



NU-WORLD HOLDINGS LIMITED

(Registration No. 1968/002490/06)
("Nu-World" or "the Group" or "the Company")

GROUP
TURNOVER

UP
18.9%
TO

R1 251.036m

NET OPERATING
INCOME

DOWN
(15.6%)
TO

R57.739m

HEADLINE EARNINGS
PER SHARE

DOWN
(18.5%)
TO

161.2 cents

NET ASSET VALUE
PER SHARE

UP
11.2%
TO

2 564.4 cents

UNAUDITED INTERIM REPORT FOR THE HALF YEAR ENDED 29 FEBRUARY 2008

ABRIDGED CONSOLIDATED INCOME STATEMENT

	Unaudited six months ended 29 February 2008 R'000	Unaudited six months ended 28 February 2007 R'000	% change	Audited year ended 31 August 2007 R'000
Turnover	1 251 036	1 052 175	18.9%	1 865 783
Net operating income	57 739	68 433	(15.6%)	116 114
Depreciation	2 947	3 597		7 087
Interest paid	3 817	3 187		4 691
Income before taxation	50 975	61 649		104 336
Taxation	10 921	13 339		15 214
Income after taxation	40 054	48 310		89 122
Minority interests	(5 030)	(5 115)		(3 991)
Attributable income	35 024	43 195	(18.9%)	85 131
Capital distribution				28 376
Capital distribution from share premium (cents)				125.3
Attributable earnings	35 024	43 195		85 131
Headline earnings	35 024	43 195		54 383
Earnings per share (cents)	161.2	197.8		389.9
Headline earnings per share (cents)	161.2	197.8	(18.5%)	249.1
Interest cover	14.4	20.3		23.2
Shares in issue	21 727 340	21 833 040		21 833 040
Shares in issue – weighted	21 727 340	21 833 040		21 833 040
Shares in issue – diluted	22 388 340	22 494 040		22 494 040

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited six months ended 29 February 2008 R'000	Unaudited six months ended 28 February 2007 R'000	Audited year ended 31 August 2007 R'000
Cash (utilised)/generated by operating activities	(113 720)	(12 395)	34 188
Cash (absorbed by)/generated by operations	(73 755)	27 531	93 772
Interest paid	(3 817)	(3 188)	(4 691)
Capital distributions paid	(28 376)	(27 357)	(27 357)
Normal tax on companies	(7 772)	(9 381)	(27 536)
Cash flows from investing activities	(53 540)	(840)	(3 322)
Purchase of tangible fixed assets	(1 757)	(840)	(2 768)
Proceeds on disposal of fixed assets			1 319
Increase in investment in subsidiary			(1 873)
Equity investment	(51 706)		
Increase in investment in treasury shares	(77)		
Cash flows from financing activities	20 000	(10 214)	(10 630)
Increase in long term borrowing	20 000		
Decrease in shareholders loans		(11 361)	(11 361)
Proceeds on issue of treasury shares		1 147	731
Net (decrease)/increase in cash and cash equivalents	(147 260)	(23 449)	20 236
Cash and cash equivalents at the beginning of the period/year	287 814	267 578	267 578
Cash and cash equivalents at end of the period/year	140 554	244 129	287 814

SEGMENTAL INFORMATION

	Unaudited six months ended 29 February 2008 R'000	Unaudited six months ended 28 February 2007 R'000	% change	Audited year ended 31 August 2007 R'000
Geographical revenue				
South Africa	625 997	605 652		1 138 578
Offshore subsidiaries	625 039	446 523		727 205
	1 251 036	1 052 175	18.9%	1 865 783
Geographical income				
South Africa	30 885	37 689		77 432
Offshore subsidiaries	4 139	5 506		7 699
	35 024	43 195	(18.9%)	85 131

STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Treasury share R'000	Foreign currency translation reserve R'000	Accumulated profit R'000	Share based compensation reserve R'000	Total R'000
Balance as at 1 September 2006	226	136 402	(20 931)	166	368 880	539	485 282
Net profit for the year					85 131		85 131
Capital distribution from share premium		(27 357)				539	(27 357)
IFRS adjustments: share based payments							539
Fair value movement				1 079			1 079
Net treasury share movement			731				731
Balance as at 31 August 2007	226	109 045	(20 200)	1 245	454 011	1 078	545 405
Net profit for the period					35 024		35 024
IFRS adjustments: share based payments						380	380
Capital distribution from share premium		(28 376)					(28 376)
Fair value movement				4 810			4 810
Net treasury share movement			(77)				(77)
Balance as at 29 February 2008	226	80 669	(20 277)	6 055	489 035	1 458	557 166

