



Nu-World Holdings Limited Annual Report 2008





## MISSION STATEMENT

We at Nu-World, are driven by the quest for excellence across all the disciplines of manufacturing, importing, distributing and exporting, in the Global Market of branded consumer durables, working together with a team of committed, well-trained and empowered employees.

We aim to provide products of outstanding quality to our clients worldwide, superior returns to our shareholders, whilst contributing to the growth of a democratic and prosperous South Africa.

We will strive to be acknowledged, both locally and internationally, as an outstanding source and provider of branded consumer durables.

We will endeavour to ensure that the needs and expectations of our customers are consistently surpassed.

The attainment of this vision and mission, will require a sustained level of superior customer service and support as well as operational excellence, resulting in the continued growth and expansion of our business.



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## FINANCIAL HIGHLIGHTS

Turnover up **5,2%** to **R1 961,9m**

Headline earnings per share down by **17,5%** to **205,5 cents**

Capital distribution per share is **59,3 cents**

Net asset value per share up to **3,8%** to **2592,8 cents**

Cash and cash equivalents at the end of the year is **R139,7 million**



### Group financial results

	2008 R000s	2007 R000s
Revenue	1 961 887	1 865 780
Net operating profit	67 625	116 114
Depreciation	6 097	7 087
Interest paid	6 788	4 691
Profit before taxation	54 740	104 336
Taxation	11 619	15 214
Profit after taxation	43 121	89 122
Minority interest	(2 848)	(3 991)
Net profit attributable to ordinary shareholders	40 273	85 131
Earnings per share (cents)	185,6	389,9
<b>Reconciliation of headline earnings:</b>		
Attributable income	40 273	85 131
Net loss on disposal of subsidiary	3 323	
Profit on sale at trademarks		(30 748)
Headline earnings	43 596	54 383
Earnings per share (cents)	189,8	389,9
Capital distribution per share (cents)	59,3	125,3
Headline earnings per share (cents)	205,5	249,1



## CHAIRMAN'S REVIEW



The 2008 financial year has proved to be the most difficult and challenging since the previous downturn in the economic cycle in the late nineties. It is commendable that directors and management have managed to increase turnover and at the same time to contain the decrease in headline earnings per share to 17,5%. A notable achievement in these challenging times.

The Nu-World Group is a leading South African source for branded consumer durables and a key supplier to most leading South African retailers. Our combined international sourcing for South Africa and our off-shore subsidiaries enables us to buy at best international prices and to pass on competitive pricing to our retail customers. The Group supplies an extensively broad range of affordable consumer durables. Nu-World's product offerings range from products of necessity to aspirational products, selling to consumers across a broad spectrum of life-style categories.

The current global financial crisis and its consequent impact on world economic growth will not leave the South African economy unscathed. Negative growth in South Africa's key export destinations will inevitably result in lower export volumes and lower commodity prices.

The retail industry, the economy's third biggest sector, is experiencing challenging conditions, with economic growth during 2008 having ground to a halt. Consumers have been adversely affected by a cumulative 5% interest rate increase since 2006, higher fuel and food prices, falling house prices and increasing uncertainty about future employment. Retailers and wholesalers alike, expect business conditions to deteriorate and sales volumes to contract further during the last quarter of 2008 and into 2009.

However, South Africa's medium-term growth prospects remain steadfast. South Africa is sticking to its conservative economic policies of fiscal prudence and inflation targeting.

The economic fundamentals of the South Africa of today are substantially sounder than during the emerging market crisis in the late nineties. Subsequent structural changes, such as urbanisation, the emergence of a broader middle class, a supportive fiscal environment and government infrastructure spend, have and will continue to support growth and avoid recession in the South African economy.

The Group operates subsidiaries in Australia and the United Kingdom. Our Australian subsidiaries provided a positive contribution for the year under review. Nu-World U.K. reported a net loss for the period, in what is proving to be a particularly challenging and increasingly competitive recessionary environment.

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 and DIY, furniture and more. The benefits from the strategy to increase

and extend ranges of our product offering, are expected to support revenue for the forthcoming year.

The Nu-World Group employs close to 1,000 people. We are committed to creating a non discriminatory working environment for all. The Group is committed to comply with the DTI's BEE Codes of Good Practice on broad-based black economic empowerment. Our occupational health clinic serves the primary health needs of our employees.

Business conditions will remain challenging during the final quarter of 2008. High interest rates, a tighter credit regime, high food prices, low consumer confidence and an apparent slowdown in employment growth, continue to cloud the retail outlook. However, the beleaguered South African consumer will find some relief in the fact that inflation and interest rates are forecast to have peaked during the third quarter of 2008 and are expected to improve during the first half of 2009. This is of course dependant on the extent of the devaluation of the Rand. The recent downgrading of South Africa's sovereign credit rating by Fitch and Standard & Poor, have impacted the rate of exchange and a weakening Rand will once again revive inflationary pressure.

The BER has further revised its growth forecasts for 2008 down to 3,2%, lower than the annual average growth rate of 5% recorded during the past 3 years. However, government spending on infrastructure in the region of R500m, together with spending for the 2010 Soccer World Cup, will filter through to the tertiary economy and underpin economic growth. The BER is forecasting slower GDP growth of 1,9% for calendar 2009.

Directors and management are confident that strategic initiatives are being put in place to ensure that all companies in the Group are better positioned to withstand these challenging times. The 2009 financial year will be a difficult year, but with ongoing cost-cutting initiatives underway, lower inventory target levels, new product initiatives and range extensions, the Group is positioning itself to weather the economic storm.

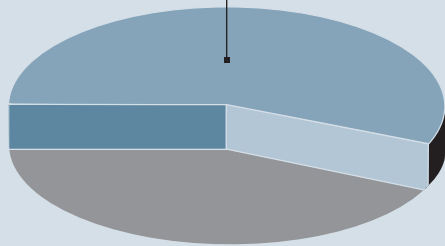
As Chairman, I take this opportunity to thank all staff members, in South Africa and abroad. Thank you for your unwavering support and contribution. We sincerely appreciate your extraordinary commitment to the growth of our group.

