



- Net operating income EBITDA R47,021 million**
- Headline earnings per share 143,1 cents**
- Capital distribution per share 33,9 cents**
- Cash generated from operations R40,704 million**
- Cash and cash equivalents at end of year R149,131 million**
- Increase in comparative profit after tax – second half up 218,7%**



## GROUP FINANCIAL RESULTS

	2009 R000s	2008 R000s
Revenue	1 443 104	1 890 883
Net operating profit	47 021	67 625
Depreciation	6 904	6 097
Interest paid	6 676	6 788
Profit before taxation	33 441	54 740
Taxation	8 465	11 619
Profit after taxation	24 976	43 121
Minority interest	(1 943)	(2 848)
Net profit attributable to ordinary shareholders	23 033	40 273
Earnings per share (cents)	108,9	185,6
<b>Reconciliation of headline earnings:</b>		
Attributable income	23 033	40 273
Net loss on disposal of subsidiary	7 251	3 323
Headline earnings	30 284	43 596
Earnings per share (cents)	108,9	185,6
Capital distribution per share (cents)	33,9	59,3
Headline earnings per share (cents)	143,1	200,9



# CONSUMER ELECTRONICS

*"The Group is diversified  
across a broad range of product  
categories and key brands"*

*M S Goldberg*





On behalf of your board, I wish to commend directors and management in tackling the enormous challenges of the past year with determined proactive accomplishments. It is evident that the 2009 financial year has proved to be a most difficult and challenging trading period both in South Africa and in Australia. Much has been achieved in restructuring the Group, which is now undoubtedly leaner and better positioned to take advantage of the anticipated upturn in the economy and the associated increase in consumer expenditure. Directors and managers have been proactive in divesting of loss-making divisions and foreign subsidiaries and reducing our off-shore exposure, in order to focus on South Africa and Australia. Staffing levels have been rightsized within all group companies. Whilst further opportunities for rationalisation and cost-cutting have emerged during the progression of the restructuring, the process is by and large complete.

In South Africa, the Nu-World Group is a leading source of supply of branded consumer durables and a key supplier to most leading South African retailers. The Group supplies an extensively broad range of affordable consumer durables, most specifically consumer electronics and electrical appliances, large and small. Our combined international sourcing for South Africa and Australia enables us to buy at best international prices and to pass on competitive pricing to our retail customers. Nu-World's products range from products of necessity, to aspirational products. Our diversified ranges of products sell to consumers across a broad spectrum of life-style categories. Strategies for growth include extending product offerings within existing ranges and offering new product ranges to our existing customer base.

The Group's financial position remains strong, providing a huge element of comfort in these uncertain economic times. It is rewarding to note the return to cash generation from operations of R40,7 million, as well as the strong balance sheet and cash holdings of R149,1 million. The net asset value per share has increased marginally to 2621,7 cents.

In Australia, following a number of years of rationalisation and rightsizing, directors are hopeful that the 2 integrated Australian subsidiaries are now better positioned to take advantage of anticipated growth in the forthcoming year. Prospects for growth in the Australian economy appear very positive.

The South African retail industry, the economy's third biggest sector has been under pressure for some years now, but statistics confirm that the South African economy has emerged from recession during 2009 Q3, with the economy having grown at an estimated 2% during this quarter.

In South Africa the BER is forecasting growth in GDP at 2.7% for calendar 2010. Government's socio-economic plans and expenditure on infrastructure, sub-economic housing and civil construction, have sheltered the South African economy from the worst of the global recession. Pravin Gordhan, South Africa's newly appointed Finance Minister, has confirmed that South Africa is sticking to its conservative economic policies of fiscal prudence and inflation targeting.

During the past year the Group has made excellent progress in achieving the strategic changes that were required. The Group's conservative business model together with its diversification continues to be a key advantage. The Group is diversified across a broad range of product categories and key brands. Our product offering is diversified across market segments, from price-entry to top-end. The Group's international exposure has been rationalised, but we continue to operate in both Southern Africa as well as Australia.

The Group has been restructured with an appropriate platform for future growth, and directors are cautiously optimistic that the Group is suitably positioned to provide shareholders with sustainable growth in the medium and the long term.

Our enduring commitment is to the achievement of acceptable operating margins, effective working capital management and ongoing value creation for shareholders.

As Chairman, I take this opportunity to thank all staff members, in South Africa and abroad. Thank you for your unwavering support and contribution. We sincerely appreciate your extraordinary commitment to the growth of our Group.

**M S Goldberg**

Executive chairman

26 October 2009



## Financial Overview

The Nu-World Group has performed in line with the Trading Statement released on SENS on 5 October 2009.

The year under review has proved to be a time of restructuring the Group to be leaner and better positioned for sustainable growth. Our local manufacturing division has been restructured and substantially downsized. A number of small appliances, which are no longer cost-competitive to manufacture locally, are now outsourced from the East.

The second half of 2009 is showing signs of improvement as consumers respond to lower rates and consumer and business sentiment improves. Inflation is moderating and is predicted to inch lower to within the 3% – 6% official target range (BER forecast 5,7% for 2010). South Africa's medium-term growth prospects are looking more positive, with leading economic indicators such as vehicle sales and the ABSA house pricing index, improving month-on-month, in recent months. Government's substantial infrastructure program, including ongoing investment in low-cost housing, transport and electrification, will stretch beyond the Fifa 2010 World Cup and will impact positively on gross national product (GDP).

Structural changes, such as urbanisation and the migration of consumers to higher LSM levels, have supported GDP through the difficult years and will add impetus to renewed growth. Interest rates have been cut by a cumulative 5 percentage points since December 2008.

After a difficult and slow first half to February 2009, the remainder of the trading year "H2" has generated a substantial 218,7% improvement in profits after tax, compared to the same period, March to August 2008.

Group turnover for continuing operations decreased by 5,4% to R1 443,1 million (August 2008: R1 548,0 million). The South African operation reflected a decrease in revenue of 4,0% for the year under review.

**Operating margins** of 3,6% remained in line with margins from the previous year. The South African market place remains intensely competitive. Our subsidiaries in Australia are experiencing similar fierce competition in tight market conditions.

**Restructuring costs** of R3,027 million arose principally from the rightsizing of our staff complement, but costs were also incurred in the consolidation of warehousing to improve controls and streamline operations for future growth.

**Income before tax** is down by 29,9% to R33,4m (August 2008: R47,7 million).

The **effective tax rate** has increased to 25,3% from the previous year's 21,2%.