ABRIDGED CONSOLIDATED BALANCE SHEET

	Unaudited six months ended 29 February 2008 R'000	Unaudited six months ended 28 February 2007 R'000	Audited year ended 31 August 2007 R'000
ASSETS			
Non-current assets			
Fixed assets	34 649	38 917	35 839
Equity investment	51 705		
Goodwill	25 372	25 729	25 106
Deferred taxation	10 105	17 995	11 905
Current assets			
Inventory	285 914	201 213	153 085
Trade and other receivables	252 809	225 534	225 793
Cash equivalents	141 798	244 129	287 813
Total assets	802 352	753 517	739 541
EQUITY AND LIABILITIES			
Ordinary shareholders' funds	557 166	503 273	545 405
Minority interests	63 839	54 649	51 345
Total shareholders' funds	621 005	557 922	596 750
Non-current liabilities			
Long term liabilities	20 000	7 304	
Current liabilities			
Trade and other payables	160 103	188 291	142 791
Bank overdraft	1 244		
Total equity and liabilities	802 352	753 517	739 541

SUPPLEMENTARY INFORMATION

	Unaudited six months ended 29 February 2008 R'000	Unaudited six months ended 28 February 2007 R'000	% change	Audited year ended 31 August 2007 R'000
Determination of attributable earnings and headline earnings				
Net income attributable to ordinary shareholders	35 024	43 195	(18.9%)	85 131
Profit on sale of trademark				(30 748)
Headline earnings	35 024	43 195	(18.9%)	54 383
Operating income as percentage of turnover (%)	4.6%	6.5%		6.2%
Net negative debt to equity ratio (%)	(25.4%)	(48.5%)		(52.8%)
Effective taxation rate	21.4%	21.6%		14.6%
Net asset value per share (cents)	2 564.4	2 305.1	11.2%	2 498.1
Capital expenditure				
Expansion	1 000	557		1 230
Replacement	757	283		1 538
	1 757	840		2 768
Goodwill				
At beginning of year	25 106	25 729		25 729
Net acquisition of subsidiaries	266			(623)
	25 372	25 729		25 106

COMMENTS

FINANCIAL OVERVIEW

After what has proved to be an extremely difficult trading period, evident from the disappointing festive season spend and a slow first quarter of 2008, Nu-World Holdings Ltd has fared relatively well. In light of the current economic slowdown being experienced in South Africa, directors of Nu-World Holdings Ltd are reporting results for the period ending 29 February 2008, which are a reflection of current market conditions.

Higher interest rates, tighter credit standards and increasing food and fuel prices are impacting negatively on consumer confidence, with retailer and wholesaler confidence negatively affected as a consequence. Notwithstanding the recent decline in confidence levels however, the national budget announced by the Minister of Finance in February went a long way to counter the adverse impact of these developments. South Africa's medium-term growth prospects remain steadfast.

Group turnover increased by 18.9% to R1 251.036m (February 2007: R1 052.175m). The South African operation achieved an increase in revenue of 3.4% for the period under review. The weaker Rand and higher fuel and commodity prices are driving up input prices across our product range. On average the higher input costs were absorbed during the period under review.

Net operating income, EBITDA decreased 15.6% to R57.7m (February 2007: R68.4m). Operating margins came under pressure in an intensely competitive South African marketplace. Australia, the United Kingdom and the USA are experiencing similar aggressive competition in tight market conditions and as a consequence, operating margins for the Group decreased by 1.9% to 4.6% (February 2007: 6.5%).

Net interest paid increased to R3.8m (February 2007: R3.2m), attributable to the increase in the bank rate, compounded by the cost of increased working capital requirements to fund higher stock levels. Stocks have increased due to the extended ranges of products and a slower than anticipated Christmas season. All companies in the Group are actively working to reduce overall stock holding to more acceptable levels. The effective tax rate of 21.4% is in line with the previous year.

COMMENTS (continued)

Attributable income decreased by 18.9% to R35.02m (February 2007: R43.2m).

Headline earnings per share – H.E.P.S. decreased by 18.5% to 161.2 cents (February 2007: 197.8 cents).

Cash absorbed by operations amounted to R73.755m, reflected in the higher stock holding.

The balance sheet remains solid, with negative gearing and cash balances on hand of R140.6m (February 2007: R244.1m). Inventories of R285.9m are higher due to a slower than anticipated Christmas season, but inventories have subsequently been reduced and are currently at more acceptable levels. Trade and other payables are reflected as down by 15% on the previous year.

The net asset value per share is up 11.2% to 2 564.4 cents (February 2007: 2 305.1 cents)

Accounting Policies

The interim report is prepared on the historical cost basis, except for financial instruments which have been fair valued. This is in accordance with the recognition and measurement of International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting, the South African Companies Act and the JSE Listing Requirements. The results are presented in terms of IFRS statements.

Distribution to Shareholders

The board has resolved to continue the policy of a single distribution to shareholders at the end of each financial year.

