



NU-WORLD HOLDINGS LIMITED

("Nu-World" or "the Group" or "the Company")

REVIEWED INTERIM REPORT FOR THE HALF YEAR ENDED 28 FEBRUARY 2005

CONSOLIDATED INCOME STATEMENT				
	Reviewed six months ended 28 Feb 2005 R'000	Reviewed six months ended 29 Feb 2004 R'000	% Change	Audited year ended 31 Aug 2004 R'000
Turnover	911 616	794 483	14.7	1 430 804
Net operating income	56 181	45 737	22.8	94 661
Depreciation	3 979	4 145		8 443
Interest paid	3 822	4 048		3 605
Income before taxation	48 380	37 544	28.9	82 613
Taxation	10 699	8 196		19 082
Income after taxation	37 681	29 348	28.4	63 531
Minority interests	2 312	3 252	(28.9)	2 781
Attributable income	35 369	26 096	35.5	60 750
Dividend declared				15 252
Dividend per share (cents)				70.3
Headline earnings	35 369	26 327	34.3	60 610
Earnings per share (cents)	163.8	120.8	35.5	281.3
Headline earnings per share (cents)	163.8	121.9	34.3	280.6
Dividend declared cover				4.0
Interest cover	13.7	10.3		23.9
Shares in issue	21 597 265	21 597 265	0.0	21 597 265
Shares in issue – weighted	21 597 265	21 597 265	0.0	21 597 265

CONSOLIDATED CASH FLOW STATEMENT				
	Reviewed six months ended 28 Feb 2005 R'000	Reviewed six months ended 29 Feb 2004 R'000		Audited year ended 31 Aug 2004 R'000
Cash generated by operating activities	66 444	20 658		72 119
Cash generated by operations	95 584	41 635		98 241
Interest paid	(3 822)	(4 048)		(3 606)
Dividend paid	(15 252)	(8 675)		(8 675)
Normal tax on companies	(10 066)	(8 254)		(13 841)
Cash flows from investing activities	(23 357)	(11 950)		(13 859)
Purchase of tangible fixed assets	(2 929)	(1 949)		(4 039)
Proceeds on disposal of fixed assets				462
Increase in investment in subsidiaries	(20 428)	(10 001)		(10 001)
Increase in investment in treasury shares				(281)
Cash flows from financing activities	(2 669)	–		–
Repayment of long-term borrowings	(2 669)			
Net increase in cash and cash equivalents	40 418	8 706		58 260
Effect of exchange rate changes				(9)
Cash and cash equivalents at the beginning of the year	161 688	103 437		103 437
Cash and cash equivalents at the end of the period/year	202 106	112 145		161 688

STATEMENT OF CHANGES IN EQUITY							
	Share capital R'000	Share premium R'000	Treasury shares R'000	Foreign currency translation reserve R'000	Accumulated profits R'000	Shareholders for dividend R'000	Total R'000
Balance as at 1 September 2003	217	115 632	(791)	(1 291)	195 305		309 072
Net profit for the year					60 750		60 750
Dividends					(8 621)	8 621	–
Dividend settled						(8 621)	(8 621)
Fair value movement				478			478
Net treasury movement			(281)				(281)
Balance as at 31 August 2004	217	115 632	(1 072)	(813)	247 434	–	361 398
Net profit for the period					35 369		35 369
Derecognition of negative goodwill (IFRS 3)					2 412		2 412
Dividends					(15 252)	15 252	–
Dividend settled						(15 252)	(15 252)
Fair value movement				(294)			(294)
Balance as at 28 February 2005	217	115 632	(1 072)	(1 107)	269 963	–	383 633

GROUP TURNOVER	EBITDA	ATTRIBUTABLE INCOME
UP	UP	UP
14.7%	22.8%	35.5%
TO R911.6m	TO R56.2m	TO R35.4m

HEADLINE EARNINGS PER SHARE (CENTS)	CASH GENERATED BY OPERATIONS
UP	
34.3%	R66 444
TO 163,8 cents	MILLION

- 5 Year Compounded Average Annual Growth Rate in Headline Earnings – up 26.1%
- Fifteen consecutive years of Growth in Turnover, Operating Income, Attributable Income, Headline Earnings per Share

CONSOLIDATED BALANCE SHEET				
	Reviewed six months ended 28 Feb 2005 R'000	Reviewed six months ended 29 Feb 2004 R'000		Audited year ended 31 Aug 2004 R'000
ASSETS				
Non-current assets				
Fixed assets	46 559	49 603		46 997
Goodwill	17 633	5 555		5 926
Current assets				
Inventory	214 467	162 030		167 447
Trade and other receivables	215 622	228 734		217 528
Cash equivalents	202 106	112 145		161 688
Total assets	696 387	558 067		599 586
EQUITY AND LIABILITIES				
Ordinary shareholders' funds	383 633	328 957		361 398
Minority interests	33 401	26 416		23 785
Total shareholders' funds	417 034	355 373		385 183
Non-current liabilities	9 692	9 688		4 443
Current liabilities				
Trade and other payables	269 661	193 006		209 960
Total equity and liabilities	696 387	558 067		599 586

