



Nu-World Holdings Limited

Unaudited Interim Report for the six months ended 28 February 2010

("Nu-World" or "the Group" or "the Company")

Group revenue increased by 17.8% to R926,8 million

Total comprehensive income increased by 161.6% to R35,7 million

Headline earnings per share increased by 101.8% to 168.7 cents

Cash generated by operating activities R42,4 million

Net cash on hand R168,1 million

Net asset value per share 2 771,3 cents

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 Months 28 February 2010 R'000	Restated* Unaudited 6 Months 28 February 2009 R'000	% Change	Audited 12 Months 31 August 2009 R'000
Revenue	926 805	786 632	17.8	1 443 104
Net operating income	60 499	27 615	119.1	51 769
Depreciation	3 155	3 221		6 904
Interest paid	2 899	3 408		6 676
Restructuring costs - operations				3 027
Fair value adjustment on financial instruments				1 720
Income before taxation	54 445	20 986	159.4	33 442
Taxation	14 969	5 783		8 465
Income after taxation	39 476	15 203	159.7	24 977
Minority interests	(3 815)	(1 571)		(1 943)
Total comprehensive income for the period	35 661	13 632	161.6	23 034
SUPPLEMENTARY INFORMATION				
Determination of comprehensive income and headline earnings				
Comprehensive income attributable to ordinary shareholders	35 661	13 632	161.6	23 034
IFRS 3 Net Loss on disposal of investments		4 050		7 251
Headline earnings	35 661	17 682	101.7	30 285
Capital distribution				7 678
Capital distribution from share premium (cents)				33.9
Comprehensive income	35 661	13 632	161.6	23 034
Headline earnings	35 661	17 682	101.7	30 285
Earnings per share (cents)	168.7	64.5	161.8	108.9
Headline earnings per share (cents)	168.7	83.6	101.8	143.2
Dividend per share (cents)				33.9
Interest cover	19.8	7.2		6.7
Shares in issue	21 134 329	21 149 414		21 148 614
Shares in issue - weighted	21 143 650	21 177 842		21 162 931
Shares in issue - diluted	21 795 329	21 810 414		21 809 614
Operating income as a percentage of revenue (%)	6.5	3.5		3.6
Net negative debt to equity ratio (%)	(28.7)	(15.8)		(26.9)
Effective taxation rate (%)	27.5	27.6		25.3
Net asset value per share (cents)	2 771.3	2 595.8	6.8	2 621.7
Capital expenditure				
Expansion	998	1 287		3 025
Replacement	877	1 057		2 582
	1 875	2 344		5 607
Intangible assets				
Goodwill and amortisation				
At beginning and end of year	37 991	37 991		37 991
Intellectual Property				
At beginning of period/year	14 322	14 322		14 322
Amortisation of intellectual property	(1 303)			
At end of period/year	13 019	14 322		14 322
Total intangible assets	51 010	52 313		52 313
SEGMENTAL INFORMATION				
Geographical revenue				
Republic of South Africa	538 969	505 242	6.7	1 007 026
Australasia	387 836	281 390	37.8	436 078
	926 805	786 632	17.8	1 443 104
Geographical income				
Republic of South Africa	31 730	12 668	150.5	29 875
Australasia	3 931	964	307.7	410
	35 661	13 632	161.6	30 285

* Restatement - refer to restatement note

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 Months 28 February 2010 R'000	Unaudited 6 Months 28 February 2009 R'000	Audited 12 Months 31 August 2009 R'000
Balance at 1 September	554 452	550 060	550 060
Total comprehensive income for the period	35 661	13 632	23 034
Dividend (paid)/reversed	600	(600)	(239)
IFRS adjustments: share based payments Profit/(loss) on cash flow hedges	3 934	380	(3 934)
Capital distribution from share premium	(7 677)	(13 429)	(13 429)
Fair value movement	926	46	(400)
Net treasury share movement	(2 196)	(1 083)	(1 083)
Balance at end of period/year	585 700	549 006	554 452