OFFSHORE SUBSIDIARIES

Yale Prima (Pty) Ltd, Nu-World UK Ltd, On Corporation USA.

Yale Prima (Pty) Ltd is a 59.4% held subsidiary operating out of Sydney Australia. Whilst the strong Australian dollar, has been good for importers in general, the Australian consumer is under pressure, with higher interest rates, tighter access to credit and the increasing cost of food and fuel. The Christmas season sell through was disappointing and retailers are sitting on relatively high inventory levels. Yale Prima has performed relatively well under these circumstances, providing a positive contribution to group income for the interim period. Flat panel televisions remain a key growth driver, and new ranges of white goods and small electrical appliances are becoming an increasingly important component of our sales mix.

Nu-World UK Ltd is a 60% held subsidiary. The UK subsidiary has experienced a difficult six months, with a net loss for the period. Although interest rates in the UK are now down to 5%, consumer spending remains under pressure from food and fuel inflation. Directors are hopeful that interest in our new range of products coupled with our broader customer base will underpin trading for the remainder of the financial year.

On Corporation USA supplies a growing range of flat panel televisions to leading USA and Canadian retailers. On Corporation has produced exponential growth during this interim period and has contributed to our off-shore revenues and bottom line profit. The USA economy is under strain at this time and as a consequence consumer confidence has been negatively impacted. The market for full high definition flat panel televisions will continue to grow in the light of broadcasters' intentions to terminate analogue broadcasting in 2009. The affordable Proscan value brand continues to make inroads into new key retailers and discounters.

PRODUCT RANGE

* Consumer Electronics * Small Electrical Appliances * Conti Motorsport * Air-Conditioning * White Goods * Cell phones * GPS Navigation Systems * Power Tools * Generators * Gas Appliances * Paraffin Heaters * Solar Powered Lights * DIY Home Improvement * Porcelain Tiles * Furniture

The Group's line-up of international and in-house value brands encompasses an increasing spread of consumer durables, including small appliances, consumer electronics, motorsport, large appliances, air-conditioning, generators, gas appliances, home improvement and DIY, furniture and more.

The extensive Conti Motorsport range has expanded further into power tools and power generation. With the cost of petrol and diesel sky rocketing, it is evident that more and more commuters are switching from cars to road bikes and scooters, as an affordable transport option.

The issues surrounding Eskom's power supply and pricing have opened up new opportunities for generators and appliances powered by alternative fuels including:- gas, paraffin, solar and ethanol. Our Conti generators now range in size from small price-entry 850W 2-stroke petrol motors to huge 110KVA 3-phase diesel engines. We are actively building our range of gas appliances from price-entry table-top cookers to heaters and extending our offering of gas stoves. Paraffin heaters and cookers are in huge demand and we have launched an ethanol gel cooker as a safer alternative energy cooking option.

MANPOWER AND SOCIAL RESPONSIBILITY

The Group's BEE initiatives are in line with the DTI's BEE Codes of Good Practice on broad-based Black Economic Empowerment. The Group is committed to comply with environmental regulations.

PROSPECTS

It is evident that the average South African consumer is under financial pressure. As a result, retailers and wholesalers are reporting a contraction in the rate of sales growth, more particularly within interest rate sensitive product categories. Notwithstanding difficult and aggressively competitive market forces, Nu-World has achieved growth in revenue and continues to pursue new opportunities for growth.

The BER has released a downward revision to its forecast of household consumption expenditure, but still expects real consumer spending to increase by 2% – 3% during 2008. Whilst these levels are substantially lower than the annual average of 5% during the previous 3 years, it is clear that real consumer spending is still growing. In effect, growth will be underpinned by the rotation away from diminishing consumer spending to fixed private and public investment. Government's huge infrastructure programme, with spend in the region of R480bn-plus, coupled with private sector investment and spending for the 2010 Soccer World Cup, will filter through to the tertiary economy and alleviate the negative pressures on consumer demand.

The Group looks to its diversification to sustain growth. We are diversified across a broad range of product categories and 21 leading international and local brands. In Southern Africa, we are diversified across LSM groupings, from price-entry to top-end. In addition, the group is diversified globally, with operating subsidiaries serving Australasia, the United Kingdom, the USA and Canada.

A number of years of sustained economic growth has supported a structural change within the economy. The economy now comprises a broader middle class, comprising a growing number of consumers with a higher discretionary spend, within the LSM 7 to 10 categories.

Directors are of the view that 2008 will be a difficult year, but with cost-cutting initiatives underway, lower inventory target levels and higher stock turns, new product initiatives and range extensions, the Group will weather the challenging times and deliver sustained growth in the medium and long term.

On behalf of the board of directors

M. S. Goldberg

Executive Chairman
6 May 2008

B. H. Haikney

Company Secretary

Administration

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

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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
D. Piaray

www.nuworld.co.za

