

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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 29 FEBRUARY 2016

GROUP REVENUE	R 1 359,5 MILLION	+ 24.7%
NET OPERATING INCOME BEFORE IMPAIRMENT (EBITDA)	R 100,2 MILLION	+ 68.1%
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS (AFTER IMPAIRMENT)	R 44,3 MILLION	+ 8.2%
HEPS (CENTS)	211,4 CENTS	+ 13.3%
NET ASSET VALUE PER SHARE (CENTS)	4 153,8 CENTS	+ 17.3%

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	Unaudited		Audited
	6 Months	6 Months		12 Months
	29 February	28 February		31 August
	2016	2015	%	2015
	R' 000	R' 000	change	R' 000
Revenue	1 359 483	1 090 504	24,7%	2 159 240
Net operating income before impairment of receivable	100 162	59 568	68,1%	133 587
Impairment of receivable	(46 715)			
Net operating income	53 447	59 568		133 587
Depreciation	1 203	956		2 437
Interest paid	9 631	3 471		7 180
Income before taxation	42 613	55 141		123 970
Taxation	8 699	13 989		33 457
Income after taxation	33 914	41 152		90 513
Share of associate company profit	95	37		41
Net profit for the period/year	34 009	41 189		90 554
Net profit attributable to:				
Non-controlling interest	(10 266)	275		(1 990)
Equity holders of the company	44 275	40 914	8,2%	92 544
	34 009	41 189		90 554
Other comprehensive income:				
Exchange differences on translating foreign operations	24 304	(2 904)		688
Total comprehensive income for the period/year	58 313	38 285	52,3%	91 242
Total comprehensive income attributable to:				
Non-controlling interest	(4 773)	(2 170)		(8 621)

Equity holders of the company	63 086	40 455		99 863
	58 313	38 285		91 242
Headline earnings reconciliation:				
Determination of comprehensive income and headline earnings				
Net profit attributable to ordinary shareholders	44 275	40 914	8,2%	92 544
Less IAS16 gains on disposal of fixed assets	(104)	(962)		(437)
Total tax effects of adjustments	19	179		122
Headline earnings	44 190	40 131	10,1%	92 229
SUPPLEMENTARY INFORMATION				
Dividend paid				37 027
Comprehensive income	44 275	40 914		92 544
Headline earnings	44 190	40 131	10,1%	92 229
Basic earnings per share (cents)	211,8	190,2		430,1
Headline earnings per share (cents)	211,4	186,6	13,3%	428,6
Diluted earnings per share (cents)	195,5	181,3		408,7
Dividend per share (cents)				163,5
Dividend cover				2,5
Shares in issue (total issued)	22 646 465	22 646 465		22 646 465
Shares in issue (less treasury shares)	20 905 690	21 630 612		20 905 690
Shares in issue - weighted	20 905 690	21 511 969		21 518 864
Shares in issue - diluted	22 645 690	22 562 112		22 645 690
Operating income (before impairment) as a percentage of turnover	7,4%	5,5%		6,2%
Debt to equity ratio (%)	12,0%	4,9%		4,6%
Effective taxation rate	20,4%	25,4%		27,0%
Net asset value per share (cents)	4 153,8	3 542,2	17,3%	4 029,1
Intangible assets				
Goodwill and amortisation				
Balance at beginning of period/year	29 978	30 878		30 878
Translation difference	3 324	(1 545)		(900)
Balance at end of period/year	33 302	29 333		29 978

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	65 008	61 039		61 684
SEGMENTAL INFORMATION				
Geographical revenue				
South Africa	888 577	714 310		1 443 802
Offshore subsidiaries	470 906	376 194		715 438
	1 359 483	1 090 504	24,7%	2 159 240
Geographical income (after impairment)				
South Africa	40 974	30 209		59 532
Offshore subsidiaries	3 301	10 705		33 012
	44 275	40 914	8,2%	92 544

