

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")

**UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS OF NU-WORLD FOR THE SIX MONTHS ENDED 28 FEBRUARY 2019 ("INTERIM RESULTS")**

CASH GENERATED FROM OPERATIONS	R 305,1 MILLION	
INCOME AFTER TAXATION	R 95,7 MILLION	+ 11.1%
NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	R 94,1 MILLION	+ 10.5%
HEADLINE EARNINGS PER SHARE	435,2 CENTS	+ 9.1%
NET ASSET VALUE PER SHARE	5 278,9 CENTS	+ 11.7%

GROUP CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 Months 28 February 2019 R'000	Unaudited 6 Months 28 February 2018 R'000	% change	Audited 12 Months 31 August 2018 R'000
Revenue	1 721 356	1 683 002	2,3%	3 004 227
Net operating income	136 123	129 837		272 486
Depreciation	1 325	1 362		2 740
Interest paid	9 135	14 591		28 667
Income before taxation	125 663	113 884		241 079
Taxation	29 968	27 784		54 915
Income after taxation	95 695	86 100	11,1%	186 164
Share of associate company profit	33	91		107
Net profit for the period/year	95 728	86 191		186 271
Net profit attributable to:				
Non-controlling interest	1 656	1 030		858
Equity holders of the company	94 072	85 161	10,5%	185 413
	95 728	86 191		186 271
Other comprehensive income:				
Exchange differences on translating foreign operations	(12 552)	(10 242)		26 635
Total comprehensive income for the period/year	83 176	75 949		212 906
Total comprehensive income attributable to:				
Non-controlling interest	471	(879)		1 389
Equity holders of the company	82 705	76 828		211 517
	83 176	75 949		212 906

	Unaudited	Unaudited		Audited
	6 Months	6 Months		12 Months
	28 February	28 February		31 August
	2019	2018	%	2018
	R'000	R'000	change	R'000
Headline earnings reconciliation:				
Determination of comprehensive income and headline earnings				
Basic earnings	94 072	85 161		185 413
Loss on disposal of property, plant and equipment				147
Total tax effects of adjustments				(41)
Headline earnings	94 072	85 161	10,5%	185 519
CAPITAL DISTRIBUTION				74 167
Dividend per share (cents)				327,5
Dividend cover (times)				2,5
Headline earnings	94 072	85 161	10,5%	185 519
Basic earnings per share (cents)	435,2	399,1	9,1%	869,0
Headline earnings per share (cents)	435,2	399,1	9,1%	869,5
Shares in issue (total issued)	22 646 465	22 646 465		22 646 465
Shares in issue (less treasury shares)	21 613 366	21 340 947		21 615 016
Shares in issue - weighted	21 614 295	21 340 947		21 335 944
SUPPLEMENTARY INFORMATION				
Operating income as a percentage of turnover	7,9%	7,7%		9,1%
(Negative)/Debt to equity ratio percentage	(13,9%)	12,7%		0,7%
Effective taxation rate	23,8%	24,4%		22,8%
Net asset value per share (cents)	5 278,9	4 724,0	11,7%	5 235,2
Intangible assets				
Goodwill and amortisation				
Balance at beginning of period/year	32 060	31 522		31 522
Translation difference	(1 101)	(1 920)		538
Balance at end of period/year	30 959	29 602		32 060

	Unaudited	Unaudited		Audited
	6 Months	6 Months		12 Months
	28 February	28 February		31 August
	2019	2018	%	2018
	R' 000	R' 000	change	R' 000
Patent and trademark:				
Balance at beginning of period/year	31 706	31 706		31 706
Balance at end of period/year	31 706	31 706		31 706
Total intangible assets	62 665	61 308		63 766
SEGMENTAL INFORMATION				
Geographical revenue				
South Africa	1 289 070	1 288 208		2 255 369
Offshore subsidiaries	432 286	394 794		748 858
	1 721 356	1 683 002	2,3%	3 004 227
Geographical income				
South Africa	59 253	54 867		115 971
Offshore subsidiaries	34 819	30 294		69 442
	94 072	85 161	10,5%	185 413

GROUP CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Unaudited	Audited
	6 Months	6 Months	12 Months
	28 February	28 February	31 August
	2019	2018	2018
	R' 000	R' 000	R' 000
ASSETS			
Non-current assets			
Fixed assets	22 796	23 489	22 455
Intangible assets	62 665	61 308	63 766
Investment in associate	408	358	375
Deferred taxation	18 551	17 660	20 700
Current assets			
Inventory	451 907	553 991	696 793
Stock in transit	97 542	182 228	250 143
Trade and other receivables	484 293	544 229	394 722
Cash equivalents	238 908	236 951	125 659
Total assets	1 377 070	1 620 214	1 574 613
Equity and liabilities			
Ordinary shareholders' funds	1 140 944	1 008 148	1 131 599
Minority interest	14 907	12 168	14 436
Total shareholders' funds	1 155 851	1 020 316	1 146 035

