



NU-WORLD HOLDINGS LIMITED

UNAUDITED INTERIM REPORT

FOR THE HALF YEAR ENDED 28 FEBRUARY 2013

STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 Months 28 February 2013 R'000	Unaudited 6 Months 29 February 2012 R'000	% Change	Audited 12 Months 31 August 2012 R'000
Continuing operations				
Revenue	1 133 069	1 122 187	1,0	2 114 500
Net operating income	55 388	70 735		93 843
Depreciation	2 817	2 267		5 643
Interest paid	7 538	7 062		13 224
Fair value adjustment on financial instruments	3 609	3 128		(1 618)
Income before taxation	41 424	58 278		76 594
Taxation	11 950	14 972		13 669
Income after taxation from continuing operations	29 474	43 306		62 925
Discontinued operations				
Revenue		7 623		8 859
Net operating loss		(5 505)		(20 233)
Depreciation		21		60
Loss before taxation		(5 526)		(20 293)
Taxation				9
Loss after taxation from discontinued operations		(5 526)		(20 302)
Total net income after taxation	29 474	37 780		42 623
Share of associate company profit				28
Net profit for the period/year	29 474	37 780		42 651
Other comprehensive income:				
Exchange differences on translating foreign operations	8 742	6 655		10 774
Total comprehensive income for the period/year	38 216	44 435		53 425
Net profit attributable to:				
Non-controlling interest	(216)	4 222		4 256
Equity holders of the company	29 690	33 558	(11,5)	38 395
	29 474	37 780		42 651
Total comprehensive income attributable to:				
Non-controlling interest	3 500	7 269		10 511
Equity holders of the company	34 716	37 166		42 914
	38 216	44 435		53 425
Determination of attributable earnings and headline earnings				
Net income attributable to ordinary shareholders	29 690	33 558	(11,5)	38 395
Headline earnings	29 690	33 558	(11,5)	38 395

SUPPLEMENTARY INFORMATION

Dividend paid				12 798
Dividend paid per share (cents)				56,5
Dividend cover				3,0
Earnings per share (cents)	138,6	156,7	(11,5)	179,3
Headline earnings per share (cents)	138,6	156,7	(11,5)	179,3
Shares in issue	21 418 695	21 420 195		21 418 695
Shares in issue – weighted	21 418 695	21 420 195		21 420 083
Shares in issue – diluted	22 350 195	22 351 695		22 350 195
At end of period/year	49 807	45 350		47 773
Operating income as a percentage of turnover (%)	4,9	6,3		4,4
Debt to equity ratio (%)	5,1	6,6		8,4
Effective taxation rate (%)	28,8	28,4		24,3
Net asset value per share (cents)	3 129,5	3 000,6	4,3	3 045,8
Intangible assets				
Goodwill				
At beginning of period/year	47 773	43 484		43 484
Revaluation of goodwill	2 034	1 866		4 289
Intellectual property				
At beginning of period/year	14 155	13 182		13 182
Revaluation of intellectual property	265	464		973
At end of period/year	14 420	13 646		14 155
Total intangible assets	64 227	58 996		61 928

SEGMENTAL INFORMATION

Geographical revenue				
South Africa				
– continuing operations	689 207	692 580		1 353 710
South Africa				
– discontinued operations		7 623		8 859
Offshore subsidiaries	443 862	429 607		760 790
	1 133 069	1 129 810		2 123 359
Geographical income				
South Africa				
- continuing operations	27 221	36 542		56 349
South Africa				
- discontinued operations		(5 526)		(20 302)
Offshore subsidiaries	2 469	2 542		2 348
	29 690	33 558		38 395

COMMENTARY

The stagnant economy and reduced consumer spending, both locally and offshore, has contained Nu-World's growth. The South African consumer environment remains difficult and sales growth may be under some pressure for the remainder of the financial year. Rising household debt and escalating utility costs have strained disposable income. During April 2013, the index compiled by the Bureau for Economic Research and sponsored by First National Bank, showed consumer confidence falling to a nine-year-low in the first quarter of this year. There are no positive signs that cost pressures on consumers will ease in the short term.

The directors of Nu-World, a leading international source for branded consumer durables, are pleased to report on marginal top-line growth and a positive return to cash generated by operations for the interim period to 28 February 2013.

The trading period has been particularly challenging, but Nu-World retains the depth of field within its range of local and international brands to provide a full range of products at each lifestyle level.

Nu-World is pleased to announce that JVC-Kenwood of Japan have appointed the company to manage the marketing and sales of JVC flat panel televisions in Africa and the Middle East. The visual category is the largest single category in consumer electronics. Africa is undergoing a renaissance as consumers change from old CRT television to flat panels. The Middle East markets have huge potential as demand increases. This provides the Group and their appointed distributors opportunity to enter into expanding markets and allows for a tier one brand at effectively one of the most competitive prices in each respective market. Nu-World has started appointing exclusive distributors in various countries and initial results have been very promising. Further growth into Angola, Morocco, Nigeria, Saudi Arabia and Libya is expected during the remainder of the financial year.

The small appliance division continued to show strong growth under its full range of brands including the premium range Prima One & Only. The summer range of fans, air coolers and air conditioners showed particularly strong growth in the period under review.