**Headline earnings per share (HEPS) on a weighted basis - HEPS** decreased by 30,3% to 143,1 cents (August 2008: 200,9 cents).

The net loss on disposal of investments represents the final write-down incurred on the sale of the UK subsidiary, effective 1 September 2008.

**Capital distribution per share** is down 42,8% to 33,9 cents (August 2008: 59,3 cents). Distribution cover remains in line with 2008, at 3 times cover.

**Cash generated from operations** amounted to R40,7 million.

The balance sheet remains strong with **cash balances on hand** of R149,1 million (August 2008: R139,7 million). The Group remains ungeared at the year end.

**Inventories** of R264,7 million are up 8,3% on the previous year (August 2008: R244,3 million) and management remains focused on improving stock turn.

**The net asset value per share** is up marginally to 2 621,7 cents (August 2008: 2 592,8 cents). The current share price of 1 400 cents is trading at a 47% discount to the net asset value.

## Operational Review

Offshore Subsidiaries Australia  
Yale Prima Pty Ltd  
Overstockoutlet Pty Ltd

**Yale Prima Pty Ltd** is a 59,4% held subsidiary headquartered in Sydney Australia.

**Overstockoutlet Pty Ltd** is a 51% held subsidiary of Yale Prima. [www.oo.com.au](http://www.oo.com.au) is the second largest Australian online internet retailer.

The Australian group remained marginally profitable for the year to August 2009 notwithstanding lower turnover and lower gross profit margins. Directors and management remain focused on consolidating the companies into new premises, cutting overheads and rightsizing staffing numbers.



In Australia, early signs point to an improving economy. Australia has become the first major western nation to lift interest rates. On 6 October 2009 the Reserve Bank of Australia, raised the official cash rate from a decade long low of 3%, by 25 basis points. The Australian dollar has rebounded and the Consumer Price Index has fallen below 2%.

Directors are hopeful that cost-benefit synergies will be achieved from the consolidation of the two companies, the relocation of the premises to larger but more affordable offices/warehousing and the concurrent savings in administration, finance, shipping, warehousing, returns and repairs.

Both Yale Prima and www.oo.com.au are forecasting growth in turnover for the forthcoming year. Yale is currently holding a much improved order books though to February 2010 and is looking to new products, new listings and new customers for growth.

www.oo.com.au has restructured to create an appropriate foundation for future growth. The Company is currently re-branding its marketing position to the exclusive "Only Online". Specialist support has been outsourced for search engine optimisation and specialist category buyers have been brought on board.

### Product Range

**Consumer Electronics \* Small Electrical Appliances \* Conti Motorsport \* Air-Conditioning \* White Goods \* Power Tools \* Gas, Paraffin and Solar Appliances \* DIY Home Improvement \* Luxury Goods \* Furniture**

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

The retail market for consumer durables has contracted over the past 3 years, but Nu-World's sales have proved to be relatively resilient and the company has grown market share in a number of key categories. Apart from maintaining a lion's share of price-entry brands, Nu-World is focusing on value-added up-market products specifically with consumer electronics – matching the specifications of international brands at more affordable price points. The "Vegas" range of consumer electronics and appliances has been added to our top-line offering. New initiatives which will be available for the Christmas season include: Ideal Kids TV games, electronic musical instruments, full featured LCD's with IPOD docking and built-in DVD players, digital photo frames and Blue-Ray DVD's.

### Manpower and Social Responsibility

Nu-World supports the Department of Trade and Industry's (DTI) Broad-Based Black Economic Empowerment (BBBEE)

initiatives and remains committed to achieving the objectives set out in the DTI's Codes of Good Practice on BBBEE - in terms of management, employment equity, skills development, preferential procurement, enterprise development and corporate social responsibility. The Group is committed to comply with environmental regulations.

### Prospects

Directors are confident that current strategic initiatives to consolidate and rationalise will better position all companies in the Group to be leaner and more competitive, to withstand these challenging times and better prepared to take advantage as markets improve.

The Group's diversification has always been an advantage. The Group is diversified across a broad range of product categories and key brands. Our product offering is diversified across market segments, from price-entry to top-end. The Group's international exposure has been rationalised, but we continue to operate in both Southern Africa as well as Australia.

### Initiatives taken by management during the year under review

- The rightsizing of staffing levels within each company in the Group.
- The ongoing rightsizing of inventory levels and the improvement of stock turn.
- The downscaling and restructuring of the local manufacturing division.
- The sale of the loss-making UK subsidiary, Nu-World UK Ltd.

Recent economic data indicates that the worst of the economic cycle has passed and that there are tentative signs of recovery. The second half of 2009 has shown signs of improvement as consumers respond to lower rates. This is borne out by our South African company's improved performance during the second half as well as all companies in the Group reporting improved sales at reasonable margins in recent months.

Going forward, visibility remains limited, but current signs are positive and economists are hopeful that South Africa may emerge from recession later this year. The Group's conservative business model has served it in reasonable stead through these recessionary times.

Directors are cautiously optimistic that the worst of the downturn has passed and that the Group is leaner and better positioned to provide shareholders with sustainable growth in the medium and the long term.

**J A Goldberg**  
Managing director  
26 October 2009



*"Nu-world is focussing on value-added  
up-market products specifically  
with consumer electronics"*

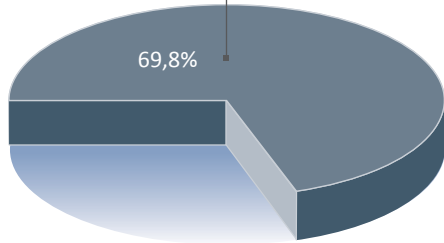
*J A Goldberg*



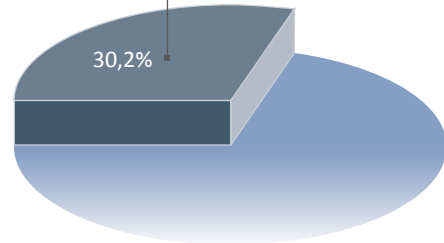


**Geographical revenue 2009**

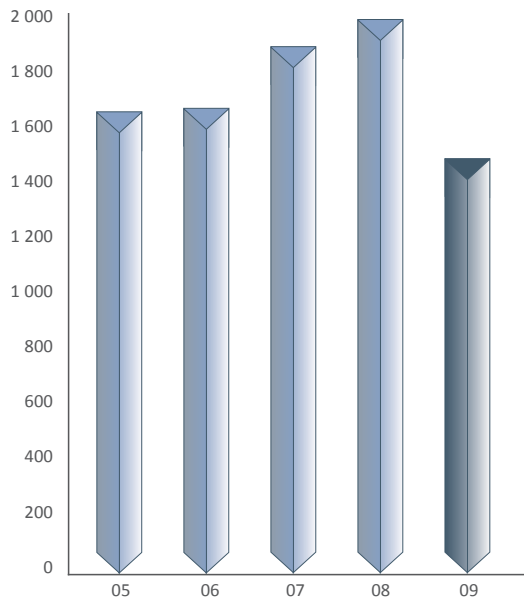
Republic of South Africa  
R1,007 billion