SUPPLEMENTARY INFORMATION				
	Reviewed six months ended 28 Feb 2005 R'000	Reviewed six months ended 29 Feb 2004 R'000	% Change	Audited year ended 31 Aug 2004 R'000
Determination of attributable earnings and headline earnings				
Net income attributable to ordinary shareholders	35 369	26 096	35.5	60 750
Adjustment for amortisation of goodwill		231		(140)
Headline earnings	35 369	26 327	34.3	60 610
Operating income as percentage of turnover (%)	6.2	5.8		6.6
Net negative debt to equity ratio (%)	(52.7)	(34.1)		(44.7)
Effective taxation rate (%)	22.5	21.8		23.1
Net asset value per share (cents)	1 776.3	1 523.1	16.6	1 673.4
Capital Expenditure				
Expansion	1 200	1 249		3 363
Replacement	1 729	700		676
	2 929	1 949		4 039
Goodwill and amortisation				
At beginning of year	5 926	5 786		5 786
Acquisition of subsidiaries	9 295			
Derecognition of negative goodwill in terms of IFRS 3	2 412			
Goodwill amortised		(231)		140
At end of period/year	17 633	5 555		5 926

Accounting policies
The consolidated abridged financial statements for the period ended 28 February 2005 are prepared in accordance with the South African Statements of Generally Accepted Accounting Practice ("SA GAAP") applicable to financial reporting (AC127). The accounting policies used are consistent in all material respects with those used in the annual financial statements for the year ended 31 August 2004. The Group adopted International Financial Reporting Standard IFRS 3, accounting for business combinations, resulting in goodwill no longer being amortised and negative goodwill at R2,4 million being taken to reserves.
These results have been reviewed by Tuffias Sandberg KSI and their unqualified review report is available for inspection at the company's registered office.

COMMENTS

FINANCIAL REVIEW
Directors of Nu-World Holdings Ltd, a leading supplier of branded consumer durables to the retail industry, are pleased to report excellent growth for the period ending 28 February 2005. The Group is on track for fifteen consecutive years of growth in turnover, operating income, attributable income and headline earnings per share.
The buoyant conditions in the South African retail industry evident during the previous financial year, have remained in place for the period under review.
Group turnover increased by 14,7% to R911,616m (February 2004 : R794,483m.)
The strength of the Rand against the US Dollar, resulted in price deflation in Consumer Electronics averaging 18%– 20%, whilst price deflation of other Nu-World consumer durable ranges, averaged 10% – 12%.
All foreign subsidiaries traded profitably during the period under review. The contribution from offshore subsidiaries in Australia and the UK, decreased in the period under review, due to the difficult economic trading conditions currently being experienced in these markets. These two markets are not as buoyant as the South African consumer market at this time. These difficult trading conditions are expected to continue for the remainder of the financial year, improving possibly during the last quarter of 2005.
Net operating income, EBITDA increased 22,8% to R56,181m (February 2004: R45,737m). Operating margins increased to 6,2% as compared to the previous year's 5,8%.
The improved working capital position has resulted in a 5,6% reduction in **interest paid** of R3,822m (February 2004: R4,048m). Overall net working capital days of 83.7 days compares favourably with the previous period's 87.7 days. **Interest cover** improved from 10.3 to 13.7 times. In addition, the working capital improvement was as a result of the increased stock levels being funded by suppliers, as well as improved debtors collections.
Attributable income increased by 35,5% to R35,369m (February 2004: R26,096m).
Headline earnings per share – H.E.P.S. increased 34,3% to 163.8 cents (February 2004: 121.9 cents).
Cash generated by operating activities amounted to R66,444m.
The balance sheet remains solid and the group remains ungeared with **cash balances on hand** of R202,106m (February 2004: R112,145m).
The increase in goodwill to R17,633m (February 2004: R5,555m) is as a result of the derecognition of negative goodwill amounting to R2,4m plus R9,3m, being the goodwill arising from the acquisition of Yale Appliance Group.

The net asset value per share of 1,776 cents is up 16,6% (February 2004: 1,523 cents).
OPERATIONAL REVIEW
Electrical Appliances
Nu-World is South Africa's leading low-cost, high-volume manufacturer, importer and exporter, of electrical appliances and one of South Africa's key players in consumer electronics.
Group revenue, from the import and manufacture of electrical appliances was reasonable, despite price deflation averaging 10% to 12%. A number of new products will be introduced during the second half of the financial year.
Consumer Electronics
*JVC * Telefunken * Thomson * Nu-Tec * Palsonic*
Nu-World is one of the few companies with brands included in leading top 10 brand surveys. Notwithstanding price deflation of up to 20% in consumer electronics, during the period under review, the Nu-World brands performed relatively well.