**M S Goldberg**  
Executive chairman  
29 October 2008

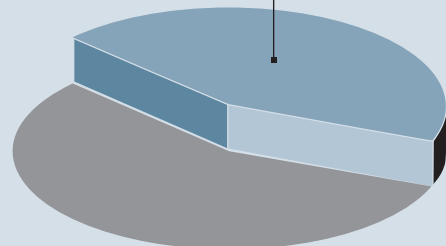
## STATISTICAL INFORMATION

### Geographical revenue 2008

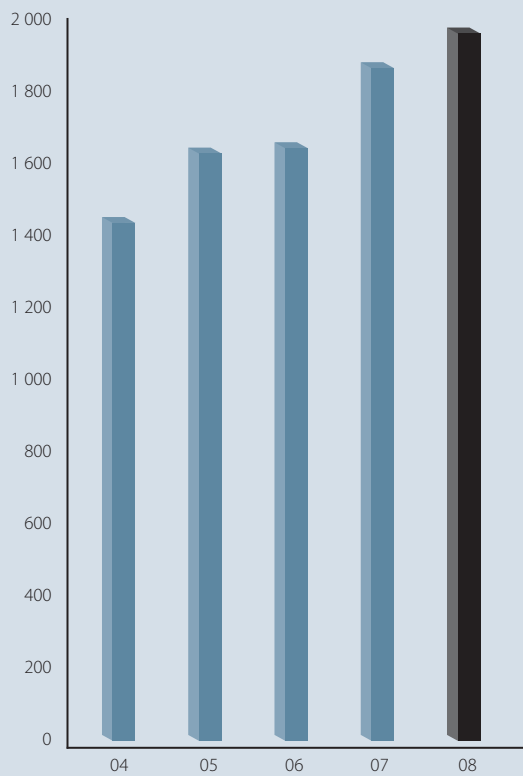
Republic of South Africa  
R1,105 billion



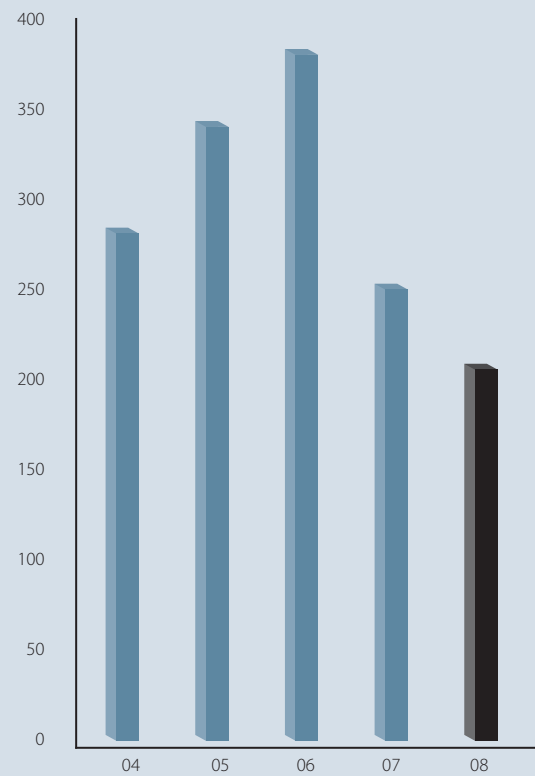
Off-shore subsidiaries  
R857 million



### Turnover (Rm)



### Headline earnings per share (cents)





## MANAGING DIRECTOR'S REVIEW



### Financial overview

The year under review has been both difficult and challenging. Consumers in South Africa are under pressure on many fronts. Falling asset prices are minimising their wealth, slowing growth is threatening their employment, whilst higher interest rates and fuel and food prices are squeezing disposable income. Retailer and wholesaler confidence have been negatively affected as a consequence. After a slow first half of 2008, the remainder of the trading year was adversely impacted by the lower consumer discretionary spend, both in South Africa and abroad.

However, South Africa's medium-term growth prospects remain steadfast. It is apparent that Government's substantial infrastructure program will stretch beyond 2010 and will continue to underpin growth and employment in key sectors of the South African economy. Group turnover increased by 5,2% to R1 961,9 million (August 2007: R1 865,8 million). The South African operation reflected a decrease in revenue of 3,0% for the year under review.

Headline earnings as a percentage of turnover decreased to 2,2% from the previous year's 2,9%. Operating margins came under pressure in an intensely competitive South African marketplace. The weaker Rand and higher fuel and commodity prices are driving up input prices across our product range and pressurising margins. Our subsidiaries in Australia and the United Kingdom are experiencing similar aggressive competition in tight market conditions.

Our off-shore operations contributed 43,7% of Group revenue during the current year, up from 39,0% during the previous year. This increasing percentage of off-shore revenue, where subsidiaries' business models produce lower margins, had an increased effect on overall Group margins.

Although off-shore subsidiaries delivered a higher percentage of revenue, the percentage of off-shore headline income contribution fell to 3,1% from the previous year's 14,2%.

Income before tax is down by 47,5% to R54,7 million (August 2007: R104,3 million). An increase in the effective tax rate from 14,6% to 21,2% further reduced income after tax.

Headline earnings per share on a weighted basis – decreased by 17,5% to 205,5 cents (August 2007: 249,1 cents). Headline earnings was unaffected by the once-off loss incurred on the sale of the U.S.A. subsidiary, effective 1 March 2008.

Capital distribution per share is down 52,7% to 59,3 cents (August 2007: 125,3 cents). Distribution cover remains in line with 2007, at 3 times cover.

Cash utilised by operating activities amounted to R6,6 million – reflected primarily in the higher level of inventories.

The balance sheet remains strong with cash balances on hand of R139,7 million. The Group remains ungeared at the year end. Inventories of R225,0 million whilst lower than levels disclosed at the half-year of R285,9 million, are up 47,0% on the previous year end (August 2007: R153,1 million). All companies in the Group are actively working to reduce overall stock holding to more acceptable levels. Interest paid of R6,8 million is up 44,7% on the previous year (August 2007: R4,7 million) – attributable to the increase in the bank rate, compounded by the cost of increased working capital requirements to fund higher stock levels.

The net asset value per share is up 3,8% to 2 592,8 cents (August 2007: 2 498,1 cents).

### Accounting policies

The final report is prepared on the historical cost basis, except financial instruments, which have been fair valued. This is in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS"), the requirements of the South African Companies Act, IAS 34 – Interim Financial Reporting and the JSE Listings Requirements. The results have been prepared in terms of IFRS statements and are consistent with those applied in the previous year.