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 6 Months 28 February 2010 R'000	Unaudited 6 Months 28 February 2009 R'000	Audited 12 Months 31 August 2009 R'000
Assets			
Non-current assets			
Fixed assets	31 284	33 835	32 563
Intangible assets	51 010	52 313	52 313
Financial assets and other investments	51 735	51 706	51 706
Deferred taxation	9 847	11 608	10 492
Current assets			
Inventory	268 868	307 216	264 690
Trade and other receivables	206 712	175 906	198 153
Cash equivalents	168 153	86 911	149 131
Total assets	787 609	719 495	759 048
Equity and liabilities			
Ordinary shareholders' funds	585 700	549 006	554 452
Minority interests	30 019	22 301	23 133
Total shareholders' funds	615 719	571 307	577 585
Non-current liabilities			
Long term liabilities	20 000	20 000	20 000
Current liabilities			
Trade and other payables	151 890	128 188	161 463
Total equity and liabilities	787 609	719 495	759 048

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited 6 Months 28 February 2010 R'000	Unaudited 6 Months 28 February 2009 R'000	Audited 12 Months 31 August 2009 R'000
Cash generated/(utilised) by operating activities	20 926	(52 832)	12 088
Cash generated/(utilised) by operations	42 443	(32 892)	40 705
Interest paid	(2 900)	(3 408)	(6 676)
Capital distributions/dividends paid	(9 273)	(14 029)	(13 669)
Normal tax on companies	(9 344)	(2 503)	(8 272)
Cash flows from investing activities	(1 904)	55	(2 645)
Purchase of tangible fixed assets	(1 875)	(2 344)	(5 607)
Proceeds on disposal of fixed assets			563
Other investments	(29)		
Net proceeds on sale of a subsidiary		3 481	3 481
Increase in investment in treasury shares		(1 082)	(1 082)
Cash flows from financing activities	-	-	-
Net increase/(decrease) in cash and cash equivalents	19 022	(52 777)	9 443
Cash and cash equivalents at the beginning of the period/year	149 131	139 688	139 688
Cash and cash equivalents at end of the period/year	168 153	86 911	149 131

COMMENTS

FINANCIAL OVERVIEW

Directors are pleased to report a solid set of results and positive growth, despite challenging trading environments in both South Africa and Australia. We are comfortable that the restructuring and rationalization initiatives undertaken during the previous financial year, are bearing fruit. Directors are confident that the Group is leaner and better positioned to support sustainable growth in the medium term.

The improving economic outlook is supporting a definite uptick in consumer confidence and an increased willingness to spend on consumer durables, among consumers.

Group revenue for continuing operations increased by 17,8% to R926,8m (February 2009: R786,6m).

Net operating income - EBITDA, increased by 119,1% to R60,5m (February 2009: R27,6m). Operating margins improved substantially compared to the equivalent period to February 2009, commendable considering the intense competition in the South African and Australian marketplaces.

Total comprehensive income for the period increased by 161,6% to R35,7m (February 2009: R13,6m).

Headline earnings per share - H.E.P.S. increased by 101,8% to 168,7 cents (February 2009: 83,6 cents).

The balance sheet remains strong, with negative gearing and **cash equivalents** of R168,1m. It is clear that the improved focus on working capital management is achieving results. **Inventories** of R268,9m reflect a decrease of 12,5% (February 2009: R307,2m) and an improved stock turn ratio as a result.

The net asset value per share is up 6,8% to 2 771,3 cents (February 2009: 2 595,8 cents).

Trade receivables and payables increased in line with the increased revenue.

OFFSHORE SUBSIDIARY

Yale Prima Pty Ltd is a 59,4% held subsidiary, based in Sydney Australia, which in turn holds 51% of subsidiary Overstockoutlet Pty Ltd. Yale Prima imports a range of consumer electronics and appliances for major Australian retailers on an indent basis. OO.COM.AU is one of the leading Australian online internet retailers. OO.COM.AU has successfully re-branded to the exclusive "Only Online". The Company trades primarily in leading international brands across a broad range of consumer products: - including leading world brands in consumer electronics, watches, perfumes, books, DVD's, golf and other sporting goods, health and fitness equipment, luggage, manchester and fashion accessories etc.

The Australian economy is firmly back on a growth path with solid GDP growth. The growth path confidence is borne out by the Australian Central Bank's continued raising of the benchmark cash rate, currently at 4,0% after the last increase in March 2010.

Our Australian directors and management have completed their consolidation and restructuring initiatives as set out in the previous financial year. These cost-benefit synergies together with the improving Australian retail economy, have positioned the companies onto a path for future sustainable growth.

