

Nu-World Holdings Limited
 Registration number 1968/002490/06
 (Incorporated in the Republic of South Africa)
 JSE share code: NWL ISIN code: ZAE000005070
 ('Nu-World' or 'the Group' or 'the Company')

Condensed consolidated unaudited interim financial statements
 for the six months ended 28 February 2015

- Group revenue from continuing operations increased by 5,3% to R1 090,5 million
- Income after tax from continuing operations increased by 14,5% to R41,2 million
- Net profit attributable to ordinary shareholders for the period increased by 19,3% to R40,9 million
- Headline Earnings per Share (cents) increased by 16,5% to 186,6 cents
- Net asset value per share increased by 8,4% to 3 542,2 cents

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 Months 28 February 2015 R'000	Unaudited 6 Months 28 February 2014 R'000	% change	Audited 12 Months 31 August 2014 R'000
Continuing operations				
Revenue	1 090 504	1 035 292	5,3%	2 108 073
Net operating income	60 941	54 087		115 617
Depreciation	956	704		1 915
Interest paid	3 471	3 267		4 356
Fair value adjustment on financial instruments	1 373	1 190		4 465
Income before taxation	55 141	48 926		104 881
Taxation	13 989	12 994		26 256
Income after taxation from continuing operations	41 152	35 932	14,5%	78 625
Discontinued operations				
Net operating profit	0	294		0
Profit after taxation from discontinuing operations	0	294		0
Total net income after taxation	41 152	36 226		78 625
Share of associate company profit	37	0		13
Net profit for the period/year	41 189	36 226	13,7%	78 638
Net profit attributable to:				
Non-controlling interest	275	1 942		3 475
Equity holders of the Company	40 914	34 284	19,3%	75 163

	41 189	36 226	13,7%	78 638
Headline earnings reconciliation:				
Determination of comprehensive income and headline earnings				
Net profit attributable to ordinary shareholders	40 914	34 284	19,3%	75 163
Less IAS16 gains on disposal of fixed assets	(962)			(156)
Total tax effects of adjustments	179			44
Headline earnings	40 131	34 284	17,1%	75 051
SUPPLEMENTARY INFORMATION				
Dividend paid				25 047
Comprehensive income	40 914	34 284	19,3%	75 163
Headline earnings	40 131	34 284	17,1%	75 051
Basic earnings per share (cents)	190,2	160,2	18,7%	351,6
Headline earnings per share (cents)	186,6	160,2	16,5%	351,1
Diluted earnings per share (cents)	181,3	153,7	18,0%	337,3
Dividend per share (cents)				110,6
Dividend cover				3,0
Shares in issue (total issued)	22 646 465	22 646 465		22 646 465
Shares in issue (less treasury shares)	21 630 612	21 369 543		21 354 720
Shares in issue - weighted	21 511 969	21 394 786		21 377 497
Shares in issue - diluted	22 562 112	22 301 043		22 286 220
Operating income as a percentage of turnover (%)	5,6%	5,2%		5,5%
Debt to equity ratio (%)	4,9%	-10,4%		-9,0%
Effective taxation rate - continuing operations	25,4%	26,4%		25,0%
Net asset value per share (cents)	3 542,2	3 268,6	8,4%	3 548,2
Intangible assets				
Goodwill and amortisation				
Balance at beginning of period/year	30 878	29 510		29 510
Translation difference	(1 545)	721		1 368
Balance at end of period/year	29 333	30 231		30 878
Patent and trademark:				
Balance at beginning of period/year	31 706	31 706		31 706

Balance at end of period	31 706	31 706		31 706
Total intangible assets	61 039	61 937		62 584
SEGMENTAL INFORMATION				
Geographical revenue				
South Africa -				
continuing operations	714 310	669 157	6,7%	1 325 341
Offshore subsidiaries -				
continuing operation	376 194	366 135	2,7%	782 732
	1 090 504	1 035 292	5,3%	2 108 073
Geographical income				
South Africa -				
continuing operations	30 209	25 370	19,1%	46 089
Offshore subsidiaries -				
continuing operation	10 705	8 620	24,2%	29 074
Offshore subsidiaries -				
discontinued operation		294		
	40 914	34 284	19,3%	75 163
Attributable income as percentage of turnover (%)				
South Africa -				
continuing operations	4,2%	3,8%	11,5%	3,5%
Offshore subsidiaries -				
continuing operation	2,8%	2,4%	20,9%	3,7%
	3,8%	3,3%	13,3%	3,6%

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 6 Months 28 February 2015 R'000	Unaudited 6 Months 28 February 2014 R'000	Audited 12 Months 31 August 2014 R'000
ASSETS			
Non-current assets			
Fixed assets	30 113	33 181	30 482
Intangible assets	61 039	61 937	62 584
Investment in associate	144	94	107
Deferred taxation	8 479	6 699	9 731
Current assets			
Assets classified as held for sale			4 000
Inventory	465 854	408 493	431 440
Trade and other receivables	417 061	313 452	402 572
Cash equivalents	47 519	72 433	105 596
Total assets	1 030 209	896 289	1 046 512
Equity and liabilities			
Ordinary shareholders' funds	766 197	698 485	757 713
Minority interests	36 737	36 904	39 954
Total shareholders' funds	802 934	735 389	797 667
Current liabilities			
Bank borrowings	84 733		37 648
Trade and other payables	142 542	160 900	211 197
Total equity and liabilities	1 030 209	896 289	1 046 512