### Operational review

#### Off-shore subsidiaries

*Yale Prima Proprietary Limited, Nu-World UK Limited, On Corporation USA.* Yale Prima Proprietary Limited is a 59,4% held subsidiary operating in Sydney Australia. The Australian consumer is under pressure, with high interest rates, tighter access to credit and the increasing cost of food and fuel. Yale Prima's primary customer base has been discounters and sales levels have been maintained to these retailers. The Company seeks to diversify its product offering in the subdued economy. The market for flat panel televisions, an important historical growth driver, has become increasingly competitive and the Company's diversification into less competitive, higher margin opportunities, continues. New ranges of white goods and small electrical appliances are becoming an increasingly important component of the sales mix.

*Primex Products Proprietary Limited.* Yale Prima has wound down and closed the operations of its loss-making subsidiary Primex Products Proprietary Limited, an importer and distributor of house-wares. The outlook for Primex's return to profitability in the foreseeable future was bleak, and the Company was closed to prevent further losses.

*Overstockoutlet Proprietary Limited (www.oo.com.au).* Effective 1 July 2008, the Group acquired a majority shareholding in the online retailer.

## MANAGING DIRECTOR'S REVIEW CONTINUED

Overstockoutlet, is the second largest Australian online internet retailer. Overstockoutlet was incorporated in Sydney in 2004 and enjoys an exclusive relationship with Virgin Blue and its in-flight shopping offering, Velocity. The Company trades primarily in leading international brands in a broad range of consumer products, including leading world brands in consumer electronics, watches, perfumes, toys, DVD's, luggage, manchester, golf and fashion accessories etc.

Nu-World UK Limited is a 60% held subsidiary. The UK subsidiary has experienced a difficult year and reported a net loss for the period, with consumer sentiment and consumer spending remaining under pressure. New product ranges, coupled with a broader customer base and an improved order book for the Christmas season, should benefit the Company in the forthcoming year.

On Corporation USA. Effective 1 March 2008, the Group disposed of its interest in On Corporation USA. This initiative was a conservative move to avoid exposure to the deteriorating USA retail environment.

### Product range

Consumer Electronics \* Small Electrical Appliances \* Conti Motorsport \* Air-Conditioning \* White Goods \* Power Tools \* Generators \* Gas, Paraffin and Solar Appliances \* DIY Home Improvement \* 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 and DIY, furniture and more. Notwithstanding the downturn in the market for consumer electronics, Nu-World is holding its own and increasing market share in certain categories. Nu-World is focusing on value-added up-market products within specific categories – matching the specifications of international brands, but offering a more affordable alternative. The market for televisions, the single largest category of consumer electronics, is increasingly competitive, with aggressive price cutting evident in price-entry CRT TVs. With margins under pressure for entry-level TVs, Nu-World is focusing on middle to high-end flat, slim-line CRTs and flat panel LCDs and Plasmas. The "Telefunken Vegas" range of LCDs and Plasmas has been added to our top-line offering. New models of plug-and-play Home Theatre and digital photo frames, will be available for the Christmas Season.

### Prospects

The current state of the South African economy within the context of the broader global economy represents a challenging trading environment for the new year. Strategic initiatives have been put in place and all companies in the Group have been repositioned to meet these challenges.

Initiatives taken by management during the year under review:

- The on-going right-sizing of inventory levels and the improvement of stock turn.
- The downscaling and consolidation of the local manufacturing division.
- The sale of On Corporation USA – a conservative move to avoid exposure to the deteriorating USA retail environment.
- The winding down and closure of Yale Prima's loss-making Australian subsidiary Primex Products Proprietary Limited.
- The strategic acquisition in Australia of online retailer Overstockoutlet Proprietary Limited.

The Group continually looks to its diversification to sustain growth. The Group is diversified across a broad range of product categories and key brands. In Southern Africa, we are diversified across LSM groupings, from price-entry to top-end. The Group is diversified globally, with operating subsidiaries serving Australasia and the UK. Directors are of the view that 2009 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.

### Capital distribution to shareholders

The Board has resolved to make a distribution to ordinary shareholders from the Company's share premium account amounting to 59,3 cents per ordinary share (the capital distribution).

Notice is hereby given that the Board of directors ("the Board") has resolved to distribute to ordinary shareholders a portion of the share premium account in lieu of a dividend to ordinary shareholders of the Company.

The distribution will be paid in terms of a general authority to make such payments granted to the Board by shareholders at the Company's annual general meeting held on Wednesday, 20 February 2008. The distribution will amount to 59,3 cents per ordinary share, based on a reduction to share premium of R13 429 353.

**J A Goldberg**

Managing director  
29 October 2008



## DIVISIONAL REVIEW

### IMPORTED APPLIANCES



The range of consumer electronics is constantly being realigned to meet the demands and needs of our consumers. We have increased our market share by adding affordable up market quality products and introducing new and innovative products over our wide ranges of international and local brands, whilst enhancing our customer service and support functions.

### MOTORSPORT



The manufacturing division of Nu-World Industries (Proprietary) Limited is the leading local manufacturer of domestic appliances. Although new product initiatives continue, currently the division is going through a consolidation phase, which has included downscaling and cost cutting in an endeavour to meet the demands currently being experienced in the local retail market.

FENICI

GOLDAIR

ideal

CONTI

MAGIC LINE

morphy richards

prima

Sunbeam

JVC



## DIVISIONAL REVIEW CONTINUED

The Nu-World range of imported appliances continues to grow and evolve with the needs of our customers, who have supported us over the years. There has been a sustained drive to introduce new and innovative products. Being able to source internationally for both our local and international operations has allowed us to provide our customers with quality products at affordable prices. We believe this has allowed us to become an outstanding source and provider of consumer durables.



## CONSUMER ELECTRONICS

The motorsports division, with its ever increasing range of products, has proved to be a successful and profitable addition to our product offering in the South African market. Predominantly scooters and quad bikes are being sold, distributed through and serviced nationwide by this division.

## MANUFACTURING



PROTEL

TELEFUNKEN

IDEAS

CASIO

Palsonic

NU-TEC

MURANOTILES



## BOARD OF DIRECTORS



**M S Goldberg (56)**  
**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 31 years' experience in manufacturing and the appliance industry.



**J A Goldberg (53)**  
**Managing director**

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 31 years' experience in manufacturing and the appliance industry.



**G R Hindle (47)**  
**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 25 years' experience in financial management and Information System technology in the manufacturing and electronic environment.



