

UNAUDITED INTERIM REPORT

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2014

Group revenue from continuing operations increased by 15.4% to **R1 035,3 million**

Net profit for the period increased by 22.9% to **R36,2 million**

Basic EPS/HEPS increased by 15.6% to **160.2 cents**

Net asset value per share **3 268,6 cents**

Cash on hand **R72,4 million**



NU-WORLD HOLDINGS LIMITED

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 Months 28 February 2014 R'000	Unaudited 6 Months 28 February 2013 R'000	% Change	Audited 12 Months 31 August 2013 R'000
Continuing operations				
Revenue	1 035 292	897 514	15,4%	1 684 064
Net operating income	54 087	52 362		72 175
Depreciation	704	964		1 875
Interest paid	3 267	5 856		7 225
Fair value adjustment on financial instruments	1 190	3 609		
Income before taxation	48 926	41 933		63 075
Taxation	12 994	11 302		14 513
Income after taxation from continuing operations	35 932	30 631	17,3%	48 562
Discontinued operations				
Revenue		235 555		258 893
Net operating profit/(loss)	294	3 026		(11 148)
Depreciation		1 853		2 141
Interest paid		1 682		1 196
Loss before taxation	294	(509)		(14 485)
Taxation		648		5 407
Non-controlling interest		(12)		(7 412)
Loss after taxation from discontinued operations		(1 145)		(12 480)
Total net income after taxation	36 226	29 486		36 082
Share of associate company profit				24
Net profit for the period/year	36 226	29 486	22,9%	36 106
Other comprehensive income:				
Exchange differences on translating foreign operations	3 111	8 742		5 481
Total comprehensive income for the period/year	39 337	38 228		41 587
Net profit attributable to:				
Non-controlling interest	1 942	(204)		(351)
Equity holders of the company	34 284	29 690	15,5%	36 457
	36 226	29 486	22,9%	36 106
Total comprehensive income attributable to:				
Non-controlling interest	3 206	3 500		1 877
Equity holders of the company	36 131	34 728		39 710
	39 337	38 228		41 587
Headline earnings reconciliation:				
Determination of comprehensive income and headline earnings				
Net profit attributable to ordinary shareholders	34 284	29 690	15,5%	36 457
Less IAS16 gains on disposal of plant and equipment				(20 992)
Add IAS38 impairment of intangible assets				29 128
Total non-controlling interest effect of adjustments				(3 307)
Headline earnings	34 284	29 690	15,5%	41 286

SUPPLEMENTARY INFORMATION

	Unaudited 6 Months 28 February 2014 R'000	Unaudited 6 Months 28 February 2013 R'000	% Change	Audited 12 Months 31 August 2013 R'000
Dividend paid				13 452
Dividend paid (cents)				59,4
Dividend cover (times)				2,7
Basic earnings per share (cents)	160,2	138,6	15,6%	170,2
Headline earnings per share (cents)	160,2	138,6	15,6%	192,8
Diluted basic earnings per share (cents)	153,7	132,8	15,7%	163,1
Shares in issue (total issued)	22 646 465	22 646 465		22 646 465
Shares in issue (less treasury shares)	21 369 543	21 418 695		21 417 695
Shares in issue - weighted	21 394 786	21 418 695		21 417 695
Shares in issue - diluted	22 301 043	22 350 195		22 349 195
Operating income as a percentage of turnover (%)	5,2%	5,8%		4,3%
Debt to equity ratio (%)	(10,4%)	5,1%		(16,3%)
Effective taxation rate	26,6%	27,0%		23,0%
Net asset value per share (cents)	3 268,6	3 129,5		3 165,4
Intangible assets				
Goodwill				
Balance at beginning of period/year	29 510	43 484		47 773
Impairment during period				(22 381)
Translation difference	721	6 323		4 118
Balance at end of period/year	30 231	49 807		29 510
Intellectual property				
Balance at beginning of period/year		14 155		14 155
Impairment during period				(14 155)
Translation difference		265		
Balance at end of period/year		14 420		
Patent and trademark				
Balance at beginning of period/year	31 706			31 706
Impairment during period				
Balance at end of period/year	31 706			31 706
Total intangible assets	61 937	64 227		61 216

COMMENTARY

CORPORATE INFORMATION

Nu-World is a limited liability company incorporated and domiciled in South Africa with subsidiaries and associates in Australia, Dubai, Hong Kong and Lesotho. The main business of Nu-World, its subsidiaries, joint ventures and associates is the importing, assembling, marketing and distribution of branded consumer goods including consumer electronics, hi-tech, small electrical appliances, white goods, liquor and furniture.

BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 28 February 2014 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 Guides as issued by the Accounting Practices Committee, the Listings Requirements of the JSE Limited, 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 2013.

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 2014 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.

DISCONTINUED OPERATION

The comparative discontinued operation information relates to the disposal of the Group's Australian investment in Golf & Sport Pty Limited in addition to selling a substantial portion of the assets and liabilities of its Australian subsidiary Nu-World Australia Pty Ltd (formally known as OO Australasia Pty Limited). The comparative figures have been re-presented.

OPERATING RESULTS

The Group produced satisfactory results for the period ended 28 February 2014 despite trading within a subdued economy with stagnant consumer spending. The South African consumer environment remains difficult and sales growth may be under some pressure for the remainder of the financial year.

In South Africa, the retail sales growth decelerated to 2,8% for the 2013 year, from 4,6% in 2012. Much of the moderation in the growth momentum occurred in the second half of 2013 when the extent of the increase in cost of living began to intensify and lenders tightened lending standards. The underlying trend, depicted by the 6 and 12 month rolling retail sales averages, does not indicate that there will be a meaningful recovery in retail sales growth in the coming months. Trade conditions surveyed for the first quarter of 2014 suggest that consumption of retail goods may moderated during 2014.

These considerations are consistent with softer consumer spending. Presently, there is little to suggest that economic activity in South Africa will ramp significantly higher anytime soon.

NU-WORLD HOLDINGS LIMITED

Registration number 1968/002490/06

(Incorporated in the Republic of South Africa)

ISIN share code: NWL ISIN code: ZAE000005070

("Nu-World" or "the group" or "the company")

Registered Office:

35 3rd Street, Wynberg, Sandton 2199, Republic of South Africa

Tel +27 (11) 321 2111

Fax +27 (11) 440 9920

Transfer Secretaries:

Computershare Investor Services (Proprietary) Limited,

70 Marshall Street, Johannesburg 2001

Sponsor:

Sasfin Capital, a division of Sasfin Bank Limited

Executive Directors:

M.S. Goldberg (Chairman), J.A. Goldberg (CEO), G.R. Hindle (CFO)

Non-Executive Directors:

J.M. Judin (Lead), D. Piaray, R. Kinross

www.nuworld.co.za

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 6 Months 28 February 2014 R'000	Unaudited 6 Months 28 February 2013 R'000	Audited 12 Months 31 August 2013 R'000
Assets			
Non-current assets			
Fixed assets	33 181	44 178	32 624
Intangible assets	61 937	64 227	61 216
Financial assets and other investments	94	31 776	94
Deferred taxation	6 699	5 200	9 563
Current assets			
Inventory	408 493	502 274	377 459
Trade and other receivables	313 452	261 434	289 854
Cash equivalents	72 433		122 372
Total assets	896 289	909 089	893 182
Equity and liabilities			
Ordinary shareholders' funds	698 485	670 295	677 956
Minority interests	36 904	44 939	33 155
Total shareholders' funds	735 389	715 234	711 111
Current liabilities			
Bank borrowings		34 196	12 166
Trade and other payables	160 900	159 659	169 905
Total equity and liabilities	896 289	909 089	893 182

SEGMENTAL INFORMATION

	Unaudited 6 Months 28 February 2014 R'000	Unaudited 6 Months 28 February 2013 R'000	Audited 12 Months 31 August 2013 R'000
Geographical revenue			
South Africa – continuing operations	669 157	689 207	1 242 044
Offshore subsidiaries			
– continuing operation	366 135	208 307	442 020
Offshore subsidiaries			
– discontinued operation		235 555	258 893
	1 035 292	1 133 069	1 942 957
Geographical income			
South Africa – continuing operations	25 370	27 221	41 441
Offshore subsidiaries			
– continuing operation	8 620	3 614	7 496
Offshore subsidiaries			
– discontinued operation	294	(1 145)	(12 480)
	34 284	29 690	36 457

