activities. In addition, the Group will strategically broaden product categories, especially those comprising higher gross profit margin products. It will also boost its profit margin by continuing to enhance the range, categories and packaging of its own label products. The Group expects its procurement cost will benefit from the strong Hong Kong dollar and depreciating Renminbi and other foreign currencies. It will focus on improving operational efficiencies and on minimizing any effects from potentially adverse factors on its financial performance.

Regarding its retail business, Hong Kong remains the key market of 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 growth and expansion. Many of the products the Group offers are affordable household necessities in steady demand not heavily affected by change in overall market conditions. Moreover, although rental expenses on shops in shopping malls continued to increase during the year, overall rental expenses on stores has started to trend down which is favorable to the Group's long-term expansion.

In the future, the Group will continue to exercise prudence in managing its expenses so as to maximize return on capital. The Group believes with the cumulative brand awareness it enjoys, an extensive shop network with a steady growth track record and a large global supplier network, it will see continuous development of its business. The Group remains positive about its medium- to long-term business prospects. With sufficient cash flow, it is poised to explore potential investment opportunities that promise higher returns, thus also generating greater returns to shareholders.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2016

	Note	Year ended 30 April 2016	2015
		HK$'000	HK$'000
Revenue	3	2,039,575	1,951,279
Cost of sales	4	(1,091,998)	(1,048,489)
Gross profit		947,577	902,790
Other income - net		15,916	16,675
Other loss – net		(6,565)	(1,566)
Distribution and advertising expenses	4	(56,981)	(53,328)
Administrative and other operating expenses	4	(826,453)	(768,996)
Operating profit		73,494	95,575
Finance income		3,239	6,184
Finance expenses		(1,935)	(1,691)
Finance income - net		1,304	4,493
Profit before income tax		74,798	100,068
Income tax expense	5	(20,642)	(20,829)
Profit for the year		54,156	79,239
Profit/(loss) attributable to:			
Owners of the Company		66,492	88,390
Non-controlling interests		(12,336)	(9,151)
		54,156	79,239
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 9.2 cents	HK 12.2 cents
Diluted earnings per share	6	HK 9.2 cents	HK 12.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2016

	Year ended 30 April	
	2016	**2015**
	HK$'000	HK$'000
Profit for the year	54,156	79,239
Other comprehensive loss		
Items that may be reclassified to profit or loss		
Currency translation differences	(2,831)	(1,861)
Other comprehensive loss for the year, net of tax	(2,831)	(1,861)
Total comprehensive income for the year	51,325	77,378
Attributable to:		
Owners of the Company	64,466	87,297
Non-controlling interests	(13,141)	(9,919)
Total comprehensive income for the year	51,325	77,378

CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2016

	Note	As at 30 April 2016 HK$'000	As at 30 April 2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		103,345	117,161
Investment property		13,782	-
Intangible assets		28,480	30,103
Deferred income tax assets		6,187	5,357
Non-current prepayment and deposits		64,738	73,493
		216,532	226,114
Current assets			
Inventories		280,240	294,952
Trade and other receivables	8	59,846	58,577
Amount due from shareholders		465	465
Pledged bank deposits		6,555	6,533
Bank deposits with initial terms of over three months		372	567
Cash and cash equivalents		406,080	447,376
		753,558	808,470
Total assets		970,090	1,034,584
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital and share premium		581,051	591,274
Reserves		114,684	128,641
		695,735	719,915
Non-controlling interests		(966)	12,332
Total equity		694,769	732,247

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 APRIL 2016

	Note	As at 30 April 2016 HK$'000	2015 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		2,773	2,462
Loans due to non-controlling shareholders of subsidiaries		-	2,620
Provision for reinstatement cost		2,637	2,134
		5,410	7,216
Current liabilities			
Trade and other payable	9	203,156	193,968
Amount due to a non-controlling shareholder of a subsidiary		-	1,147
Loan due to non-controlling shareholders of subsidiaries		3,064	450
Borrowings		44,373	75,130
Current income tax liabilities		19,318	24,426
		269,911	295,121
Total liabilities		275,321	302,337
Total equity and liabilities		970,090	1,034,584

NOTES

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, KY 1-1111, 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 25 July 2016.

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 all applicable Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention.

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.

(i) The following amendments to standards are mandatory for the Group’s financial year beginning on 1 May 2015. The adoption of these amendments has not had any significant impact to the results and financial position of the Group, except that certain disclosure has been extended.

HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010-2012 Cycle and Annual Improvements 2011-2013 Cycle

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(ii) The following standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 May 2015 and have not been early adopted by the Group:

		Effective for the 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)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	A date to be determined by the IASB
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
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 and amendments to standards that have been issued but are not effective for annual periods beginning on 1 May 2015.

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.

3 Segment information (Continued)

The segment information provided to the executive directors for the reportable segments for the year ended 30 April 2016 is as follows:

	Retail HK$'000	**Wholesales** HK$'000	**Licencing and others** HK$'000	**Total** HK$'000
Segment revenue (all from external customers)	2,015,960	23,223	392	2,039,575
Cost of sales	(1,072,692)	(19,306)	-	(1,091,998)
Segment results	943,268	3,917	392	947,577
Gross profit %**	46.79%	16.87%	-	46.46%
Other income				15,916
Other losses, net				(6,565)
Distribution and advertising expenses				(56,981)
Administrative and other operating expense				(826,453)
Operating profit				73,494
Finance income				3,239
Finance costs				(1,935)
Profit before income tax				74,798
Income tax expense				(20,642)
Profit for the year				54,156

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

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 HK$'000	**Wholesales** HK$'000	**Licencing and others** HK$'000	**Total** HK$'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).*

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 revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue for each of the years ended 30 April 2016 and 2015.

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

	Year ended 30 April **2016** HK$'000	**2015** HK$'000
Hong Kong	1,755,007	1,651,154
Mainland China	4,822	4,945
Singapore	231,115	238,213
Malaysia	9,290	20,407
Macau	39,341	36,560
	2,039,575	1,951,279

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 2016 and 2015 are as follows:

	As at 30 April	
	2016	**2015**
	HK$'000	HK$'000
Hong Kong	137,385	130,739
Mainland China	13,782	17,169
Singapore	28,745	32,702
Malaysia	-	7,155
Macau	1,953	2,889
	181,865	190,654

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

	Year ended 30 April	
	2016	**2015**
	HK$'000	HK$'000
Auditors' remuneration		
– Audit services	2,376	2,420
– Non-audit services	406	323
Air conditioning expenses	13,045	12,063
Advertising and promotion expenses	14,587	13,445
Amortisation of trademark	614	630
Building management fees	32,004	30,934
Cost of inventories sold	1,091,998	1,048,489
Delivery charges	40,000	36,689
Depreciation expense		
- owned property, plant and equipment	31,993	32,530
Employee benefit expense (including directors' emoluments)	303,839	282,136
Government rates	11,162	10,207
Legal and professional fee	2,813	4,013
Operating lease rental	349,682	324,047
Repair and maintenance	13,280	7,602
Utility expenses	26,129	28,225
Net exchange losses	5,690	89
Others	35,814	36,971
Total cost of sales, distribution and advertising expenses, and administrative and other operating expenses	1,975,432	1,870,813

5 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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.

5 Income tax expense (Continued)

	Year ended 30 April 2016 HK$'000	2015 HK$'000
Current income tax		
- Hong Kong profits tax	20,631	21,318
- Overseas taxation	530	585
- Over provisions in prior years	(34)	(240)
Deferred income tax	(485)	(834)
	20,642	20,829

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.

	Year ended 30 April 2016 HK$'000	2015 HK$'000
Profit attributable to owners of the Company (HK$'000)	66,492	88,390
Weighted average number of ordinary shares in issue (in thousands)	719,414	724,467
Basic earnings per share attributable to owners of the Company (HK cents per share)	9.2	12.2

(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 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.

	Year ended 30 April 2016 HK$'000	2015 HK$'000
Profit attributable to owners of the Company (HK$'000)	66,492	88,390
Weighted average number of ordinary shares in issue (in thousands)	719,414	724,467
Adjustments for:		
- Share options (thousands)	929	1,785
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	720,343	726,252
Diluted earnings per share attributable to owners of the Company (HK cents per share)	9.2	12.2

7 Dividend

The dividends paid in 2016 and 2015 were HK$76,092,000 (HK10.6 cents per share) and HK$68,107,000 (HK9.4 cents per share) respectively. A final dividend in respect of the year ended 30 April 2016 of HK5.6 cents per share, amounting to a total dividend of HK$40,073,000 is to be proposed at the annual general meeting on 26 September 2016. These financial statements do not reflect this dividend payable.