Subsidiaries
Nu-World U.K. Ltd
Prima Australasia Pty Ltd
Yale Appliance Group Pty Ltd
*Akai * Telefunken * Prima Electronics * Nu-Tec * RCA * Thomson*
Nu-World U.K. Ltd is a 60% held subsidiary, established on 1st September 2003. Nu-World U.K. Ltd imports and distributes a range of branded consumer durables with a primary focus on small electrical appliances. Notwithstanding the difficult trading conditions in the U.K. at this time, the company traded profitably during the period under review.
Nu-World holds a 51% share in Prima Australasia Pty Ltd. Prima has produced a profitable contribution in an increasingly competitive and deflationary market, achieving an increase in revenue of 5.6% in Australian dollar terms, year on year.
Nu-World acquired a 65% shareholding in Yale Appliance Group Pty Ltd, effective 1st September 2004. Management intends to combine the logistics and operations of Prima and Yale in Melbourne so as to reduce operating costs and overheads. Yale's operations and customer base are complimentary to those of Prima and it is expected that both subsidiaries will benefit from the increased market presence and shared operating and overhead structures.

NEW PRODUCT RANGE LINE-UP
Air-Conditioning
Nu-World successfully introduced a full range of air-conditioners exclusively for sale through air-conditioning installers. The enlarged range includes mid-wall splits, ducted units, ceiling cassettes, and convertible type air-conditioners. The air-conditioning division continues to generate strong growth.
Conti Motorsport
Nu-World has launched a range of motorcycles to be sold to the mass market through major retail outlets and furniture stores. This range includes scooters, scramblers, and quad bikes. The concept is to provide consumers with an opportunity to purchase these scooters / motorbikes for cash, or on hire purchase agreements, through retail outlets. Commuters will be able to purchase a vehicle and pay a monthly finance charge, in line with, or less than, their increasing public transport costs. In addition, ownership offers unlimited mobility and reduces commuting time. Scramblers and quad-bikes are targeted at the recreational and youth markets, which are experiencing a popular demand surge at this time.

Bicycles – Nu-World is also introducing a range of bicycles including mountain bikes and BMX bikes.
White Goods * Large Appliances
The Telefunken range of white goods has been exceptionally well received in the market and strong sales are expected throughout the remainder of the year. At present the Nu-World large appliance offering includes a comprehensive range of refrigerators, washing machines, dishwashers and stoves.

The Department of Minerals and Energy has requested that energy efficiency labeling on refrigerators be undertaken as a pilot project. This is to inform consumers of the value of energy efficient appliances, in a market of increasing electricity cost.
We have successfully introduced a specific group of niche General Electric, GE, products, into selected retailers and independents. General Electric is a well-respected brand in South Africa and we expect increased sales of the GE products.
The Egoli gas project to convert Sasol gas to natural gas, continues with completion expected August 2005. Nu-World is the proud supplier of gas appliances for the conversion process. The future expansion of the gas supply grid will bring additional opportunities for the sale of gas appliances. Natural gas is becoming increasingly important as a lower cost alternative to rising electricity costs.

MANPOWER AND SOCIAL RESPONSIBILITY
The Nu-World group of companies employs close to 1 000 people on three continents. Nu-World remains committed to creating an environment where all of our employees worldwide can develop to their fullest potential. The Nu-World health clinic serves to provide occupational health and safety and to focus on HIV/Aids awareness programs, counselling, testing and supportive medical assistance. The appointed B.E.E. subcommittee is engaged in discussions with potential partners. The group is actively supportive of the responsibility of employment equity and continues to empower employees of colour. The group is committed to comply with environmental regulations.

PROSPECTS
The group has achieved growth for 15 consecutive interim periods – across the board, in turnover, operating income, attributable income and headline earnings per share.
The Reserve Bank's April 14th unexpected cut in the South African repo rate by half a percentage point to 7.0%, the lowest nominal interest rate in 2 decades, bodes well for consumer spending. The outlook for inflation remains favourable. The Bureau for Economic Research, University of Stellenbosch latest research indicates a significant decline in consumer inflation expectations. Domestic expenditure continues to be robust with growth in real gross domestic expenditure averaging 6,5% during 2004.

The continuing strong growth in private sector consumption continues to be sustained by low interest rates, higher asset prices and increased real disposable income. It is expected that these structural forces will support levels of consumer confidence and will underpin sustained growth in the economy and for our group, albeit at a slower pace, for the remainder of the financial year.
SUBSEQUENT EVENTS
No events material to the understanding of the report have occurred in the periods between the period-end and the date of this report.
On behalf of the board of directors

M.S. Goldberg Executive Chairman	B.H. Haikney Company Secretary	Sandton 4 May 2005
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Administration
Registration number 1968/002490/06
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Directors
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Non-executive Director
J.M. Judin
Independent Non-executive Director
D. Piaray