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 Months 28 February 2015 R'000	Unaudited 6 Months 28 February 2014 R'000	Audited 12 Months 31 August 2014 R'000
Balance as at 1 September	757 713	677 956	677 956
Total attributable income for the period/year	40 914	34 284	75 163
Dividend paid	(27 897)	(13 452)	(13 452)
Movement in foreign currency translation reserve	589	648	3 918
Treasury share movement	2 562	(951)	(1 241)
Issue of share-based payment awards	(7 684)		15 369
Balance at end of period/year	766 197	698 485	757 713

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited 6 Months 28 February 2015 R'000	Unaudited 6 Months 28 February 2014 R'000	Audited 12 Months 31 August 2014 R'000
Cash utilised by operating activities	(112 105)	(35 755)	(43 480)
Cash absorbed by operations	(60 425)	(7 985)	(10 700)
Interest paid	(3 471)	(3 267)	(4 356)
Dividends paid	(27 897)	(13 452)	(13 452)
Normal tax on companies	(20 312)	(11 051)	(14 972)
Cash flows from investing activities	6 943	(2 018)	(3 580)
Purchase of tangible fixed assets	(561)	(1 250)	(3 783)
Proceeds on disposal of fixed assets	4 942	183	203
Investment in treasury Shares	2 562	(951)	
Net decrease in cash and cash equivalents	(105 162)	(37 773)	(47 060)
Effects of exchange rate changes on the balance of cash held in foreign currencies			4 802
Cash and cash equivalents at the beginning of the period/year	67 948	110 206	110 206
Cash and cash equivalents at the end of the period/year	(37 214)	72 433	67 948

COMMENTARY

Corporate information

Nu-World is a limited liability company incorporated and domiciled in South Africa with subsidiaries and associates in Australia, Brazil, 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 2015 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 and the financial pronouncements as issued by the Financial Reporting Standards

Council, 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 2014.

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 2015 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 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 2015 despite trading within a subdued economic environment in most of the territories we trade in. Accordingly 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.

South Africa

The local economy and our customer base in general, has been affected by the decline in consumer unsecured lending. Currency volatility and further depreciation continued during the period under review. Despite these issues, the Group experienced reasonable sales and profit growth.

The small appliance division and seasonal product range showed strong growth due to the launch of new innovative products. The liquor division has consolidated sales of international brands and used this platform to increase its range and customer base for its own house brands.

Offshore operations

Africa / Middle East / CIS

This region has experienced tremendous changes from geopolitical issues, the collapse of the oil price, and significant currency devaluations in oil producing countries in Africa.

This has been a challenge for the Group, however our JVC brand has been well accepted and the Group is now capitalising on these gains.

Additional distributor network for territories currently not represented are being finalised for the JVC brand.

The Group has signed an agreement with its Saudi Arabian distributor to introduce a second brand, Telefunken, for small appliances, white goods and consumer electronics.

Australia

Huge currency depreciation has taken place making the trading environment difficult at retail level, however the Group's Australian subsidiary produced adequate results considering the difficult trading environment.

The JVC brand continues to gain market acceptance and show strong growth.

FINANCIAL OVERVIEW

STATEMENT OF COMPREHENSIVE INCOME

Group revenue from continuing operations increased by 5,3% to R 1 090,5 million (February 2014 - R 1 035,3 million).

Net profit for the period increased by 13,7% to R 41,2 million (February 2014 - R 36,2 million)

Total attributable income for the period increased by 19,3% to R 40,9 million (February 2014 - R 34,3 million).

STATEMENT OF FINANCIAL POSITION

The balance sheet remains strong with a gearing ratio (debt:equity) of 4,9%.

Inventory levels of R 465,8 million increased by 8,0% from August 2014 (R 431,4 million). Directors and management remain focused on improving working capital management. Stocking levels and ranges are being rationalised and stock turn rates should improve going forward.

The increase in trade and other receivables of 33,1% to R 417,1 million (February 2014 - R 313,4 million) arose due to the substantial increase in offshore subsidiaries turnover at the end of the period together with the change in the customer sales mix weighted to customers with less favourable trading terms.

Net asset value per share has increased by 8,4% to 3 542,2 cents (February 2014 - 3 268,6 cents).

SUBSEQUENT EVENTS

No events material to the understanding of the report have occurred during the period between 28 February 2015 and the date of this report.

On behalf of the board of directors

J.A. Goldberg
Chief Executive Officer
14 April 2015

G.R. Hindle
Financial Director

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Company secretary
B.H. Haikney

Auditors
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Sponsor
Sasfin Capital, a division of Sasfin Bank Limited

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

Non-executive directors
J.M. Judin (Lead), D. Piaray, R. Kinross

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