	Year ended 30 April	
	2016	**2015**
	HK$'000	HK$'000
Interim dividend paid of HK5.0 cents (2015: HK4.9 cents) per ordinary share	35,797	35,556
Proposed final dividend of HK5.6 cents (2015: HK5.6 cents) per ordinary share	40,073	40,295
	75,870	75,851

8 Trade and other receivables

	As at 30 April	
	2016	**2015**
	HK$'000	HK$'000
Trade receivables	8,680	6,721
Prepayments	3,351	16,959
Deposits and other receivables	112,553	108,390
	124,584	132,070
Less non-current portion:		
Deposits	(64,738)	(60,763)
Prepayment for purchase of property, plant and equipment	-	(12,730)
	(64,738)	(73,493)
Current portion	59,846	58,577

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:

	As at 30 April	
	2016	**2015**
	HK$'000	HK$'000
Up to 3 months	8,680	6,721

As of 30 April 2016, trade receivables of HK$3,210,000 (2015: HK$4,947,000) 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:

	As at 30 April	
	2016	**2015**
	HK$'000	HK$'000
Up to 3 months	3,210	4,947

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 and provision for reinstatement cost

	As at 30 April	
	2016	**2015**
	HK$'000	HK$'000
Current		
Trade payables	159,591	151,148
Other payables and accruals	32,646	33,498
Deposit received	148	181
Receipts in advance and cash coupons	2,225	2,781
Provision for customer loyalty programs	2,179	425
Provision for employee benefits	6,367	5,935
	203,156	193,968
Non-current		
Provision for reinstatement cost	2,637	2,134
	205,793	196,102

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

	As at 30 April	
	2016	**2015**
	HK$'000	HK$'000
0 – 30 days	72,887	76,325
31 – 60 days	38,850	31,178
61 – 90 days	31,442	22,105
91 – 120 days	14,443	19,984
Over 120 days	1,969	1,556
	159,591	151,148

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 throughout the year. Currently, Mr. Lau Pak Fai Peter has resigned from his position as the chief executive officer of the Company with effect from 7 January 2016. Mr. Lau Pak Fai Peter has been the chief executive officer since the Company's shares being listed on main board of the Stock Exchange until 6 January 2016. With the development of the Company and for enhancement of corporate governance of the Company, the change of the chief executive officer enabled the Company to comply with the code provision A.2.1 of separating the roles of Chairman and chief executive officer as set out in the CG Code. Mr. Chong Siu Hong, Andrew has been appointed as the chief executive officer of the Company with effect from 7 January 2016.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the consolidated financial statements for the year ended 30 April 2016. The figures in respect of the preliminary announcement of the Group's results for the year ended 30 April 2016 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 BY DIRECTORS

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 2016.

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

During the year ended 30 April 2016, the Company repurchased a total of 6,157,000 shares of the Company on the Stock Exchange at an aggregate consideration of HK$10,223,000. All the repurchased shares were subsequently cancelled. Particulars of the repurchases are as follows:

Month/ Year	Number of shares repurchased	Purchase price (per share)		Aggregate Consideration
		Highest	Lowest	
		HK$	HK$	HK$
July 2015	607,000	2.02	1.86	1,176,000
August 2015	2,450,000	2.02	1.67	4,400,000
September 2015	1,500,000	1.77	1.60	2,553,000
October 2015	600,000	1.68	1.61	984,000
December 2015	700,000	1.13	1.07	774,000
January 2016	300,000	1.12	1.11	336,000
	6,157,000			10,223,000

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 "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 2,660,000 shares of the Company at a total consideration of about HK$3.9 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 year ended 30 April 2016.

DIVIDENDS

An interim dividend of 5.0 HK cents per ordinary share (2014/15: interim dividend of 4.9 HK cents), representing a total payout of approximately HK$35,797,000 was paid by the Company on 29 January 2016. 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 Friday, 7 October 2016 which will be paid on or around Monday, 17 October 2016. Taking into account of the interim dividend payment, the total dividend for the Year would amount to 10.6 HK cents per share, totaling approximately HK$75,870,000 for the Year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company for the annual general meeting will be closed from Thursday, 22 September 2016 to Monday, 26 September 2016, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 21 September 2016.

Subject to the approval of the shareholders of the Company at the meeting, the proposed final dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Friday, 7 October 2016 and the register of members of the Company will be closed from Wednesday, 5 October 2016 to Friday, 7 October 2016, (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents, accompanied by the relevant share certificates lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 4 October 2016.

PUBLICATION

The annual results announcement of the Company for the year ended 30 April 2016 is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.japanhome.com.hk) respectively. The 2016 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 our management team and staff for their commitment and contributions. My gratitude also goes to our customers, business partners and shareholders for their constant support. We look forward to and thank you ahead 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, 25 July 2016

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.