	Unaudited	Unaudited	Audited
	6 Months	6 Months	12 Months
	28 February	28 February	31 August
	2019	2018	2018
	R'000	R'000	R'000
Current liabilities			
Bank borrowings	80 701	364 811	133 119
Trade and other payables	140 518	235 087	295 459
Total equity and liabilities	1 377 070	1 620 214	1 574 613

GROUP CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited	Unaudited	Audited
	6 Months	6 Months	12 Months
	28 February	28 February	31 August
	2019	2018	2018
	R'000	R'000	R'000
Balance as at 1 September	1 131 599	997 606	997 606
Total attributable income for the period/year	94 072	85 161	185 413
Dividend paid	(74 167)	(66 286)	(66 286)
Movement in foreign currency translation reserve	(11 368)	(8 333)	26 104
Treasury share movement	(74)	0	2 682
Issue of share-based payment awards	882	0	(13 920)
Balance at end of period/year	1 140 944	1 008 148	1 131 599

GROUP CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	Unaudited	Audited
	6 Months	6 Months	12 Months
	28 February	28 February	31 August
	2019	2018	2018
	R'000	R'000	R'000
Cash generated/ (utilized) from operating activities	179 642	(168 952)	(88 480)
Cash generated/ (utilized) from operations	305 096	(61 947)	55 177
Investment income	311	171	367
Interest paid	(9 135)	(14 591)	(28 667)
Dividends paid	(74 167)	(66 286)	(66 286)
Taxation paid	(42 463)	(26 299)	(49 071)
Cash flows from investing activities	(1 666)	(5 256)	(5 730)
Purchase of tangible fixed assets	(1 666)	(1 663)	(2 230)
Investment in subsidiary		(3 593)	(3 593)

	Unaudited	Unaudited	Audited
	6 Months	6 Months	12 Months
	28 February	28 February	31 August
	2019	2018	2018
	R'000	R'000	R'000
Proceeds on disposal of fixed assets			93
Cash flows from financing activities	(75)		2 683
(Purchase)/issue of treasury shares (*)	(75)		2 683
Net increase/(decrease) in cash and cash equivalents	177 901	(174 208)	(91 527)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(12 234)	(8 668)	29 051
Cash and cash equivalents at the beginning of the period/year	(7 460)	55 016	55 016
Cash and cash equivalents at the end of the period/year	158 207	(127 860)	(7 460)

\*Restated in terms of IAS 7.17(b) which states that the payments to owners to acquire or redeem the entity's shares should be classified as financing activities and not investing activities. The restatement of the 2017 comparative figures amounting to R 6 375 million in our 2018 Integrated Annual Report was as a result of a prior period error, detected by the JSE's proactive monitoring review of our Annual Financial statements for the year ended 31 August 2017 and interim results for the six months ended 28 February 2018.

In addition, the JSE's proactive monitoring review process referred to above, revealed that the accounting for the Employee Share Purchase Plan "ESPP" in terms of IAS 39 (where the arrangement was accounted for as a sale of shares with the recognition of a corresponding financial asset) was incorrect and should have been accounted for as a share-based payment transaction in terms of IFRS 2. As a result of this error, the fair value of the options at the grant date was not determined and accordingly no share based payment expense has been charged to profit or loss over the vesting period of the options as required by IFRS 2. As the ESPP referred to above was finalised during the 2018 financial year, the statement of financial position as at 31 August 2018 would remain unchanged. Had the loan to the employees not been raised the 2017 statement of financial position would be restated as follows:

	2017	2017
	R'000	Restated R'000
Trade and other receivables	421 714	407 794
Share-based payment reserve	13 920	nil

## **COMMENTARY**

### **Corporate information**

Nu-World is a limited liability company incorporated and domiciled in South Africa with subsidiaries in Australia, Brazil, Dubai, Hong Kong and Lesotho. The main business of Nu-World and its subsidiaries, includes the importing, manufacturing, 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 Interim Results 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 Companies Act, No 71 of 2008 (as amended) and comply with the disclosure requirements of IAS 34: Interim Financial Reporting.

The Interim Results have been prepared under the historical cost convention.

The accounting policies used in the preparation of these Interim 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 2018.