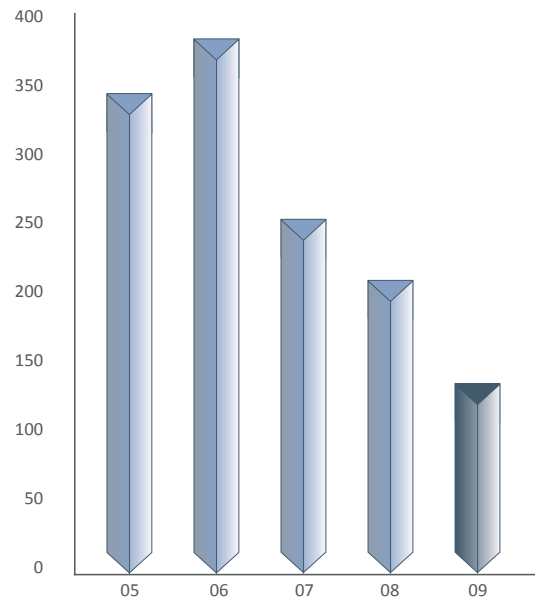
Off-shore subsidiaries  
R436 million



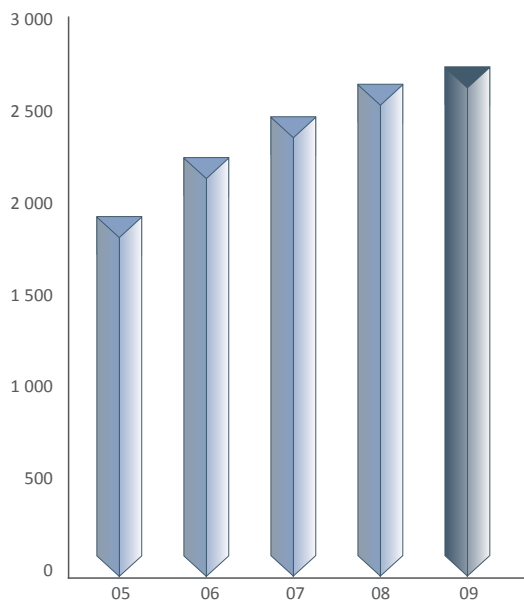
**Turnover (Rm)**



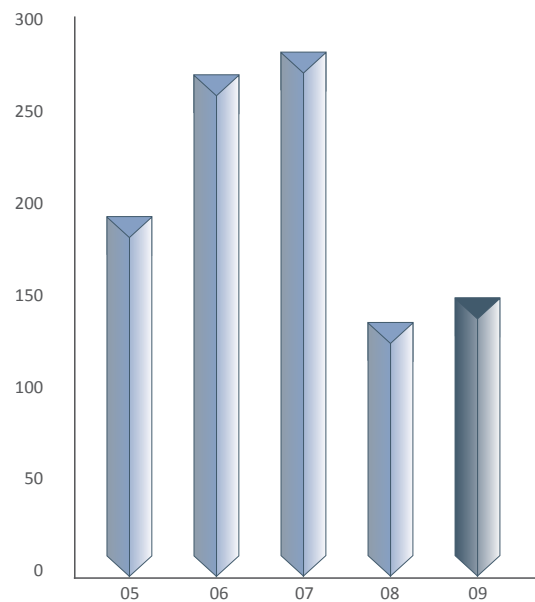
**Headline earnings per share (cents)**



**Net asset value per share (cents)**



**Bank and cash balances (Rm)**

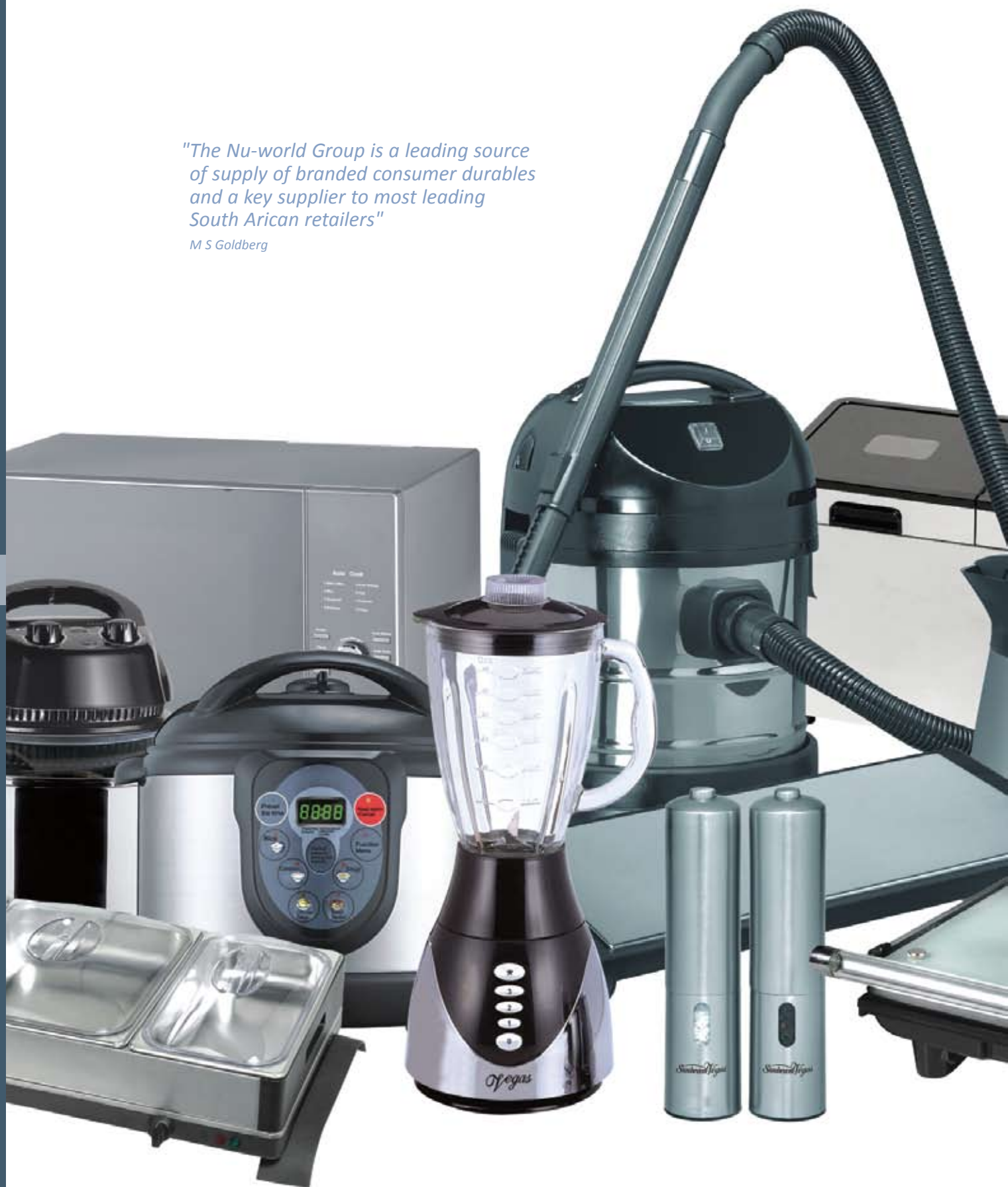




## IMPORTED APPLIANCES

*"The Nu-world Group is a leading source of supply of branded consumer durables and a key supplier to most leading South African retailers"*

*M S Goldberg*



**M S Goldberg (57)****Executive chairman**

BCom MBA (Wits)

Executive chairman responsible for the Group's overall performance and well-being. He plays an active role in the formulation of Group strategies, in the formulation and implementation of growth strategies, and in determining the future direction of the Group. Appointed to the Board in 1986, listed the Group in 1987 and appointed chairman of the Group in 2001. Has 32 years' experience in manufacturing and the appliance industry.

**J A Goldberg (54)****Managing director/Chief executive officer**

BSc Eng (Wits)

Managing director responsible for developing and implementing the Group's marketing and sales strategies. Intimately involved in all operational aspects of the Group and in sourcing new products and markets. Appointed to the Board in 1986. Has 32 years' experience in manufacturing and the appliance industry.

**G R Hindle (48)****Financial director**

BAcc (Wits) CA(SA)

Financial director joined the Group in 1992. Responsibilities include all financial aspects of the business including Information Systems, administrative and treasury functions. Appointed to the Board in 1993. Has 26 years' experience in financial management and Information System technology in the manufacturing and electronic environment.