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 Months 28 February 2014 R'000	Unaudited 6 Months 28 February 2013 R'000	Audited 12 Months 31 August 2013 R'000
Balance as at 1 September	677 956	652 371	652 371
Total comprehensive income for the period/year	34 284	29 690	36 457
Dividend paid	(13 452)	(14 476)	(12 795)
Fair value movement	648	2 710	7 003
Treasury share movement	(951)		(83)
Reserves net of NCI movement			(4 997)
Balance at end of period/year	698 485	670 295	677 956

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited 6 Months 28 February 2014 R'000	Unaudited 6 Months 28 February 2013 R'000	Audited 12 Months 31 August 2013 R'000
Cash generated/(utilised) by operating activities	(35 755)	29 274	123 375
Cash (absorbed) by/ generated from operations	(7 985)	58 792	157 160
Interest paid	(3 267)	(7 538)	(7 226)
Dividends paid	(13 452)	(14 476)	(12 795)
Normal tax on companies	(11 051)	(7 504)	(13 764)
Cash flows from investing activities	(2 018)	(8 830)	41 472
Purchase of tangible fixed assets	(1 250)	(29 344)	(27 169)
Purchase of intangible fixed assets		(31 706)	(31 706)
Proceeds on disposal of fixed assets	183		3 037
Proceeds on disposal of subsidiary assets		514	45 174
Redemption of preference share issue		51 706	51 706
Investment in treasury shares	(951)		(84)
Decrease in loan to associate company			514
Net (decrease)/increase in cash and cash equivalents	(37 773)	20 444	164 846
Cash and cash equivalents at the beginning of the year	110 206	(54 640)	(54 640)
Cash and cash equivalents at the end of the period/year	72 433	(34 196)	110 206

The directors are pleased to report on positive top-line growth in continuing operations and positive earnings growth attributable to equity holders of the company, despite the trading period being challenging.

The marketing and sales of the JVC visual category in our export territories showed good improvement with Australia and certain Middle East countries performing above expectations.

The visual category is the largest single category in consumer electronics.

Shipments of JVC visual products were delivered to numerous countries in Africa, Middle East, CIS and Australasia territories during the period under review. The finalization of other countries to take place shortly.

The small appliance division continued to show strong growth under its full range of brands. The summer range of fans, air coolers and air conditioners showed particularly strong growth in the period under review. The early acceptance of winter stock lines into the stores was also noticeable. Sales of branded liquor lines continued to grow and showed strong future growth potential.

FINANCIAL OVERVIEW

STATEMENT OF COMPREHENSIVE INCOME

Group revenue from continuing operations increased by 15,4% to R1 035,3 million (February 2013 – R897,5 million).

Net profit for the period increased by 22,9% to R36,2 million (February 2013 – R29,5 million).

Total attributable income for the period increased by 15,5% to R34,3 million (February 2013 – R29,7 million).

STATEMENT OF FINANCIAL POSITION

The balance sheet remains strong with a negative gearing ratio (debt:equity) of 10,4%.

Inventory levels of R408,5 million decreased by 18,7% from February 2013 (R502,3 million). Directors and management remain focused on improving working capital management. Stocking levels and ranges are being rationalized and stock turn rates will improve further going forward.

The increase in trade and other receivable of 19,9% to R313,4 million (February 2013 – R261,4 million) arose due to the substantial increase in offshore subsidiaries turnover together with the requirement for import trade deposits.

Net asset value per share has increased by 4,4% to 3 268,6 cents (February 2013 – 3 129,5 cents).

SUBSEQUENT EVENTS

No events material to the understanding of the report have occurred during the period between 28 February 2014 and the date of this report.

DIVIDEND DECLARATION

No cash dividend has been declared for the period under review.

BOARD CHANGES

There were no board changes during the period under review.

On behalf of the board of directors.

J.A. Goldberg
Chief Executive Officer
16 April 2014

G.R. Hindle
Financial Director

