

# UNAUDITED INTERIM REPORT FOR THE HALF YEAR ENDED 29 FEBRUARY 2012



## NU-WORLD HOLDINGS LIMITED

Group revenue from continuing operations increased by 21,2% to R1 122,2 million

Net operating income from continuing operations increased by 9,7% to R70,7 million

EPS and HEPS (cents) increased by 2,8% to 156.7 cents

Net asset value per share 3 000,6 cents



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

**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 (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 (Lead), D. Piaray, R. Kinross

www.nuworld.co.za

### CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 Months 29 February 2012 R'000	Unaudited 6 Months 28 February 2011 R'000	% Change	Audited 12 Months 31 August 2011 R'000
<b>Continuing operations</b>				
Revenue	1 122 187	925 964	21,2%	1 609 922
Net operating income	70 735	64 505	9,7%	55 882
Depreciation	2 267	2 158		4 677
Interest paid	7 062	4 999		8 573
Fair value adjustment on financial instruments	3 128			
Income before taxation	58 278	57 348		42 632
Taxation	14 972	13 683		7 888
Income after taxation from continuing operations	43 306	43 665		34 744
<b>Discontinued operations</b>				
Revenue	7 623	28 583		55 663
Net operating loss	(5 505)	(4 559)		(11 427)
Depreciation	21	849		1 703
Loss before taxation	(5 526)	(5 408)		(13 130)
Taxation				
Loss after taxation from discontinued operations	(5 526)	(5 408)		(13 130)
Total net income after taxation	37 780	38 257		21 614
Share of associate company profit/(loss)		30		(292)
Net profit for the period/year	37 780	38 287		21 322
Other comprehensive income:				
Exchange differences on translating foreign operations	6 655	6 078		9 229
Total comprehensive income for the period/year	44 435	44 365		30 551
Net profit attributable to:				
Non-controlling interest	4 222	5 633		1 278
Equity holders of the company	33 558	32 654	2,8%	20 044
	37 780	38 287		21 322

<b>Total comprehensive income attributable to:</b>				
Non-controlling interest	7 269	9 168		6 646
Equity holders of the company	37 166	35 197		23 905
	44 435	44 365		30 551

<b>Determination of attributable earnings and headline earnings</b>				
Net income attributable to ordinary shareholders	33 558	32 654	2,8%	20 044
Headline earnings	33 558	32 654	2,8%	20 044

<b>SUPPLEMENTARY INFORMATION</b>				
<b>Capital distribution</b>				6 681
Capital distribution from share premium (cents)				29,5
Capital distribution per share (cents)				29,5
Capital distribution cover				3,0
<b>Earnings per share (cents)</b>	156,7	152,4	2,8%	93,6
Headline earnings per share (cents)	156,7	152,4	2,8%	93,6
Shares in issue	21 420 195	21 421 371		21 420 795
Shares in issue - weighted	21 420 195	21 421 371		21 400 205
Shares in issue - diluted	22 351 695	21 421 371		22 352 295

<b>Operating income as a percentage of turnover (%)</b>				
	6,3%	7,0%		3,5%
<b>Debt to equity ratio (%)</b>	6,6%	(18,9%)		(14,3%)
<b>Effective taxation rate</b>	28,4%	26,3%		26,7%
<b>Net asset value per share (cents)</b>	3 000,6	2 929,0	2,4%	2 876,4

<b>Intangible assets</b>				
<b>Goodwill</b>				
At beginning of period/year	43 484	37 991		37 991
Revaluation of goodwill	1 866	4 572		5 493
At end of period/year	45 350	42 563		43 484

<b>Intellectual property</b>				
At beginning of period/year	13 182	12 627		12 627
Revaluation of intellectual property	464	328		555
At end of period/year	13 646	12 955		13 182
<b>Total intangible assets</b>	58 996	55 518		56 666

<b>SEGMENTAL INFORMATION</b>				
<b>Geographical revenue</b>				
South Africa - continuing operations	692 580	511 636		938 562
South Africa - discontinued operations	7 623	28 583		55 663
Offshore subsidiaries	429 607	414 328		671 360
	1 129 810	954 547	18,4%	1 665 585