**J M Judin (63)****Non-executive director**

Dip Law (Wits)

Currently the senior partner at the Johannesburg based law firm, Goldman, Judin, Maisels Inc. Appointed to the Board in 1989 and holds the position of chairman of the Primeserv Group Limited and as a non-executive director to Set Point Technology Holdings Limited.

**D Piaray (42)****Non-executive director**

DChem. Eng (Natal) BCom (Unisa) MBA (Wits)

Currently the managing director of Innovative Management Consulting (Proprietary) Limited. Appointed to the Board in 2002 and holds positions as executive and non-executive director for several listed and non-listed companies.

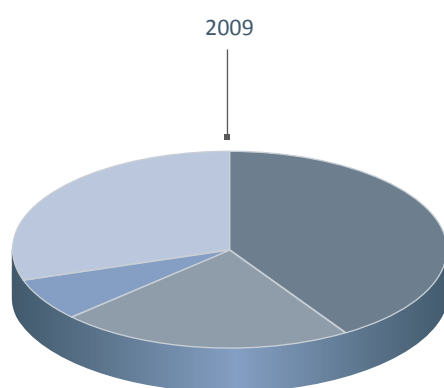


# VALUE ADDED STATEMENT

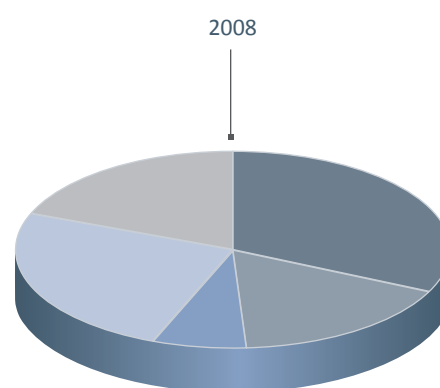
	2009		2008	
	R000s	%	R000s	%
<b>Revenue</b>	<b>1 443 104</b>	<b>100,00</b>	1 890 882	100,00
Cost of materials, services and expenses	(1 156 398)	(80,13)	(1 496 929)	(79,17)
<b>Value added from trading operations</b>	<b>286 706</b>	<b>19,87</b>	393 953	20,83
Net interest paid	(6 676)	(0,46)	(6 788)	(0,36)
<b>Total value added</b>	<b>280 030</b>	<b>19,41</b>	387 165	20,47
<b>Allocated as follows:</b>				
<b>Employees</b>				
Salaries, wages, commission and other benefits	106 487	7,38	105 887	5,60
<b>Government</b>				
Normal taxation on companies	8 245	0,57	11 379	0,60
Employee tax	10 119	0,70	14 101	0,75
<b>Providers of capital</b>				
Minority interest	1 943	0,13	2 848	0,15
Dividends/capital distribution	13 668	0,95	28 653	1,52
<b>Total wealth distributed</b>	<b>140 462</b>	<b>9,73</b>	162 868	8,62
<b>Re-investment in the Group</b>				
Depreciation	6 904	0,49	6 097	0,32
Retained for future growth	132 664	9,19	218 200	11,53
	<b>280 030</b>	<b>19,41</b>	387 165	20,47

