



HD NWL - NU-WORLD HOLDINGS LIMITED - Financial Results - Interims

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Financial Results - Interims

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 Report for the six months ended 28 February 2014

Group revenue from continuing **operations** increased by 15.4%to R1 035,3 **million**
Net profit for the period increased by 22.9% to R36,2million
Basic EPS / HEPS (cents) increased by 15.6% to 160.2 cents
Net asset value per share 3 268,6 cents. Cash on hand R72,4 **million**

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

Unaudited	Unaudited	Audited	
	6 Months	6 Months	
12 Months	28 February	28 February	
31 August	2014	2013	%
2013	R' 000	R' 000	
change R' 000			
Continuing operations			
Revenue	1 035 292	897 514	15,4%
1 684 064			
Net operating income	54 087	52 362	
72 175			
Depreciation	704	964	
1 875			
Interest paid	3 267	5 856	
7 225			
Fair value adjustment on			
financial instruments	1 190	3 609	
Income before taxation	48 926	41 933	
63 075			
Taxation	12 994	11 302	
14 513			
Income after taxation from continuing			
operations	35 932	30 631	17,3%
48 562			
Discontinued operations			

Revenue		235 555	
258 893			
Net operating income	294	3 026	
(11 148)			
Net operating profit/(loss)	294	3 026	
(11 148)			
Depreciation		1 853	
2 141			
Interest paid		1 682	
1 196			
Loss before taxation	294	(509)	
(14 485)			
Taxation		648	
5 407			
Non-controlling interest		(12)	
(7 412)			
Loss after taxation from discontinued operations	294	(1 145)	
(12 480)			
Total net income after taxation	36 226	29 486	
36 082			
Share of associate company profit		24	
Net profit for the period/year	36 226	29 486	22,9%
36 106			
Other comprehensive income:			
Exchange differences on translating foreign operations	3 111	8 742	
5 481			
Total comprehensive income for the period/year	39 337	38 228	
41 587			
Net profit attributable to:	1 942	(204)	
(351)			
Non-controlling interest			
Equity holders of the company	34 284	29 690	15,5%
36 457			
	36 226	29 486	22,9%
36 106			
Total comprehensive income attributable to:			
Non-controlling interest	3 206	3 500	1 877
Equity holders of the company	36 131	34 728	
39 710			
	39 337	38 228	
41 587			
Headline earnings reconciliation:			
Determination of comprehensive income and headline earnings			
Net profit attributable to ordinary shareholders	34 284	29 690	15,5%
36 457			
Less IAS16 gains on disposal of plant and equipment			
(20 992)			
Add IAS38 impairment of intangible assets			
29 128			
Total non-controlling interest effect of adjustments			
(3 307)			

Headline earnings	34 284	29 690	15,5%
41 286			
SUPPLEMENTARY INFORMATION			
Capital distribution			
13 452			
Dividend paid			
59,4			
Dividend cover			
2,7			
Basic earnings per share(cents)	160,2	138,6	15,6%
170,2			
Headline earnings per			
share (cents)	160,2	138,6	15,6%
192,80			
Diluted basic earnings			
per share (cents)	153,7	132,8	15,7%
163,1			
Shares in issue			
(total issued)	22 646 465	22 646 465	
22 646 465			
Shares in issue			
(less treasury shares)	21 369 543	21 418 695	
21 417 695			
Shares in issue - weighted	21 394 786	21 418 695	
21 417 695			
Shares in issue - diluted	22 301 043	22 350 195	
22 349 195			
Operating income as a			
percentage of turnover(%)	5,2%	5,8%	
4,3%			
Debt to equity ratio (%)	(10,4%)	5,1%	
(16,3%)			
Effective taxation rate			
- continuing operations	26,6%	27,0%	
23,0%			
Net asset value per share (cents)	3 268,6	3 129,5	
4,4% 3 165,4			
Intangible assets			
Goodwill			
Balance at beginning of period/year	29 510	43 484	
47 773			
Impairment during period			
(22 381)			
Translation difference	721	6 323	
4 118			
Balance at end of			
period/year	30 231	49 807	
29 510			
Intellectual property			
Balance at beginning of			
period/year		14 155	
14 155			
Impairment during period			
(14 155)			
Translation difference		265	
Balance at end of period/year		14 420	
Patent and trademark:			
Balance at beginning of period/year	31 706		
31 706			
Impairment during period			
Balance at end of period/year	31 706		
31 706			
Total intangible assets	61 937	64 227	
61 216			

SEGMENTAL INFORMATION

Geographical revenue			
South Africa -			
continuing operations	669 157	689 207	1
242 044			
Offshore subsidiaries -			
continuing operation	366 135	208 307	
442 020			
Offshore subsidiaries -			
discontinued operation		235 555	
258 893			
	1 035 292	1 133 069	1
942 957			
Geographical income			
South Africa -			
continuing operations	25 370	27 221	
41 441			
Offshore subsidiaries -			
continuing operation	8 620	3 614	
7 496			
Offshore subsidiaries -			
discontinued operation	294	(1 145)	
(12 480)			
	34 284	29 690	
36 457			

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited	Unaudited	
Audited	6 Months	6 Months	12
Months	28 February	28 February	31
August	2014	2013	2013
	R' 000	R' 000	
R' 000			
ASSETS			
Fixed assets	33 181	44 178	32
624			
Intangible assets	61 937	64 227	61 216
Financial assets and			
other investments	94	31 776	94
Deferred taxation	6 699	5 200	9
563			
Current assets			
Inventory	408 493	502 274	377
459			
Trade and other receivables	313 452	261 434	289
854			
Cash equivalents	72 433		122
372			
Total assets	896 289	909 089	893
182			
Equity and liabilities			
Ordinary shareholders'			
funds	698 485	670 295	677
956			