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited	Unaudited	Audited
	6 Months	6 Months	12 Months
	29 February	28 February	31 August
	2016	2015	2015
	R' 000	R' 000	R' 000
ASSETS			
Non-current assets			
Fixed assets	32 234	30 113	23 148
Intangible assets	65 008	61 039	61 684
Investment in associate	244	144	149
Deferred taxation	8 819	8 479	3 301
Current assets			
Assets classified as held for sale			9 940
Inventory	510 764	465 854	422 095
Stock in transit	71 796	86 493	212 883
Trade and other receivables	506 828	417 061	400 893
Cash equivalents	137 844	47 519	90 077
Total assets	1 333 537	1 116 702	1 224 170
Equity and liabilities			
Ordinary shareholders' funds	868 376	766 197	842 317
Minority interests	26 560	36 737	31 333
Total shareholders' funds	894 936	802 934	873 650
Current liabilities			
Bank borrowings	242 301	84 733	128 873
Trade and other payables	196 300	229 035	221 647
Total equity and liabilities	1 333 537	1 116 702	1 224 170

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited	Unaudited	Audited
	6 Months	6 Months	12 Months
	29 February	28 February	31 August
	2016	2015	2015
	R' 000	R' 000	R' 000
Balance as at 1 September	842 317	757 713	757 713
Total attributable income for the period/year	44 275	40 914	92 544
Dividend paid	(37 027)	(27 897)	(26 205)
Movement in foreign currency translation reserve	18 811	589	7 319
Treasury share movement		2 562	(15 444)
Issue of share-based payment awards		(7 684)	26 390
Balance at end of period/year	868 376	766 197	842 317

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited	Unaudited	Audited
	6 Months	6 Months	12 Months
	29 February	28 February	31 August
	2016	2015	2015
	R' 000	R' 000	R' 000
Cash utilised by operating activities	(85 628)	(112 105)	(94 257)
Cash absorbed by operations	(21 542)	(60 425)	(28 735)
Interest paid	(9 631)	(3 471)	(7 180)
Dividends paid	(37 026)	(27 897)	(26 205)
Normal tax on companies	(17 428)	(20 312)	(32 137)
Cash flows from investing activities	1 286	6 943	(16 207)
Purchase of tangible fixed assets	(3 714)	(561)	(5 720)
Proceeds on disposal of fixed assets	5 000	4 942	4 957
Investment in treasury Shares		2 562	(15 444)
Net decrease in cash and cash equivalents	(84 342)	(105 162)	(110 464)
Effects of exchange rate changes on the balance of cash held in foreign currencies	18 681		3 720
Cash and cash equivalents at the beginning of the period/year	(38 796)	67 948	67 948
Cash and cash equivalents at the end of the period/year	(104 457)	(37 214)	(38 796)

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 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 unaudited condensed consolidated interim results for the six months ended 29 February 2016 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 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 2015.

The condensed consolidated interim financial statements are presented in Rand rounded to the nearest thousand ('000).

The condensed consolidated statement of financial position at 29 February 2016 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.

Impairment of Receivables

Shareholders were advised in the SENS announcement released on 26 February 2016, that one of Nu-World's 59,35% held subsidiaries, Yale Prima Proprietary Limited's ("Yale"), customers, Dick Smith Holdings Limited ("DSH"), a Top 200 Australian Securities Exchange company and its subsidiaries (collectively "DSE"), were placed into liquidation on 25 February 2016.

On 4 January 2016, DSE was placed into Voluntary Administration (with McGrathNicol acting as Voluntary Administrators to DSH ("Administrators")) and shortly thereafter into Receivership (with Ferrier Hodgson acting as Receivers and Managers to DSH ("Receivers")).

The first creditors' meeting was held on 14 January 2016, where the Administrators outlined the following:

- a. The intention of the Receivers was to continue trading as usual and simultaneously run a sale campaign for all or parts of the DSE business.
- b. To allow the Administrators and Receivers to properly assess the state of the business and to run the sale campaign without creditor interference. It was their intention to postpone the second critical creditors' meeting by at least 6 months.