<b>Geographical income</b>				
South Africa - continuing operations	36 542	32 631		31 422
South Africa - discontinued operations	(5 526)	(5 408)		(13 130)
Offshore subsidiaries	2 542	5 431		1 752
	33 558	32 654	2,8%	20 044

### COMMENTS

#### FINANCIAL OVERVIEW

Following on from an exceptionally difficult year, it is rewarding to report the beginning of a positive turnaround of the Group's trading and financial position. Notwithstanding a continuing trading environment which remains difficult and exceptionally competitive, directors are pleased to report a return to growth.

Consumer confidence remains unchanged from Q4/2011 and is currently at a fairly neutral level. The BER retail business confidence index has ticked up marginally following on from the strong volume growth and rising selling prices during Q4/2011. Whilst retailers may expect a moderation of volume growth, there is an expectation that trading conditions will improve. Traders in both the retail and wholesale sectors believe that the consumer is not losing steam and have expectations that spending will continue apace during the coming months. However, the exposure of the South African economy to international developments and CPI inflation, forecast to remain above target for the 2012 year, suggests that consumers may be less willing and able to spend at the same rate, as 2012 progresses.

Group revenue from continuing operations increased by 21,2% to R1 122,2 million (February 2011: R926 million).

Net operating income from continuing operations - EBITDA, increased by 9,7% to R70,7 million (February 2011: R64,5 million).

Net profit attributable to ordinary shareholders and headline earnings, increased by 2,8% to R33,6 million (February 2011: R32,7 million).

Headline earnings per share - H.E.P.S. increased by 2,8% to 156,7 cents (February 2011: 152,4 cents).

At this time it is essential that all companies in the Group are focused on working capital management, reducing stock levels and improving debtors' collection days. The current high level of inventories at R484,6 million is due to the company stocking up of our new product categories as well as an increased winter appliance range, for sale during the second half of the financial year. It is anticipated that stock levels will decline by the financial year end. There was a substantive increase in revenue in the last quarter of the reporting period, which resulted in a corresponding increase in trade receivables.

It is anticipated that cash utilised by operations will turn positive by the end of the financial year or shortly thereafter.

The net asset value per share is up 2,4% to 3 000,6 cents (February 2011: 2 929,0 cents). The share is trading at an approximate discount to net asset value of 42% with the share currently trading in the region of 1 750 cents.

#### OPERATIONAL REVIEW

The Group's line-up of international and in-house value brands encompass an ever increasing spread of consumer durables within six key market categories which include: consumer electronics, hi-tech, small electrical appliances, white goods, liquor and furniture. Hi-Tech products currently being introduced include TPADS (Telefunken tablets), mobile internet devices and netbooks. Our recent launch of JVC flat panel televisions, including LCD's, LED's, and Plasmas, is making excellent inroads in the retail market.

### CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 6 Months 29 February 2012 R'000	Unaudited 6 Months 28 February 2011 R'000	Audited 12 Months 31 August 2011 R'000
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	18 320	30 488	16 774
Intangible assets	58 996	55 518	56 666
Financial assets and other investments	2 642	54 670	54 347
Deferred taxation	5 775	6 830	8 556
<b>Current assets</b>			
Current assets classified as held for sale	11 892		12 490
Investment	51 706		
Inventory	484 630	403 409	372 884
Trade and other receivables	275 590	147 086	244 385
Cash equivalents		118 739	87 800
<b>Total assets</b>	909 551	816 740	853 902
<b>Equity and liabilities</b>			
Ordinary shareholders' funds	642 740	627 430	616 138
Minority interests	43 050	38 303	35 781
Total shareholders' funds	685 790	665 733	651 919
Long term liabilities			
Non-current liabilities		20 000	20 000
<b>Current liabilities</b>			
Bank borrowings	42 737		
Short term loan	20 000		
Trade and other payables	161 024	131 007	181 983
<b>Total equity and liabilities</b>	909 551	816 740	853 902

### CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 Months 29 February 2012 R'000	Unaudited 6 Months 28 February 2011 R'000	Audited 12 Months 31 August 2011 R'000
<b>Balance as at 1 September</b>	616 138	620 102	620 102
Total comprehensive income for the period/year	33 558	32 654	20 044
Dividend paid	(2 479)	(1 771)	(1 771)
Capital distribution from share premium	(6 681)	(22 873)	(22 873)
Fair value movement	2 204	2 543	3 862
Net treasury share movement		(3 225)	(3 226)
<b>Balance at end of period/year</b>	642 740	627 430	616 138

### CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited 6 Months 29 February 2012 R'000	Unaudited 6 Months 28 February 2011 R'000	Audited 12 Months 31 August 2011 R'000
<b>Cash (utilised)/generated by operating activities</b>	(127 316)	62 772	36 559
Cash (absorbed by)/ generated by operations	(107 473)	103 997	84 458
Interest paid	(7 062)	(4 999)	(8 573)
Capital distributions/ dividends paid	(9 161)	(24 644)	(24 644)
Normal tax on companies	(3 620)	(11 582)	(14 682)
<b>Cash flows from investing activities</b>	(3 221)	(2 553)	(7 279)
Purchase of tangible fixed assets	(3 833)	(2 553)	(4 420)
Proceeds on disposal of assets held for sale	612		367
Increase in investment in treasury shares			(3 226)
<b>Cash flows from financing activities</b>	0	0	0
Proceeds on issue of treasury shares			
<b>Net (decrease)/increase in cash and cash equivalents</b>	(130 537)	60 219	29 280
<b>Cash and cash equivalents at the beginning of the period/year</b>	87 800	58 520	58 520
<b>Cash and cash equivalents at end of the period/year</b>	(42 737)	118 739	87 800

Offshore subsidiaries accounted for 38,0% of revenues, down from 43,4% in 2011, but the percentage of income generated from offshore subsidiaries decreased from 16,6% for the interim period to February 2011 to 7,6% for the period under review. Our Australian subsidiaries continue to trade in an intensely competitive environment.

#### PROSPECTS

Internationally we continue to invest in our brands. We operate in fast changing markets in South Africa and Australia, which necessitates the introduction of new updated ranges of products. We take into account that consumers face new strains on their budgets and we believe that consumers are looking for good value for money within the known brand arena. The retail business in particular is not taking the market for granted and we are seeing more special deals, every-day low prices as consumers respond to competitive price points.

During the course of the six months preceding the period under review, the Board took the decision to close the manufacturing division. A number of reasons brought the Board to this conclusion: including the burdensome and ongoing electricity price increases, increasing fuel costs as well as the high cost of raw materials. During the period under review, the Company started to sell off the asset held for sale, including plant and machinery, moulds and dies and raw materials.

Exports into Africa are increasing, but we have taken cognisance that the African market is discerning in terms of good quality value for money products.

The Group's line-up of key international and local brands, across an increasingly broad range of product categories and income groups, has produced ongoing growth over many challenging years. Directors continue to prioritise working capital management, lower inventory target levels, higher stock turns and a number of cost-cutting initiatives.

#### REPORTING ENTITY

Nu-World Holdings Limited is a holding company with operations in both South Africa and Australia. The condensed consolidated interim financial statements as at and for the period ended 29 February 2012 comprise the Company, its subsidiaries and interest in associates.

#### BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 29 February 2012 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the AC 500 standards as issued by the Accounting Practices Board or its successors, the Companies Act, No 71 of 2008 (as amended), comply with the disclosure requirements of IAS 34: Interim Financial Reporting and the JSE Limited Listings Requirements. 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 2011.

The condensed consolidated statement of financial position at 29 February 2012 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. These condensed consolidated interim financial statements have been prepared under the supervision of Graham Hindle CA (SA), the Financial Director of the Group.

#### SUBSEQUENT EVENTS

No events material to the understanding of the report have occurred during the period between 29 February 2012 and the date of this report.

On behalf of the board of directors

M.S. Goldberg  
Executive Chairman  
10 May 2012

B.H. Haikney  
Company Secretary