Minority interests	36 904	44 939	33
155			
Total shareholders' funds	735 389	715 234	711
111			
Current liabilities			
Bank borrowings		34 196	12
166			
Trade and other payables	160 900	159 659	169
905 Total equity and liabilities	896 289	909 089	
893 182			

CONDENSED GROUP STATEMENT OF CHANGES IN **EQUITY**

	Unaudited	Unaudited	Audited	
		6 Months	6 Months	12
Months				
		28 February	28 February	31
August				
		2014	2013	2013
		R' 000	R' 000	
R' 000				
Balance as at 1 September	677 956	652 371	652	
371				
Total comprehensive income				
for the period/year	34 284	29 690	36	
457				
Dividend paid	(13 452)	(14 476)	(12	
795)				
Fair value movement	648	2 710	7	
003				
Treasury share movement	(951)	(83)		
Reserves net of NCI movement			(4	
997)				
Balance at end of period/year	698 485	670 295	677	
956				

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited	Unaudited	
Audited	6 Months	6 Months	12
Months			
	28 February	28 February	31
August			
	2014	2013	2013
	R' 000	R' 000	R' 000
Cash generated/(utilised) by			
operating activities	(35 755)	29 274	123
375			
Cash (absorbed) by/generated			
from operations	(7 985)	58 792	157
160			
Interest paid	(3 267)	(7 538)	(7
226)			
Dividends paid	(13 452)	(14 476)	(12
795)			
Normal tax on companies	(11 051)	(7 504)	(13
764)			
Cash flows from			
investing activities	(2 018)	(8 830)	41 472
Purchase of tangible			

fixed assets	(1 250)	(29 344)	(27
169)			
Purchase of intangible			
fixed assets		(31 706)	(31
706)			
Proceeds on disposal of			
fixed assets	183		3 037
Proceeds on disposal of			
subsidiary assets	514	45 174	
Redemption of			
preference share issue		51 706	51
706			
Investment in treasury			
shares	(951)		(84)
Decrease in loan to			
associate company			514
Net (decrease)/increase			
in cash and cash			
equivalents	(37 773)	20 444	164 846
Cash and cash			
equivalents at the			
beginning of the year	110 206	(54 640)	(54
640)			
Cash and cash			
equivalents at the end of the			
period/year	72 433	(34 196)	110
206			

COMMENTARY

Corporate information

Nu-World is a limited liability **company** incorporated and domiciled in South Africa with subsidiaries and associates in Australia, 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 2014 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 2013.

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 2014 and the related condensed statements of comprehensive income, statement of changes in **equity** and cashflows 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 the Group's Australian investment in Golf & Sport Pty Limited in addition to selling 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 2014 despite trading within a subdued economy with stagnant consumer spending. The South African consumer environment remains difficult and sales growth may be under some pressure for the remainder of the financial year.

In South Africa, the retail sales growth decelerated to 2,8% for the 2013 year, from 4,6% in 2012. Much of the moderation in the growth momentum occurred in the second half of 2013 when the extent of the increase in cost of living began to intensify and lenders tightened lending standards. The underlying trend, depicted by the 6 and 12 month rolling retail sales averages, does not indicate that there will be a meaningful recovery in retail sales growth in the coming months. Trade conditions surveyed for the first quarter of 2014 suggest that consumption of retail goods may moderated during 2014.

These considerations are consistent with softer consumer spending. Presently, there is little to suggest that economic activity in South Africa will ramp significantly higher anytime soon.

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, despite the trading period being challenging.

The marketing and sales of the JVC visual category in our export territories showed good improvement with Australia and certain Middle East countries performing above expectations. The visual category is the largest single category in consumer electronics.

Shipments of JVC visual products were delivered to numerous countries in Africa, Middle East, CIS and Australasia territories during the period under review. The finalisation of other countries to take place shortly.

The small appliance division continued to show strong growth under its full range of brands. The summer range of fans, air coolers and air conditioners showed particularly strong growth in the period under review. The early acceptance of winter stock lines into the stores was also noticeable. Sales of branded liquor lines continued to grow and showed strong future growth potential.

FINANCIAL OVERVIEW

STATEMENT OF COMPREHENSIVE INCOME

Group revenue from continuing operations increased by 15,4% to R 1 035,3 million (February 2013 - R 897,5 million).

Net profit for the period increased by 22,9% to R 36,2 million (February 2013 - R 29,5 million).

Total attributable income for the period increased by 15,5% to R 34,3 million (February 2013 - R 29,7 million).

STATEMENT OF FINANCIAL POSITION

The balance sheet remains strong with a negative gearing ratio (debt:equity) of 10,4%.

Inventory levels of R 408,5 million decreased by 18,7% from February 2013 (R 502,3 million). Directors and management remain focused on improving working capital management. Stocking levels and ranges are being rationalised and stock turn rates will improve further going forward.

The increase in trade and other receivable of 19,9% to R 313,4 million (February 2013 - R 261,4 million) arose due to the substantial increase in offshore subsidiaries turnover together with the requirement for import trade deposits.

Net asset value per share has increased by 4,4% to 3 268,6 cents (February 2013 - 3 129,5 cents).

SUBSEQUENT EVENTS

No events material to the understanding of the report have occurred during the period between 28 February 2014 and the date of this report.

On behalf of the board of directors

J. A. Goldberg
Chief Executive Officer

G. R. Hindle
Financial Director

16 April 2014
Johannesburg

Registered office
35 3rd Street, Wynberg, Sandton 2199
Republic of South Africa
Tel +27 (11) 321 2111
Fax +27 (11) 440 9920

Transfer secretaries
Computershare Investor Services (Pty) Ltd
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 Officer)
G. R. Hindle (Financial Director)

Non-executive directors

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

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