**J M Judin (62)**  
**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 (41)**  
**Non-executive director**

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

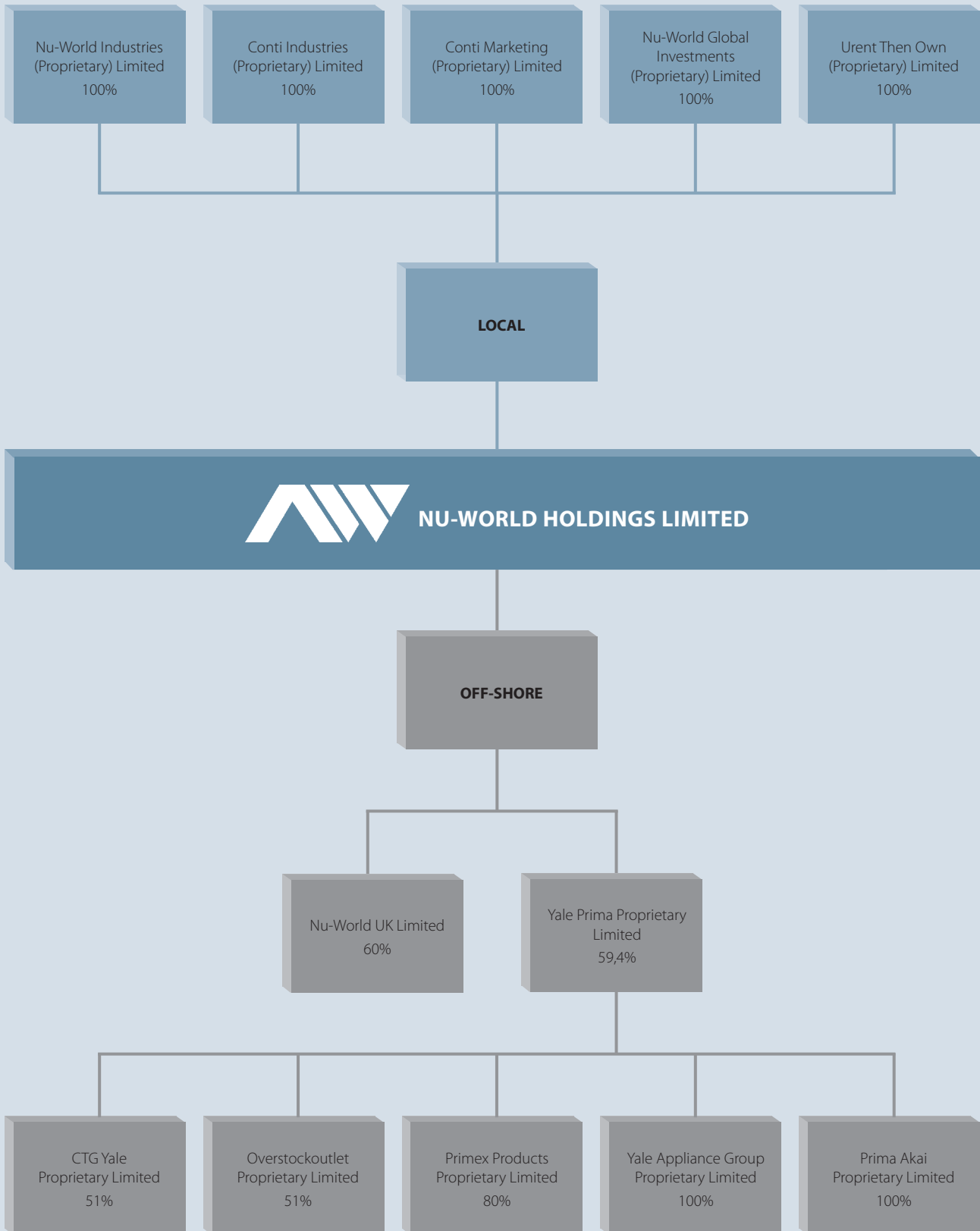
Currently the managing director of Innovative Management Consulting (Proprietary) Limited. Appointed to the Board in 2002 and holds positions as executive and non-executive director for several listed and non-listed companies.

## VALUE ADDED STATEMENT

	2008		2007	
	R000s	%	R000s	%
<b>Revenue</b>	<b>1 961 887</b>	<b>100,00</b>	1 865 780	100,00
Cost of materials, services and expenses	(1 567 934)	(79,92)	(1 466 833)	(78,62)
<b>Value added from trading operations</b>	<b>393 953</b>	<b>20,08</b>	398 947	21,38
Net interest paid	(6 788)	(0,35)	(4 691)	(0,25)
<b>Total value added</b>	<b>387 165</b>	<b>19,73</b>	394 256	21,13
<b>Allocated as follows:</b>				
<b>Employees</b>				
Salaries, wages, commission and other benefits	105 887	5,40	100 285	5,37
<b>Government</b>				
Normal taxation on companies	11 379	0,58	18 949	1,02
Employee tax	14 101	0,72	13 807	0,74
<b>Providers of capital</b>				
Minority interest	2 848	0,15	3 991	0,21
Dividends/capital distribution	28 653	1,45	27 357	1,47
<b>Total wealth distributed</b>	<b>162 868</b>	<b>8,30</b>	164 389	8,81
<b>Re-investment in the Group</b>				
Depreciation	6 097	0,31	7 087	0,38
Retained for future growth	218 200	11,12	222 780	11,94
	<b>387 165</b>	<b>19,73</b>	394 256	21,13



## GROUP STRUCTURE



## HISTORY OF NU-WORLD HOLDINGS LIMITED

- 1946** Nu-World Industries (Proprietary) Limited was established  
The Company began manufacturing electrical wiring accessories
- 1952** Manufacturing of small electrical appliances commenced
- 1980** Nu-World began importing and distributing small electrical appliances
- 1987** Nu-World Holdings Limited listed on the Johannesburg Stock Exchange
- 1995** Nu-World appointed as the sole agent for JVC in South Africa and sub-saharan Africa
- 1999** Nu-Tec consumer electronics introduced
- 2000** Nu-World acquires 33 $\frac{1}{3}$ % of Prima Australasia Proprietary Limited  
Agency/distribution agreement established with Casio/James Ralph (Proprietary) Limited  
Appointed sole agent for Telefunken in South Africa
- 2001** Thomson distribution agreement for South Africa signed  
Telefunken agency for Prima Australasia Proprietary Limited
- 2002** Nu-World increases its holding in Prima Australasia to 51%  
Strategic alliance with Prima International UK Proprietary Limited established
- 2003** Acquired 100% interest in Conti South Africa  
60% investment in Nu-World UK Limited  
Trademark licence and distribution agreement established with Morphy Richards
- 2004** Appointed South African agent for General Electric large appliances  
65% investment in Yale Appliance Group Proprietary Limited  
Introduction of Conti Motorsports division
- 2006** Rationalisation of Prima Australasia Proprietary Limited and Yale Appliance Group Proprietary Limited into Yale Prima (Proprietary) Limited  
45% investment in On Corporation Inc. USA
- 2007** Increased investment in Yale Prima Proprietary Limited to 59,4%  
Introduction of home improvement division
- 2008** Disposed of investment in On Corporation Inc. USA  
Yale Prima Proprietary Limited acquires 51% of online retailer Overstockoutlet Proprietary Limited ([www.oo.com.au](http://www.oo.com.au))