The request for extension of the second creditors' meeting was granted by both the federal courts of Australia and New Zealand until, at the earliest, the first week in August 2016. As a result of the extension and as per the orders of the court, no formal communication regarding either the sales process or DSE's financial position was supplied to the creditors' by either the Administrators or Receivers.

On 25 February 2016, the Receivers and Administrators announced the liquidation of DSE and that the remaining Dick Smith and Move Stores in Australia and New Zealand would close.

At this stage due to the lack of official information being provided to creditors the Company is unable to reliably estimate what DSE debt will ultimately be required to be written off by Yale. For the interim results, Yale has provided 4.5 million Australian Dollars ("AUD") before taxation, representing 52.7% of the total exposure after GST refund. There have been no further major developments in this regard since the release of the initial SENS announcement on 26 February 2016.

Operating results

The Group produced satisfactory results for the period ended 29 February 2016 despite the impairment of Yale's DSE receivable. Accordingly the directors are pleased to report positive top-line growth and positive earnings growth attributable to equity holders of the Company.

South Africa

The local economy and our customer base in general, has been negatively affected by the slow retail sales growth and weakening consumer demand. The slowdown in economic growth has seen an impact on consumers, as real gross national income per capita has fallen since 2014. Both household debt and debt servicing costs have risen. Currency volatility and further depreciation continued during the period under review. Despite these issues, the Group experienced strong sales and profit growth.

The consumer electronics division reported strong growth due to the re-launch of JVC Audio and the continued growth of house brands. The full range of summer seasonal products showed strong growth during the period under review, as a consequence of the extremely hot seasonal temperatures.

Offshore operations

Africa / Middle East / CIS

Sales have been adversely affected in oil dominated economies (i.e. Nigeria / Saudi Arabia / Algeria / Libya). However the operating companies are expanding into other territories in the regions while continuing to retain and grow market share in the territories mentioned above. It is anticipated that there will be growth in the short term in the combined region as new distributors, new technologies and new products are introduced.

Nu-World Global (HK) Ltd and Nu-World Industries Middle East DMCC continue to show strong top line growth and profitability margins have increased significantly. Our brands continue to make inroads into the visual consumer electronics market. The Group continues to use its centralised buying power to expand into existing regions and new territories.

Australia

Yale made an operating profit in excess of AUD1.1M prior to impairment of receivables as detailed extensively in the disclosure note above. The impairment of the DSE receivable significantly affected the Yale results. The remainder of the Yale business was robust with other customers showing top line growth in a subdued market. The lost DSE business is expected to be taken up by other existing Yale customers.

FINANCIAL OVERVIEW

STATEMENT OF COMPREHENSIVE INCOME

Group revenue increased by 24,7% to R 1 359,5 million (February 2015 - R 1 090,5 million).

Net operating income before impairment of receivable increased by 68,1% to R 100,2 million (February 2015 - R 59,6 million)

Total headline earnings per share for the period increased by 13,3% to 211,4 cents (February 2015 - 186,6 cents).

STATEMENT OF FINANCIAL POSITION

The balance sheet remains strong with a gearing ratio (debt:equity) of 12,0% (February 2015 - 4,9%).

Inventory levels of R 510,8 million increased by 9,6% from February 2015 (R 465,8 million). Directors and management remain focused on improving working capital management. Stock levels and ranges are being rationalised and stock turn rates should improve in future.

The increase in trade and other receivable of 21,5% to R 506,8 million (February 2015 - R 417,1 million) arose due to the increase in offshore subsidiaries turnover (25,2%) for the period together with the change in the customer sales mix.

Net asset value per share has increased by 17,3% to 4 153,8 cents (February 2015 - 3 542,2 cents).

SUBSEQUENT EVENTS

No events material to the understanding of the report have occurred during the period between 29 February 2016 and the date of this report.

On behalf of the board of directors

J.A. Goldberg
Chief Executive Officer
25 April 2016

G.R. Hindle
Financial Director

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Sponsor
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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

26 April 2016