FINANCIAL OVERVIEW

STATEMENT OF COMPREHENSIVE INCOME

Group revenue from continuing operations increased by 1,0% to R1 133,1 million (February 2012 – R1 122,2 million).

Total attributable income for the period decreased by 11,5% to R29,7 million (February 2012 – R33,5 million).

Operating margins declined due to the minimal top-line growth while expenses and fixed costs increased with inflation.

STATEMENT OF FINANCIAL POSITION

The balance sheet remains strong with a gearing ratio (debt: equity) of 5,1%.

- Group revenue from continuing operations increased by **1,0% to R1 133,1 million**
- Net profit attributable to ordinary shareholders decreased by **11,5% to R29,7 million**
- EPS and HEPS (cents) decreased by **11,5% to 138.6 cents**
- Cash generated by operations **R58,8 million**
- Net asset value per share **3 129,5 cents**

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 6 Months 28 February 2013 R'000	Unaudited 6 Months 29 February 2012 R'000	Audited 12 Months 31 August 2012 R'000
Assets			
Non-current assets			
Fixed assets	44 178	18 320	17 651
Intangible assets	64 227	58 996	61 928
Financial assets and other investments	31 776	54 348	584
Deferred taxation	5 200	5 775	6 938
Current assets			
Non-current assets classified as held for sale		11 892	
Investment			51 706
Inventory	502 274	484 630	481 689
Trade and other receivables	261 434	275 590	318 308
Total assets	909 089	909 551	938 804
Equity and liabilities			
Ordinary shareholders' funds	670 295	642 740	652 371
Minority interests	44 939	43 050	43 812
Total shareholders' funds	715 234	685 790	696 183
Current liabilities			
Bank borrowings	34 196	42 737	54 640
Short term loan		20 000	
Trade and other payables	159 659	161 024	187 981
Total equity and liabilities	909 089	909 551	938 804

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

Balance as at 1 September	652 371	616 138	616 138
Total comprehensive income for the period/year	29 690	33 558	38 395
Dividend paid	(14 476)	(2 479)	
Capital distribution from share premium		(6 681)	(6 681)
Fair value movement	2 710	2 204	4 519
Balance at end of period/year	670 295	642 740	652 371

CONDENSED GROUP STATEMENT OF CASH FLOWS

Cash generated/(utilised) by operating activities	29 274	(127 316)	(139 362)
Cash generated/(absorbed) by operations	58 792	(107 473)	(108 511)
Interest paid	(7 538)	(7 062)	(13 224)
Capital distributions/dividends paid	(14 476)	(9 161)	(9 161)
Normal tax on companies	(7 504)	(3 620)	(8 466)
Cash flows from investing activities	(8 830)	(3 221)	(3 078)
Purchase of tangible fixed assets	(29 344)	(3 833)	(5 874)
Investment in trademarks	(31 706)		
Proceeds on disposal of fixed assets		612	114
Proceeds on disposal of assets held for sale			2 711
Decrease in loan to associate company	514		(29)
Redemption of preference share issue	51 706		
Net increase/(decrease) in cash and cash equivalents	20 444	(130 537)	(142 440)
Cash and cash equivalents at the beginning of the period/year	(54 640)	87 800	87 800
Cash and cash equivalents at the end of the period/year	(34 196)	(42 737)	(54 640)

Fixed assets increased as a result of the Group's strategic decision to acquire the land and buildings previously leased. In addition to this, the Group acquired full ownership over its trademarks. Inventory levels of R502,2 million remain high due to the excess carryover of summer stock, in addition to the high level of consumer electronic stock holding, arising from the slowdown in consumer spending in the first quarter of this year. Proactive reduction in procurement will ensure reduced inventory levels before the end of the financial year. Directors and management remain focused on improving working capital management. Stocking levels and ranges are being rationalized and stock turn rates will improve going forward.

Net asset value per share has increased by 4,3% to 3 129,5 cents (February 2012 – 3 000,6 cents).

REPORTING ENTITY

Nu-World Holdings Limited is a holding company with operations in South Africa, Hong Kong and Australia. The condensed consolidated interim financial statements as at and for the period ended 28 February 2013 comprise the Company, its subsidiaries and interest in associate.

BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 28 February 2013 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guide as issued by the Reporting Practices Committee, the Companies Act, No 71 of 2008 (as amended) and comply with the disclosure requirements of IAS 34: Interim Financial Reporting. The condensed consolidated financial statements have been prepared under the historical cost convention.

The accounting policies used in the preparation of these results are in accordance with IFRS and consistent in all material respects with those used in the audited annual financial statements for the year ended 31 August 2012.

The condensed consolidated interim financial statements are presented in Rand rounded to the nearest thousand ('000).

The condensed consolidated statement of financial position at 28 February 2013 and the related condensed statements of comprehensive income, statement of changes in equity and cash flows for the six months then ended, have not been reviewed or reported on by the Group's auditors.

The interim financial statements have been prepared under the supervision of Graham Hindle CA(SA) in his capacity as Financial Director.

SUBSEQUENT EVENTS

No events material to the understanding of the report have occurred during the period between 28 February 2013 and the date of this report.

On behalf of the board of directors.

M.S. Goldberg
Executive Chairman
14 May 2013

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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Tel +27 (11) 321 2111 Fax +27 (11) 440 9920

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)

Independent non-executive directors: J.M. Judin (Lead), D. Piaray, R. Kinross

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CASIO



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