## TEN YEAR REVIEW

	2008 R000s	2007 R000s	2006 R000s	2005 R000s	2004 R000s
<b>Income statement</b>					
Revenue	1 961 887	1 865 780	1 638 724	1 626 122	1 430 804
Operating income	61 528	109 027	121 646	94 215	86 219
Interest paid	6 788	4 691	1 223	7 220	3 606
Income before taxation	54 740	104 336	120 423	86 995	82 613
Taxation	11 619	15 214	29 613	18 212	19 082
Income after taxation	43 121	89 122	90 810	68 783	63 531
Share of income attributable to associated company			(6 994)		
Net income	43 121	89 122	83 816	68 783	63 531
Minority interest	(2 848)	(3 991)	(1 786)	4 444	(2 781)
Attributable income	40 273	85 131	82 030	73 227	60 750
Headline earnings	43 596	54 383	82 030	73 226	60 610
Shares in issue (000s):					
– at year end	21 215	21 833	21 684	21 592	21 597
– weighted average	21 697	21 833	21 684	21 592	21 597
Headline earnings per share (cents)	205,5	249,1	378,3	339,1	280,6
Headline earnings per share (cents)					
– weighted	200,9	249,1	378,3	339,1	280,6
Dividend per share (cents)	59,3	125,3	120,8	92,6	70,3
Dividend cover	3,0	3,0	3,0	3,5	4,0
<b>Balance sheet</b>					
Assets					
Non-current assets					
Property, plant and equipment	35 054	35 839	41 673	44 867	46 997
Deferred taxation	18 383	19 137	18 732		
Investment in financial instruments	51 706				
Investment in associated company					
Intangible assets	52 313	25 107	25 729	18 089	5 926
Current assets					
Inventories	224 998	153 086	179 030	171 340	167 448
Trade and other receivables	239 221	225 793	241 513	227 717	217 528
Bank and cash balances	139 688	287 813	267 578	190 548	161 688
Total assets	761 363	746 775	774 255	652 561	599 587
<b>Equity and liabilities</b>					
Total capital and reserves					
Issued capital	51 410	89 070	115 697	114 684	114 776
Foreign currency translation reserve	2 803	1 246	166	(185)	(813)
Share-based payment reserve	1 839	1 078	538	158	
Retained earnings	494 008	454 012	368 881	307 821	247 434
Minority interest	21 466	51 346	47 949	28 156	23 786
Non-current liabilities					
Interest bearing borrowings	20 000				
Deferred taxation	8 149	7 233	10 607	6 928	4 443
Current liabilities					
Trade and other payables	161 688	142 790	219 056	194 999	209 961
Current portion of interest bearing borrowings			11 361		
Total equity and liabilities	761 363	746 775	774 255	652 561	599 587

## TEN YEAR REVIEW CONTINUED

2003 R000s	2002 R000s	2001 R000s	2000 R000s	1999 R000s	
					<b>Income statement</b>
1 179 455	942 984	884 252	653 772	527 706	Revenue
65 982	56 122	51 487	50 160	35 119	Operating income
5 018	8 355	8 988	6 414	6 098	Interest paid
60 964	47 767	42 499	43 746	29 021	Income before taxation
12 127	9 998	8 336	12 013	6 462	Taxation
48 837	37 769	34 163	31 733	22 559	Income after taxation
	2 296	(135)			Share of income attributable to associated company
48 837	40 065	34 028	31 733	22 559	Net income
(5 738)		(87)	(2 648)		Minority interest
43 099	40 065	33 941	29 085	22 559	Attributable income
43 562	40 065	33 942	29 085	22 559	Headline earnings
21 611	21 695	21 695	21 695	21 327	Shares in issue (000s):
21 611	21 695	21 695	21 584	19 496	– at year end
201,6	184,7	156,4	134,1	105,8	– weighted average
					Headline earnings per share (cents)
					Headline earnings per share (cents)
201,6	184,7	156,4	134,8	105,9	– weighted
39,8	31,3	27,2	22,6	17,0	Dividend per share (cents)
5,0	5,9	5,7	5,9	6,2	Dividend cover
					<b>Balance sheet</b>
					Assets
56 691	57 286	40 954	35 812	24 681	Non-current assets
50 905	36 204	28 089	35 812	24 681	Property, plant and equipment
					Deferred taxation
	21 082	12 865			Investment in financial instruments
5 786					Investment in associated company
					Intangible assets
419 055	361 091	330 648	350 628	273 364	Current assets
132 695	117 384	103 137	132 947	80 324	Inventories
182 923	156 563	162 433	157 150	113 622	Trade and other receivables
103 437	87 144	65 078	60 531	79 418	Bank and cash balances
475 746	418 377	371 602	386 440	298 045	Total assets
					<b>Equity and liabilities</b>
309 071	274 846	240 684	208 101	184 158	Total capital and reserves
115 058	115 849	115 849	117 120	117 449	Issued capital
(1 292)			88		Foreign currency translation reserve
195 305	158 997	124 835	90 893	66 709	Share-based payment reserve
					Retained earnings
20 471			22 880		Minority interest
8 149	8 950	12 973	17 433	23 261	Non-current liabilities
8 149	8 950	5 089	10 119	16 150	Interest bearing borrowings
		7 884	7 314	7 111	Deferred taxation
138 055	134 581	117 945	138 026	90 626	Current liabilities
138 055	134 581	117 915	136 995	88 459	Trade and other payables
		30	1 031	2 167	Current portion of interest bearing borrowings
475 746	418 377	371 602	386 440	298 045	Total equity and liabilities



## CORPORATE SUSTAINABLE DEVELOPMENT

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 fifth 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.

### **BEE subcommittee**

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.