The Interim Results are presented in Rand rounded to the nearest thousand ('000).

The condensed consolidated statement of financial position at 28 February 2019 and the related condensed consolidated 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 Results have been prepared under the supervision of Graham Hindle CA (SA) in his capacity as Chief Financial Officer.

### **Operating results**

The Group continued to produce strong results for the period ended 28 February 2019, despite exceedingly difficult trading conditions and subdued consumer spending and confidence. Accordingly, directors are pleased to report a 10,5% positive growth in earnings attributable to equity holders of the Company. The balance sheet is also substantially stronger as a result of R 305,1 million cash generated from operations.

## **South Africa**

The South African operations showed marginal top line growth, but improved operating margins and a reduced interest bill, resulted in stronger bottom line growth.

### Consumer electronics -

The market within this division is under pressure due to weak consumer demand and a slowdown in sales for higher ticket items, due to constrained discretionary spending and subdued consumer confidence. The Group has maintained its market share with the introduction of additional brands and models with new state-of-the-art features.

### Liquor division -

Liquor sales remained constant as sales of additional brands and product categories gained traction.

### Small domestic appliances / white goods -

These divisions, inclusive of the seasonal summer range, showed continued sales growth driven by the introduction of new product ranges. White Goods, inclusive of microwaves, reported gains in market share.

### General -

The Group continues to invest in the development of new generation models and designs, to ensure that our customers are afforded the best cost-effective products.

## **Offshore operations**

### **Australia**

During the period under review, the Australian operation performed well, showing both strong growth in sales and profitability. Our expanded distribution network, inclusive of e-commerce options and other traditional customers, underscored the operations for the period.

### **Africa / Middle East / CIS / Brazil**

The Company managed to show growth in a number of markets. The consolidated results have been boosted by the ZAR weakening against the United States Dollar and most other currencies. Sales to Uruguay and the Middle East are stronger due to our enhanced presence in these regions.

### **Sub-continent (India/Pakistan/Sri Lanka)**

Our distribution network is being broadened. Consistent ongoing sales to these regions have been slower than initially expected, however we are confident that we are gaining traction and orders are growing accordingly.

## **FINANCIAL OVERVIEW**

### **STATEMENT OF COMPREHENSIVE INCOME**

Group revenue increased by 2,3% to R 1 721,4 million (February 2018 - R 1 683,0 million).

Income after taxation increased by 11,1% to R 95,7 million (February 2018 - R 86,1 million).

Total headline earnings per share for the period increased by 9,1% to 435,2 cents (February 2018 - 399,1 cents).

## **STATEMENT OF FINANCIAL POSITION**

The balance sheet strengthened considerably during the period under review, mainly due to the significant reduction in stock holding and the resultant generation of cash which in turn reduced the Group borrowings by R 284,1 million.

Inventory (including stock in transit) levels of R 549,5 million decreased by 25,3% from February 2018 (R 736,2 million) and 42,0% from August 2018 (R 946,9 million). Directors and management remain focused on maintaining and improving working capital management and stock turn rates even further.

The reduction in trade and other receivable of 11,0% to R 484,3 million (February 2018 - R 544,2 million) arose due to stringent credit management policies.

Trade and other payables decreased by 40,2% to R 140,5 million (February 2018 - R 235,1 million) due to the lower levels of stock in transit at the end of the period under review.

Net asset value per share has increased by 11,7% to 5 278,9 cents (February 2018 - 4 724,0 cents).

## **SUBSEQUENT EVENTS**

Further as previously disclosed, on 7 March 2019, the South African Revenue Service (SARS) declined the request for suspension of payment for a subsidiary of Nu-World Holdings Limited, relating to the 2008 to 2012 tax years for a taxation amount of R 7,6 million and interest and penalties of R 18,8 million. Nu-World and their tax advisors have opposed this SARS decision and will continue to dispute and oppose this claimed tax liability. No other events material to the understanding of the report have occurred during the period between 28 February 2019 and the date of this report.

On behalf of the board of directors

J.A. Goldberg  
Chief Executive Officer

G.R. Hindle  
Chief Financial Officer  
16 April 2019

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Company secretary  
B.H. Haikney

Auditors  
RSM South Africa



Sponsor

Sasfin Capital, (a member of the Sasfin group)

Directors

M.S. Goldberg (Executive Chairman)

J.A. Goldberg (Chief Executive Officer)

G.R. Hindle (Chief Financial Officer)

Non-executive directors

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

[www.nuworld.co.za](http://www.nuworld.co.za)

Johannesburg

16 April 2019