PRODUCT RANGE

Consumer Electronics * Small Electrical Appliances * Conti Motorsport * White Goods * Liquor * Furniture

Notwithstanding the contraction of the South African retail market over the passed years, Nu-World is increasing its market share in key product categories. Our price-entry and middle-market brands, in both consumer electronics and appliances, have performed particularly well. Our top-line "Vegas" ranges of consumer electronics and appliances, continues to make inroads and win consumer support and market share. Our range of flat panel televisions, including full high definition Plasma's, LCD's and LED's, offer excellent value. Our comprehensive line-up of televisions, including CRT's and Flat Panels is expanding rapidly. New initiatives include the pending launch of our high-tech division.

PROSPECTS

Directors are confident that the consolidation and rationalisation initiatives completed in 2009 have ensured that all Group companies are leaner and more competitive and well positioned to take advantage of improving markets.

The Group's diversification across markets, a broad range of product categories, key brands and market segments, has always served us well and remains at the core of our growth strategy for the future.

Ongoing management initiatives for the financial year to August 2010 include:

- The extension of product categories.
- The extension of product ranges within existing categories.
- The introduction of mobile phones and netbooks.
- The introduction of a liquor division supplying our existing retail customers.
- The establishment of a strategic partnership to enter the Chinese appliance market.
- The ongoing cost-containment and streamlining of the local manufacturing division.

Key financial indicators are showing clear signs that the South African and Australian economies have emerged from recession, although the pace of the recovery in South Africa remains measured. The South African Reserve Bank's decision to cut its key lending rate by a further 50 basis points to 6.5% in March 2010, the lowest in almost 3 decades, is welcomed. The rate cut will undoubtedly spur the revival in consumer spending which began in the fourth quarter of 2009.

Whilst the hosting of the Soccer World Cup is clearly providing a huge boost to the economy and the hospitality sector during 2010, Government's infrastructure program will stretch well into the future and underpin GDP growth well beyond this international event.

The Board is confident of continued sustained growth and to deliver sustained growth in the medium and long term.

CHANGES TO THE BOARD

The following changes to the Board have taken place since the date of the Group's last report:

- Richard Kinross was appointed as an independent non-executive director, effective 1 November 2009.

NOTES

1. Basis of preparation

The condensed unaudited Group interim financial statements for the period have been prepared in compliance with International Accounting Standard IAS 34 - Interim Financial Reporting, the Listings Requirements of the JSE Limited and AC 500. Other than IAS 1, the accounting policies applied in preparing these condensed unaudited Group interim financial statements are consistent with those applied in the annual financial statements for the year ended 31 August 2009 and the six months to 28 February 2009 and comply with International Financial Reporting Standards ("IFRS") and the South African Companies Act. Consequently, the comparative information has been restated for the new disclosures in terms of IAS 1.

2. Restatement

The revenue in the statement of the comprehensive income has been restated in terms of circular 9/2006 (IFRIC).

3. Subsequent events

No events material to the understanding of the report have occurred during the period between 28 February 2010 and the date of this report.

4. Corporate governance

The Nu-World Holdings Ltd Group subscribes to the recommendations of the King III Report on Corporate Governance and recognises the requirements to conduct the enterprise with integrity, transparency and equal opportunity. The Group strives to provide reports to shareholders that are timely, accurate, consistent and informative.

5. BBBEE rating

The major South African wholly owned subsidiary, Nu-World Industries (Pty) Ltd, has attained a level 5 accreditation.

On behalf of the board of directors

M.S. Goldberg
Executive Chairman
20 April 2010

B.H. Haikney
Company Secretary

Administration

Registration number 1968/002490/06
(Incorporated in the Republic of South Africa)
JSE share code: NWL
ISIN code: ZAE000005070

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Transfer secretaries

Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg 2001

Company secretary

B.H. Haikney
Auditors
Tuffias Sandberg KSI

Sponsor

Sasfin Capital,
a division of Sasfin Bank Limited

Directors

M.S. Goldberg (Executive Chairman),
J.A. Goldberg (Chief Executive),
G.R. Hindle (Financial Director)

Non-executive directors

J.M. Judin
D. Piaray
R. Kinross

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ideal

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BY NU-WORLD

JVC

MAGIC LINE

MURANO TILES

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PALSONIC

prima

PROTEL

Sunbeam



Vegas