## CORPORATE SUSTAINABLE DEVELOPMENT CONTINUED

### **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.



## CORPORATE CONDUCT AND PERFORMANCE

### 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.

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.

### Audit committee

The Board has appointed an audit committee. Mr J M Judin holds the position of chairman of the committee 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 committee.

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.

### 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

## CORPORATE CONDUCT AND PERFORMANCE CONTINUED

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

	<b>12 months trade 31 August 2008</b>	12 months trade 31 August 2007
Stock exchange performance		
Market price per share (cents)		
– at year end	<b>1 650</b>	3 100
– highest	<b>2 884</b>	4 000
– lowest	<b>1 251</b>	2 765
Number of shares traded (000)	<b>8 599</b>	7 945
Number of shares in issue (000)	<b>22 646</b>	22 646
Volume traded as a percentage of total shares in issue (%)	<b>38,0</b>	35,1



## SHAREHOLDER ANALYSIS

	Number of shareholders	%	Number of shares	%
<b>Shareholder spread</b>				
1 – 25 000 shares	760	92,1	1 319 254	5,8
25 001 – 50 000 shares	16	2,0	514 126	2,3
50 001 – 100 000 shares	14	1,7	1 021 424	4,5
Over 100 000 shares	35	4,2	19 791 661	87,4
	825	100,0	22 646 465	100,0
<b>Distribution of shareholders</b>				
Banks	12	1,5	117 791	0,5
Close corporations	12	1,5	39 060	0,2
Endowment funds	1	0,1	20 103	0,1
Individuals	603	73,1	1 312 009	5,8
Insurance companies	12	1,5	3 270 450	14,4
Investment companies	2	0,2	1 013 496	4,5
Medical aid schemes	1	0,1	14 700	0,1
Mutual funds	40	4,9	8 128 457	35,9
Nominees and trusts	72	8,7	797 010	3,5
Other corporations	11	1,3	5 325	0,1
Pension funds	19	2,3	1 211 959	5,4
Private companies	26	3,1	213 034	0,9
Public companies	5	0,6	69 910	0,3
Share trusts	2	0,2	1 431 852	6,3
Custodian	7	0,9	5 001 309	22,0
	825	100,0	22 646 465	100,0
<b>Public/non-public shareholders</b>				
<b>Non-public shareholders</b>				
– Directors and associates	4	0,5	602 202	2,7
– Trustee of Employees Share Scheme	2	0,2	1 431 852	6,3
– Strategic Holdings	1	0,1	3 062 559	13,5
<b>Public shareholders</b>	818	99,2	17 549 852	77,5
	825	100,0	22 646 465	100,0
<b>Beneficial shareholders holding of 5% or more</b>				
Old Mutual Group			3 732 917	16,5
SIS SegalInterSettle AG			3 228 860	14,3
Nu-World Share Trust			1 431 852	6,3



## DIRECTORS' RESPONSIBILITY FOR AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2008

The annual financial statements, set out on pages 24 to 41 were prepared by management in conformity with International Financial Reporting Standards and the Companies Act, applied on a consistent basis throughout the year, except where otherwise stated. They have been approved by the Board of directors and have been signed on their behalf by the undermentioned directors.

The manner of presentation of the annual financial statements, the selection of accounting policies and the integrity of the financial information are the responsibility of the Board of directors.

To fulfil its responsibilities, the Board of directors has developed and continues to maintain a system of internal controls. These controls are based on established policies and procedures, are implemented by trained skilled personnel with an appropriate segregation of duties and are closely monitored by the Board of directors.

We believe the controls in use are adequate to provide reasonable assurance that assets are safeguarded from loss or unauthorised use and that the financial records may be relied on for preparing the financial statements and maintaining accountability for assets and liabilities.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

After conducting appropriate procedures the directors are satisfied that the Company will be a going concern for the foreseeable future and have continued to adopt the going concern basis in preparing the annual financial statements.

The Board of directors are primarily responsible for the financial affairs of the Group. The auditors are responsible for independently reviewing and reporting on the Group's annual financial statements and the relevant underlying financial controls.

The audit committee is comprised of two non-executive directors and meets bi-annually with the auditors. The auditors have free access to this committee.

The annual financial statements have been examined by the Group's auditors and their report is presented on page 21. The auditors are appointed each year based on the recommendation by the audit committee.

**M S Goldberg**  
Executive director  
Sandton  
29 October 2008

**J A Goldberg**  
Managing director

## CERTIFICATE OF THE COMPANY SECRETARY

as at 31 August 2008

I certify, in accordance with Section 286 G(d) of the Companies Act 1973 (as amended) that the Company has lodged with the Registrar all such returns as are required by a public company in terms of this Act, for the year ended 31 August 2008. Furthermore, all such returns are true and correct.

**B H Haikney**  
Company secretary

Sandton  
29 October 2008

## REPORT OF THE INDEPENDENT AUDITORS

### To the members of Nu-World Holdings Limited

We have audited the Group annual financial statements and annual financial statements of Nu-World Holdings Limited, which comprise the consolidated and separate balance sheets as at 31 August 2008, the consolidated and separate income statements, the consolidated and separate statement of changes in equity, the consolidated and separate cash flow statements for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors report, as set out on pages 24 to 41.

### Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.



### Tuffias Sandberg KSi

Chartered Accountants (SA)

Registered Auditors

Johannesburg

29 October 2008



## REPORT OF THE DIRECTORS

### Nature of business

The Company is a holding Company listed on the JSE Limited South Africa. It's subsidiaries manufacture, import and export a diversified range of electrical appliances, consumer electronics and branded consumer durables.

The results and state of affairs of the Group are reflected in the attached financial statements and commentary thereon is provided in the managing director's review.

### Share capital

#### Authorised share capital

The authorised share capital of the Company comprises 30 000 000 ordinary shares of 1 cent each and 20 000 000 "N" ordinary shares of 0,1 cent each. There were no changes to the authorised share capital for the year under review.

#### Issued share capital

Details of the change in issued share capital is reflected in note 9 on page 32.

#### Unissued share capital

At the forthcoming annual general meeting, members will be asked to place the unissued share capital of the Company under the control of the directors. A resolution for this purpose is included in the notice of the forthcoming annual general meeting.

#### The Nu-World Share Incentive Trust

The Nu-World Share Incentive Trust ("the trust") was established in March 1994. In terms of the trust deed, the aggregate number of ordinary shares in the capital of the Company, which may be made available for purposes of the trust, shall not exceed 10% of the Company's issued share capital.