# SEGMENTAL INFORMATION

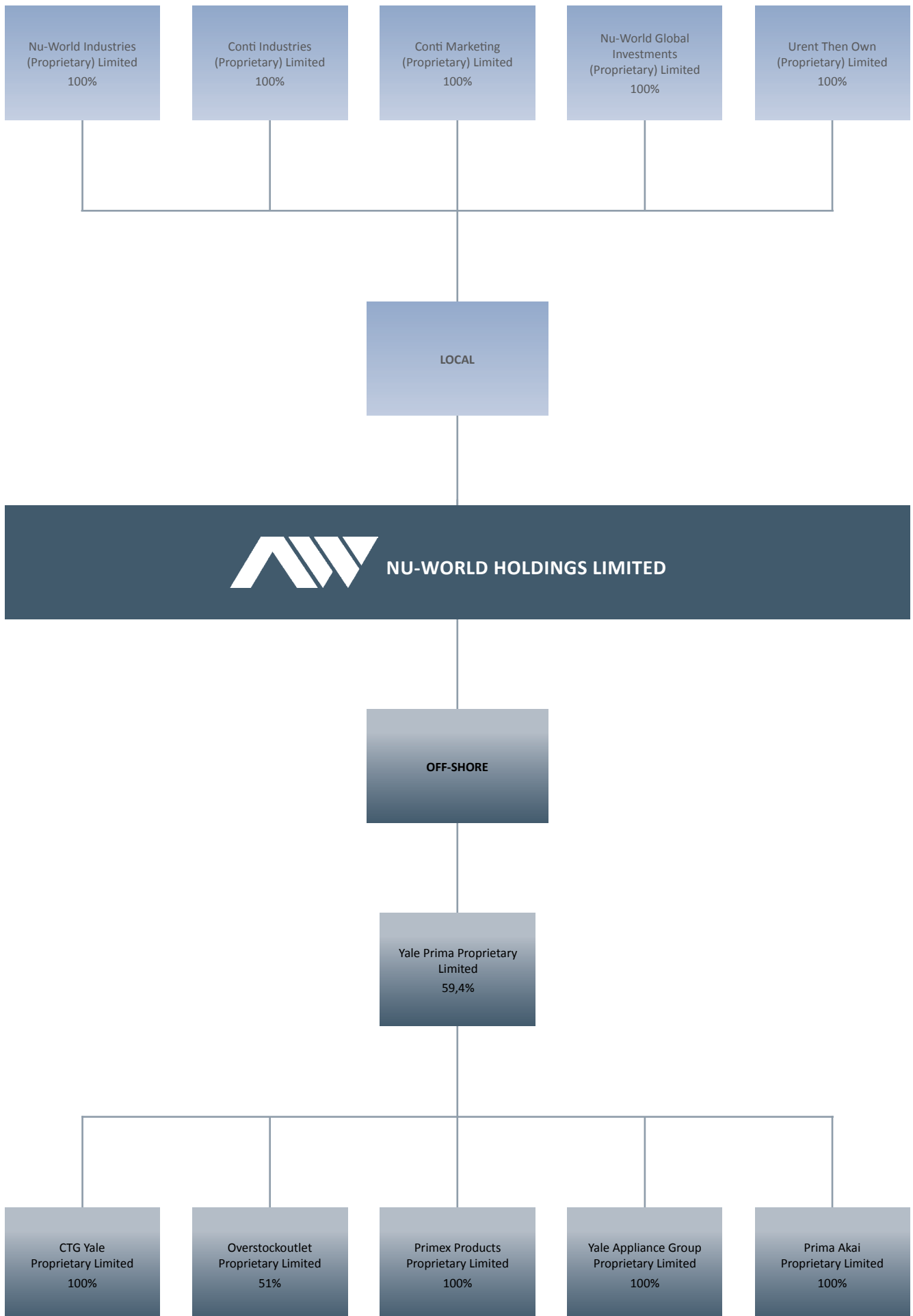
Geographical revenue



Consumer electronics	41%
Appliances	22%
Manufacturing	7%
Australia	30%
Discontinued operations	0%



Consumer electronics	32%
Appliances	17%
Manufacturing	7%
Australia	25%
Discontinued operations	19%





*"Directors are confident that current strategic initiatives to consolidate and rationalise will better position all companies in the Group to be leaner and more competitive"*

*J A Goldberg*





<b>1946</b>	Nu-World Industries (Proprietary) Limited was established The Company began manufacturing electrical wiring accessories
<b>1952</b>	Manufacturing of small electrical appliances commenced
<b>1980</b>	Nu-World began importing and distributing small electrical appliances
<b>1987</b>	Nu-World Holdings Limited listed on the Johannesburg Stock Exchange
<b>1995</b>	Nu-World appointed as the sole agent for JVC in South Africa and sub-saharan Africa
<b>1999</b>	Nu-Tec consumer electronics introduced
<b>2000</b>	Nu-World acquires 33⅓% of Prima Australasia Proprietary Limited Agency/distribution agreement established with Casio/James Ralph (Proprietary) Limited Appointed sole agent for Telefunken in South Africa
<b>2001</b>	Thomson distribution agreement for South Africa signed Telefunken agency for Prima Australasia Proprietary Limited
<b>2002</b>	Nu-World increases its holding in Prima Australasia to 51% Strategic alliance with Prima International UK Proprietary Limited established
<b>2003</b>	Acquired 100% interest in Conti South Africa 60% investment in Nu-World UK Limited Trademark licence and distribution agreement established with Morphy Richards
<b>2004</b>	Appointed South African agent for General Electric large appliances 65% investment in Yale Appliance Group Proprietary Limited Introduction of Conti Motorsports division
<b>2006</b>	Rationalisation of Prima Australasia Proprietary Limited and Yale Appliance Group Proprietary Limited into Yale Prima (Proprietary) Limited 45% investment in On Corporation Inc. USA
<b>2007</b>	Increased investment in Yale Prima Proprietary Limited to 59,4% Introduction of home improvement division
<b>2008</b>	Disposed of investment in On Corporation Inc. USA Yale Prima Proprietary Limited acquires 51% of online retailer Overstockoutlet Proprietary Limited (www.oo.com.au)
<b>2009</b>	Disposed of investment in Nu-World UK Limited

	2009 R000s	2008 R000s	2007 R000s	2006 R000s	2005 R000s
<b>Income statement</b>					
Revenue	1 443 104	1 890 882	1 865 780	1 638 724	1 626 122
Operating income	40 117	61 528	109 027	121 646	94 215
Interest paid	6 676	6 788	4 691	1 223	7 220
Income before taxation	33 441	54 740	104 336	120 423	86 995
Taxation	8 465	11 619	15 214	29 613	18 212
Income after taxation	24 976	43 121	89 122	90 810	68 783
Share of income attributable to associated company				(6 994)	
Net income	24 976	43 121	89 122	83 816	68 783
Minority interest	(1 943)	(2 848)	(3 991)	(1 786)	4 444
Attributable income	23 033	40 273	85 131	82 030	73 227
Headline earnings	30 285	43 596	54 383	82 030	73 226
Shares in issue (000s):					
– at year end	21 149	21 215	21 833	21 684	21 592
– weighted average	21 163	21 697	21 833	21 684	21 592
Headline earnings per share (cents)	143,2	205,5	249,1	378,3	339,1
Headline earnings per share (cents)					
– weighted	143,1	200,9	249,1	378,3	339,1
Dividend per share (cents)	33,9	59,3	125,3	120,8	92,6
Dividend cover	3,0	3,0	3,0	3,0	3,5
<b>Balance sheet</b>					
Assets					
Non-current assets					
Property, plant and equipment	32 563	35 054	35 839	41 673	44 867
Deferred taxation	17 754	18 383	19 137	18 732	
Investment in financial instruments	51 706	51 706			
Investment in associated company					
Intangible assets	52 313	52 313	25 107	25 729	18 089
Current assets	611 974	623 258	666 692	688 121	589 605
Inventories	264 690	244 349	153 086	179 030	171 340
Trade and other receivables	198 153	239 221	225 793	241 513	227 717
Bank and cash balances	149 131	139 688	287 813	267 578	190 548
Total assets	766 310	780 714	746 775	774 255	652 561
<b>Equity and liabilities</b>					
Total capital and reserves					
Issued capital	36 899	51 410	89 070	115 697	114 684
Foreign currency translation reserve	2 403	2 803	1 246	166	(185)
Share-based payment reserve	2 282	1 839	1 078	538	158
Hedging reserve	(3 934)				
Retained earnings	516 802	494 008	454 012	368 881	307 821
Minority interest	23 133	21 466	51 346	47 949	28 156
Non-current liabilities	27 262	28 149	7 233	10 607	6 928
Interest bearing borrowings	20 000	20 000			
Deferred taxation	7 262	8 149	7 233	10 607	6 928
Current liabilities	161 463	181 039	142 790	230 417	194 999
Trade and other payables	161 463	181 039	142 790	219 056	194 999
Current portion of interest bearing borrowings				11 361	
Total equity and liabilities	766 310	780 714	746 775	774 255	652 561

2004 R000s	2003 R000s	2002 R000s	2001 R000s	2000 R000s	
					<b>Income statement</b>
1 430 804	1 179 455	942 984	884 252	653 772	Revenue
86 219	65 982	56 122	51 487	50 160	Operating income
3 606	5 018	8 355	8 988	6 414	Interest paid
82 613	60 964	47 767	42 499	43 746	Income before taxation
19 082	12 127	9 998	8 336	12 013	Taxation
63 531	48 837	37 769	34 163	31 733	Income after taxation
					Share of income attributable to associated company
63 531	48 837	40 065	34 028	31 733	Net income
(2 781)	(5 738)		(87)	(2 648)	Minority interest
60 750	43 099	40 065	33 941	29 085	Attributable income
60 610	43 562	40 065	33 942	29 085	Headline earnings
					Shares in issue (000s):
21 597	21 611	21 695	21 695	21 695	– at year end
21 597	21 611	21 695	21 695	21 584	– weighted average
280,6	201,6	184,7	156,4	134,1	Headline earnings per share (cents)
					Headline earnings per share (cents)
280,6	201,6	184,7	156,4	134,8	– weighted
70,3	39,8	31,3	27,2	22,6	Dividend per share (cents)
4,0	5,0	5,9	5,7	5,9	Dividend cover
					<b>Balance sheet</b>
					Assets
52 923	56 691	57 286	40 954	35 812	Non-current assets
46 997	50 905	36 204	28 089	35 812	Property, plant and equipment
					Deferred taxation
					Investment in financial instruments
5 926	5 786	21 082	12 865		Investment in associated company
					Intangible assets
546 664	419 055	361 091	330 648	350 628	Current assets
167 448	132 695	117 384	103 137	132 947	Inventories
217 528	182 923	156 563	162 433	157 150	Trade and other receivables
161 688	103 437	87 144	65 078	60 531	Bank and cash balances
599 587	475 746	418 377	371 602	386 440	Total assets
					<b>Equity and liabilities</b>
361 397	309 071	274 846	240 684	208 101	Total capital and reserves
114 776	115 058	115 849	115 849	117 120	Issued capital
(813)	(1 292)			88	Foreign currency translation reserve
					Share-based payment reserve
					Hedging reserve
247 434	195 305	158 997	124 835	90 893	Retained earnings
23 786	20 471			22 880	Minority interest
4 443	8 149	8 950	12 973	17 433	Non-current liabilities
4 443	8 149	8 950	5 089	10 119	Interest bearing borrowings
					Deferred taxation
209 961	138 055	134 581	117 945	138 026	Current liabilities
209 961	138 055	134 581	117 915	136 995	Trade and other payables
					Current portion of interest bearing borrowings
					30 1 031
599 587	475 746	418 377	371 602	386 440	Total equity and liabilities

Nu-World continually strives to develop and retain its staff through the provision of an equitable, safe and healthy working environment.

## **HIV/AIDS and Nu-World's voluntary counselling and testing statistics**

Recognising the seriousness of the HIV/AIDS pandemic, Nu-World has over recent years intensified its drive to minimise the number of its employees who are infected by HIV and to prolong the lives of those who are already living with AIDS.

The Company has created an environment in which employees have access to information about HIV/AIDS in the workplace; appropriate supplementary and therapeutic medications through the Company Health Clinic and appropriate counselling services.

Nu-World commenced voluntary counselling and testing for HIV/AIDS among its employees in 2003. Since then, it has tested more than 15% of its employees, largely as the result of a concentrated drive to ensure that all Nu-World staff discover their status. The Company has implemented an intensive communication programme about Nu-World's improved support and care system which is aimed at:

- Improved levels of awareness and knowledge relating to HIV/AIDS at a general level.
- Enhanced management preparedness.
- Greater coverage of Nu-World's HIV/AIDS programme with regard to visibility, language adaptation and relevance.
- Increased uptake of voluntary testing activity.

## **Environment**

The Group is conscious of the fact that in carrying out its activities there is a potential risk of environmental damage. An effort has therefore been made to educate all employees in best practice so as to avoid causing long-term damage to the environment or atmospheric pollution through the inappropriate use of plant and equipment.

Nu-World is committed to ensuring that its environmental management systems comply with legislation. The Company wishes to promote environments which are not harmful to the health or well-being of people, animals and land. The long-term environmental philosophy is the concept of continuous improvement.

The Company promotes the enhancement of the quality and safety of the environment through education that develops the knowledge, awareness, attitudes, values and skills that will enable its employees to make a valuable contribution towards

maintaining and improving the quality of the environment both in the work place and in the community.

The aim is to optimise resource use, decrease wastage and minimise environmental impact.

## **Employment equity**

The organisation commits itself to non-discrimination and employment equity. It is the policy of the organisation that discrimination in any form will not be tolerated and is a disciplinary offence. The organisation's selection policy is aimed at addressing employment inequalities through our employment equity programme. However, the organisation maintains its commitment to quality and service excellence. A position will not be deliberately de-skilled to prejudice an applicant from a previously disadvantaged group.

This will ensure that applications are not discriminated against in terms of their salary packages or employment benefits. The organisation encourages all its employees to undergo appropriate training and development in order to enable them to give of their best and also to realise their full potential in the work situation. The organisation believes in the policy of promotion from within, in accordance with selection procedures and criteria, and such promotion is non-discriminatory and based on merit.

In the implementation of the Group's employment equity strategy the Group submitted its sixth Employment Equity Plan to the department of labour. The Group is positively committed to this process, which is consistent with its philosophy in respect of employee development.

A share incentive scheme has been established to provide an incentive to employees to remain in the service of the Group and increase the Proprietary interest in the Group's success. Other mechanisms have also been put in place by the remuneration committee and sanctioned by the Board which incentivise, motivate and empower management to express dynamic entrepreneurial skills.

## **Affirmative action**

As part and parcel of a broader Human Resources Development Policy, affirmative action is seen as a process of maximising human resources and empowering individuals within Nu-World.

Nu-World recognises that because of inequalities in the apartheid education system, and race and sex discrimination in the educational and employment opportunities available to women and black men, it needs to take positive steps to eliminate discrimination and to provide equal opportunities in its own workplace.



### **BBBEE**

The Group recognises the importance of black economic empowerment. To this end, a BEE subcommittee was established in 2003 and continues its engagement with potential partners.

Nu-World will proceed with BEE activities as and when appropriate, to ensure that the changes made and initiatives taken are sustainable, viable, and will be beneficial to our shareholders. Transformation will involve a systematic process and is not considered a short-term event.

### **Training and development**

The organisation's policy is to encourage the development of our employees through education and training in order to maximise their full potential and productivity. Most training is offered in-house as on-the job training. External courses are considered where they can meet specific organisational needs, and in accordance with MerSETA standards. Employees are given the opportunity to utilise the available resources and improve their skills and knowledge. The Company completes a 'needs assessment' of all employees on an annual basis, and arranges training programmes around these assessments, once prioritised and in compliance with the Skills Levy Act.

Planning and implementation of the Skills Development Plan, in accordance with the Skills Levy Act, are completed timeously, and the Company has received its reimbursements for completion thereof.

## Introduction

The Board of directors subscribes to the recommendations for good corporate governance as set out in the King II Report. The directors have recognised the need to conduct the enterprise with integrity and in accordance with sound corporate practices by implementing procedures that are enhanced where necessary to meet the changing demands of our Group and to ensure a culture of qualitative governance. The Board and its individual directors have embraced their duty of ensuring that the principles set out in the Code of Corporate Practices and Conduct as defined in the King II Report are observed.

## Business ethics

In order to foster the kind of corporate governance environment and guidelines needed, the Board and its directors have adopted the following guidelines:

- The Board accepts that dissent is not the same as disloyalty and constructive criticism at the boardroom table must be part of our corporate culture.
- Best endeavours are made to ensure that all relevant information is presented to the Board objectively and timeously.
- Information and communication to the Board is essential and individual directors are tasked to keep the Board informed of the strategic and operational issues that the Company is facing.
- A culture is created where every decision made must be in the best interests of the Company both in the short and long term.
- The Board is committed to communicating corporate information in a transparent way with substance over form in all its dealings with stakeholders and all others to whom the Company's corporate citizenship policy applies.

## Board of directors

The Board comprises two non-executive directors and three executive directors. Nu-World is a small market capitalisation company, which is reflected in the composition and size of its board. This has sometimes made it difficult when constituting various committees and following the recommendations espoused in the King II Report.

The Board considers the appointment of new directors as and when required. There are board appointment policies and procedures which are formal and transparent and a matter for the board as a whole and such appointment policies and procedures are reviewed and updated when necessary.

The Board has an independent company secretary who is both properly empowered and suitably experienced to fulfil the duties of a company secretary. The Company secretary provides the Board with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Group in relation to its statutory and other requirements.

## Board committees

The Board has established a number of committees, in which non-executive and independent skilled outsiders play an active role and which operate within the defined terms of reference laid down by the Board with clearly agreed upon reporting procedures, defined areas of authority and full transparency and disclosure. The committees are free, where appropriate, to take independent outside professional advice on any issues.

## Executive committee

The executive committee consists of the executive chairman, managing director and group financial director. This committee deals with the normal operating decisions, which are required to be made to run the Group effectively whilst major matters of importance are referred to the Board for approval.

## Remuneration committee

The remuneration committee is chaired by Mr J M Judin and its other members are Mr G R Hindle, Mr D Piary and Mr B H Haikney. The executive chairman and managing director are invitees where necessary, when the committee meets. The committee reviews and approves the remuneration and terms of employment of executive directors and senior employees of the Group. The committee reviews salary trends in the market place and recommends emolument structures and levels to the chairman for his consideration and approval.

The remuneration committee sets out to ensure that the employees of the Group are rewarded fairly in accordance with their contribution to the Group's operating and financial performance.

The remuneration committee also makes recommendations in regard to share incentives. A schedule setting out directors' remuneration and equity interests appears in the notes to the annual financial statements.

Meetings were held bi-annually and were attended by all members.

## Audit and risk committees

The Board has appointed audit and risk committees. Mr J M Judin holds the position of chairman of the committees and the other member is Mr D Piary.

The executive chairman, managing director, financial director and the external auditors are invited to attend every meeting. From time to time members of other management committees may meet with the audit and risk committees.

The audit committee has written terms of reference that deal adequately with its membership, authority and duties. The committee deals with internal financial controls that are in place, assesses their adequacy and makes certain that business, statutory and financial risks have been identified and are being monitored and managed, and that appropriate standards of governance, reporting and compliance are in operation.

The committee is also responsible for reviewing the interim reports and financial statements, internal financial control procedures, accounting policies, compliance and regulatory matters, recommending the appointment of external auditors and other related issues. The audit committee advises the Board on various other issues ranging from the application of accounting standards to published financial information. The Group's external auditors have unrestricted access to the audit committee chairman and, if necessary, the non-executive directors. The audit committee also recommends principles for the use of external auditor for non-audit services. As required by the JSE Listings Requirements 3.84 (h), the audit committee is satisfied that the financial director has appropriate expertise and experience.

Meetings were held bi-annually and were attended by all members.

#### **Accountability and audit**

##### **Going concern**

The Board minutes the facts and assumptions used in the assessment of the going concern status of the Group at the financial year end, following the review by the audit committee. The directors consider their assessment at the reporting stage of the Group's ability to continue as a going concern and determine whether or not, under the guidance of the audit committee, any of the significant factors in the assessment have changed to such an extent that the appropriateness of the going concern assumption at the reporting stage has been affected.

##### **Auditing and accounting**

The Board considers that their auditors, Tuffias Sandberg KSi, observe the highest level of business and professional ethics and that their independence is not in any way impaired. Working papers and management letters as well as reports are drafted and prepared according to a set procedure and according to a common understanding of audit techniques, methods and terminology.

##### **Internal financial controls**

The Group maintains controls and systems designed to provide reasonable assurance as to the integrity and reliability of its financial information, to safeguard its assets and to provide reasonable, but not absolute assurance against material misstatement or loss.

#### **General matters**

##### **Stakeholder communication**

Members of the Board meet on an ad-hoc basis with institutional investors, investment analysts, individuals and members of the financial media. Discussions at such meetings are restricted to matters that are in the public domain.

Shareholders are informed, by means of press announcements and releases in South Africa and/or printed matter sent to such

shareholders, and/or announcements on SENS, of all relevant corporate matters and financial reporting as required in terms of prevailing legislation. In addition, such announcements are communicated via a broad range of channels in both the electronic and print media. The Company maintains a corporate website, [www.nuworld.co.za](http://www.nuworld.co.za), containing financial and other information, including interim and annual results.

##### **Information resources management**

Nu-World, like other organisations, is reliant on information technology ("IT") to effectively and efficiently conduct its business. The Group's IT systems, policies and procedures are reviewed on an ongoing basis to ensure that effective internal controls are in place to manage risk and promote efficiencies, and as far as possible to comply with universally accepted standards and methods. Attention is continuously focused on maximising the benefits whilst minimising the risks associated with all aspects of the IT portfolio in as much as they apply to business operations.

##### **Information security**

Compliance with legislative requirements contributes towards the protection of corporate information, but in itself only addresses a small part of the total number of threats posed to the business arising from its dependencies on information technology and the internet. Security policies and procedures for employees and the use of technologies such as enterprise and personal firewalls, antivirus systems, intrusion monitoring and detection are applied, as well as frequent application of software security "patches" issued by vendors as and when vulnerabilities are discovered.

##### **Restriction on trading in securities**

A formal policy, implemented some years ago, prohibits directors, officers and employees with access to financial information from dealing in the Company's securities, from the date of the end of an interim reporting period until after the interim results have been published and similarly from the end of the financial year until after the audited annual results have been published. Directors and employees are reminded of this policy prior to the commencement of any restricted period.

In addition, no dealing in the Company's securities is permitted by any director, officer or employee whilst in possession of information which could affect the price of the Company's securities and which is not in the public domain.

Directors of the Company and of its subsidiaries are required to obtain clearance from Nu-World's chairman or in the absence of the chairman, from the managing director, prior to dealing in the Company's securities, and to timeously disclose to the Company full details of any transaction for notification to and publication by the JSE.



# SHARE PERFORMANCE

12 months trade  
31 August 2009

12 months trade  
31 August 2008

## Stock exchange performance

Market price per share (cents)

– at year end

1 250

1 650

– highest

1 899

2 884

– lowest

1 250

1 251

Number of shares traded (000)

3 917

8 599

Number of shares in issue (000)

22 646

22 646

Volume traded as a percentage of total shares in issue (%)

17,3

38,0

## Historical share price (cents)





	Number of shareholders	%	Number of shares	%
<b>Shareholder spread</b>				
1 – 25 000 shares	696	92,4	1 117 815	4,9
25 001 – 50 000 shares	11	1,5	352 993	1,6
50 001 – 100 000 shares	13	1,7	975 163	4,3
Over 100 000 shares	33	4,4	20 200 494	89,2
	753	100,0	22 646 465	100,0
<b>Distribution of shareholders</b>				
Banks	6	0,8	3 583	0,1
Close corporations	10	1,3	35 660	0,1
Endowment funds	2	0,3	20 131	0,1
Individuals	565	75,0	1 223 702	5,4
Insurance companies	5	0,7	3 441 449	15,2
Investment companies	1	0,1	1 600 641	4,4
Medical aid schemes	1	0,1	14 700	0,1
Mutual funds	34	4,5	7 518 316	33,2
Nominees and trusts	61	8,1	576 063	2,5
Other corporations	15	2,0	285 740	1,3
Pension funds	18	2,4	1 442 237	5,0
Private companies	18	2,4	159 793	0,7
Public companies	6	0,8	76 146	0,3
Share trusts	2	0,3	1 497 851	6,6
Custodian	8	1,1	5 649 148	24,9
Own Holdings	1	0,1	1 805	0,1
	753	100,0	22 646 465	100,0
<b>Public/non-public shareholders</b>				
<b>Non-public shareholders</b>				
– Directors and associates	3	0,4	557 702	2,4
– Trustee of Employees Share Scheme	2	0,3	1 497 851	6,6
– Strategic Holdings	1	0,1	3 409 303	15,0
– Own Holdings	1	0,1	1 805	0,1
<b>Public shareholders</b>	746	99,1	17 179 804	75,9
	753	100,0	22 646 465	100,0
<b>Beneficial shareholders holding of 5% or more</b>				
Old Mutual Group			3 409 303	15,0
SIS SegalInterSettle AG			3 226 697	14,3
Nu-World Share Trust			1 497 851	6,6