The trust requires a minimum of two trustees. The current trustees are Messrs R Kinross and J M Judin. No trustee is a beneficiary of the trust.

Refer to note 20 in the attached financial statements for further details.

### Dividend/capital distribution

The Board has resolved to declare a distribution to shareholders by way of a capital distribution out of share premium of 59,3 cents per share. The distribution will be paid in terms of a general authority to make such payments granted to the Board of shareholders at the Company's annual general meeting, held on Wednesday, 20 February 2008.

### Directors

The composition of the Board of directors during the year under review was as follows:

M S Goldberg (Chairman), J A Goldberg (Managing director),  
G R Hindle, J M Judin, D Piaray.

In terms of the articles of association, Messrs G R Hindle, J M Judin and D Piaray retire at the forthcoming annual general meeting, but being eligible offer themselves for re-election.

### Secretary

Mr B H Haikney was company secretary throughout the year.

Business and postal address:

The Secretary  
35, 3rd Street, Wynberg.  
P O Box 8964, Johannesburg.

### Subsidiary companies

Details of the Company's investment in its subsidiaries are set out on page 41 to the annual financial statements.

### Directors' interest in the shares of the Company

The directors' interest, directly and indirectly, in the issued share capital of the Company at the year end represented 4,6%.

There have been no material changes in the directors' interest between 31 August 2008 and the date of this report.

### Post balance sheet events

No material facts or circumstances have occurred between 31 August 2008 and the date of this report.

## REPORT OF THE DIRECTORS CONTINUED

The directors' remuneration in respect of the financial year ended 31 August 2008 was as follows:

Name	Directors' fees	Basic remuneration	Performance bonus	Car/ subsistence allowance	Total 2008	Total 2007
	R000s	R000s	R000s	R000s	R000s	R000s
<b>Executive</b>						
M S Goldberg		3 351		168	3 519	3 384
J A Goldberg		3 351		168	3 519	3 384
G R Hindle		2 364		202	2 566	2 466
<b>Non-executive</b>						
D Piaray	115				115	108
J M Judin	115				115	108
	<b>230</b>	<b>9 066</b>		<b>538</b>	<b>9 834</b>	9 450

The directors' interest in the issued share capital of the Company was as follows:

Name	Direct holding		Indirect holding		Total 2008	Total 2007
	Beneficially	Non-beneficially	Beneficially	Non-beneficially		
<b>Executive</b>						
M S Goldberg	35 000			437 000	472 000	472 000
J A Goldberg			517 610		517 610	517 610
G R Hindle	49 470				49 470	49 470
<b>Non-executive</b>						
J M Judin			26 039		26 039	26 039



## BALANCE SHEETS

as at 31 August 2008

	Note	Group		Company	
		2008 R000s	2007 R000s	2008 R000s	2007 R000s
<b>Assets</b>					
<b>Non-current assets</b>					
		<b>157 456</b>	80 083	<b>47 966</b>	106 510
Property, plant and equipment	2	<b>35 054</b>	35 839		
Intangible assets	3	<b>52 313</b>	25 107		
Investment in subsidiaries	4			<b>47 966</b>	106 510
Investment	5	<b>51 706</b>			
Deferred taxation	6	<b>18 383</b>	19 137		
<b>Current assets</b>					
		<b>603 907</b>	666 692	<b>24 196</b>	39
Inventories	7	<b>224 998</b>	153 086		
Trade and other receivables	8	<b>239 221</b>	225 793	<b>24 157</b>	
Cash and cash resources		<b>139 688</b>	287 813		
Taxation prepaid				<b>39</b>	39
<b>Total assets</b>		<b>761 363</b>	746 775	<b>72 162</b>	106 549
<b>Equity and liabilities</b>					
<b>Capital and reserves</b>					
		<b>571 526</b>	596 752	<b>72 049</b>	106 434
Issued capital	9	<b>51 410</b>	89 070	<b>74 225</b>	111 159
Foreign currency translation reserve		<b>2 803</b>	1 246		
Accumulated profits		<b>494 008</b>	454 012	<b>(2 176)</b>	(4 725)
Share based payment reserve	10	<b>1 839</b>	1 078		
Capital and reserves attributed to equity holdings of the Company		<b>550 060</b>	545 406	<b>72 049</b>	106 434
Minority interest		<b>21 466</b>	51 346		
<b>Non-current liabilities</b>					
		<b>28 149</b>	7 233	-	-
Long term liability	11	<b>20 000</b>			
Deferred taxation	6	<b>8 149</b>	7 233		
<b>Current liabilities</b>					
		<b>161 688</b>	142 790	<b>113</b>	115
Trade and other payables		<b>159 813</b>	136 694	<b>113</b>	115
Taxation		<b>1 875</b>	6 096		
<b>Total equity and liabilities</b>		<b>761 363</b>	746 775	<b>72 162</b>	106 549

## INCOME STATEMENTS

for the year ended 31 August 2008

	Note	Group		Company	
		2008 R000s	2007 R000s	2008 R000s	2007 R000s
<b>Continuing operations</b>					
Revenue	12	<b>1 619 375</b>	1 726 197	<b>404</b>	
Cost of sales		<b>1 281 087</b>	1 356 111		
Gross profit		<b>338 288</b>	370 086	<b>404</b>	–
Other income		<b>10 427</b>	49 007	<b>2 964</b>	563
Operating expenses		<b>295 478</b>	316 880	<b>819</b>	886
Operating profit/(loss) before interest	13	<b>53 237</b>	102 213	<b>2 549</b>	(323)
Interest paid		<b>6 667</b>	4 158		
Profit/(loss) before taxation		<b>46 570</b>	98 055	<b>2 549</b>	(323)
Taxation	14	<b>10 440</b>	14 277		
Net profit/(loss) after taxation from continuing operation		<b>36 130</b>	83 778	<b>2 549</b>	(323)
<b>Discontinued operations</b>					
Revenue	12	<b>342 512</b>	139 583		
Cost of sales		<b>286 847</b>	110 722		
Gross profit		<b>55 665</b>	28 861	–	–
Other income		<b>486</b>			
Operating expenses		<b>47 861</b>	22 048		
Operating profit before interest	13	<b>8 290</b>	6 813	–	–
Interest paid		<b>121</b>	532		
Profit before taxation		<b>8 169</b>	6 281	–	–
Taxation	14	<b>1 178</b>	937		
Net profit after taxation from discontinued operation		<b>6 991</b>	5 344	–	–
Total net income/(loss) after taxation		<b>43 121</b>	89 122	<b>2 549</b>	(323)
Attributable to:					
Minorities		<b>2 848</b>	3 991		
Equity holders of the Company		<b>40 273</b>	85 131	<b>2 549</b>	(323)
		<b>43 121</b>	89 122	<b>2 549</b>	(323)
<b>Reconciliation of headline earnings:</b>					
Attributable income		<b>40 273</b>	85 131		
Net loss on disposal of subsidiary		<b>3 323</b>			
Profit on sale at trademarks			(30 748)		
Headline earnings		<b>43 596</b>	54 383		
Earnings per share (cents)	15	<b>189,8</b>	389,9		
Capital distribution per share (cents)	16	<b>59,3</b>	125,3		
Headline earnings per share		<b>205,5</b>	249,1		



## STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 August 2008

	Issued share capital R000s	Share premium R000s	Treasury share R000s	Foreign currency translation reserve R000s	Accu- mulated profits R000s	Share- based payment reserve R000s	Total R000s	Minority interest R000s	Total equity R000s
<b>Group</b>									
Balance at 31 August 2006	226	136 402	(20 931)	166	368 881	538	485 282	47 949	533 231
Currency translation difference				4 259			4 259		4 259
Transfer to deferred taxation				(1 277)			(1 277)		(1 277)
Transfer to minorities				(1 902)			(1 902)	1 902	
Increase in investment in subsidiary								(2 496)	(2 496)
Net profit for the year					85 131		85 131	3 991	89 122
Dividend paid/capital distribution		(27 357)					(27 357)		(27 357)
Treasury share movement			730				730		730
Transfer of fair value adjustment – transfer to share-based payment reserve						540	540		540
Balance at 31 August 2007	<b>226</b>	<b>109 045</b>	<b>(20 201)</b>	<b>1 246</b>	<b>454 012</b>	<b>1 078</b>	<b>545 406</b>	<b>51 346</b>	<b>596 752</b>
Currency translation difference				<b>4 940</b>			<b>4 940</b>	<b>270</b>	<b>5 210</b>
Transfer to deferred taxation				<b>(1 482)</b>			<b>(1 482)</b>		<b>(1 482)</b>
Transfer to minorities				<b>(1 901)</b>			<b>(1 901)</b>	<b>1 901</b>	
Decrease in investment in subsidiary								<b>(30 453)</b>	<b>(30 453)</b>
Increase in investment in subsidiary								<b>(4 446)</b>	<b>(4 446)</b>
Net profit for the year					<b>40 273</b>		<b>40 273</b>	<b>2 848</b>	<b>43 121</b>
Dividend paid/capital distribution		<b>(28 376)</b>			<b>(277)</b>		<b>(28 653)</b>		<b>(28 653)</b>
Treasury share movement			<b>(726)</b>				<b>(726)</b>		<b>(726)</b>
Transfer of fair value adjustment – transfer to share-based payment reserve						<b>761</b>	<b>761</b>		<b>761</b>
Share repurchase		<b>(8 558)</b>					<b>(8 558)</b>		<b>(8 558)</b>
<b>Balance at 31 August 2008</b>	<b>226</b>	<b>72 111</b>	<b>(20 927)</b>	<b>2 803</b>	<b>494 008</b>	<b>1 839</b>	<b>550 060</b>	<b>21 466</b>	<b>571 526</b>

	Issued share capital R000s	Share premium R000s	Accu- mulated profits R000s	Total equity R000s
<b>Company</b>				
Balance at 31 August 2006	226	138 290	(4 402)	134 114
Net loss for the year			(323)	(323)
Dividend paid/capital distribution		(27 357)		(27 357)
Balance at 31 August 2007	<b>226</b>	<b>110 933</b>	<b>(4 725)</b>	<b>106 434</b>
Net profit for the year			<b>2 549</b>	<b>2 549</b>
Dividend paid/capital distribution		<b>(28 376)</b>		<b>(28 376)</b>
Share repurchase		<b>(8 558)</b>		<b>(8 558)</b>
<b>Balance at 31 August 2008</b>	<b>226</b>	<b>73 999</b>	<b>(2 176)</b>	<b>72 049</b>

## CASH FLOW STATEMENTS

for the year ended 31 August 2008

	Note	Group		Company	
		2008 R000s	2007 R000s	2008 R000s	2007 R000s
<b>Cash flows from operating activities</b>		<b>(56 070)</b>	34 187	<b>(49 985)</b>	(27 717)
Receipts from customers		<b>1 975 315</b>	1 881 465	<b>404</b>	
Paid to suppliers and employees		<b>(1 988 593)</b>	(1 795 676)	<b>(22 812)</b>	(360)
(Absorbed by)/generated from operations	17.1	<b>(13 278)</b>	85 789	<b>(22 408)</b>	(360)
Investment income		<b>7 016</b>	7 982	<b>799</b>	
Interest paid		<b>(6 789)</b>	(4 691)		
Taxation paid	17.2	<b>(14 366)</b>	(27 536)		
Dividends paid	17.3	<b>(28 653)</b>	(27 357)	<b>(28 376)</b>	(27 357)
<b>Cash flows from investing activities</b>		<b>(112 055)</b>	(2 590)	<b>49 985</b>	27 717
Additions to property, plant and equipment		<b>(2 897)</b>	(2 767)		
Proceeds on disposal of property, plant and equipment		<b>98</b>	1 320		
Investment in financial instruments		<b>(51 706)</b>			
Increase/(decrease) in investment in subsidiary	17.4.1		(1 873)	<b>21 592</b>	(1 873)
Acquisition of subsidiaries	17.4.2	<b>(38 798)</b>			
Increase in amounts due by subsidiaries				<b>36 951</b>	29 590
Disposal of subsidiary	17.4.3	<b>(9 468)</b>			
Increase in investment in treasury shares		<b>(726)</b>	730		
Share repurchase		<b>(8 558)</b>		<b>(8 558)</b>	
<b>Cash flows from financing activities</b>		<b>20 000</b>	(11 362)	-	-
Increase/(decrease) in interest bearing borrowings		<b>20 000</b>	(11 362)		
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(148 125)</b>	20 235	-	-
<b>Cash and cash equivalents at the beginning of the year</b>		<b>287 813</b>	267 578		
<b>Cash and cash equivalents at the end of the year</b>	17.5	<b>139 688</b>	287 813	-	-



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2008

## 1. Basis of preparation and accounting policies

### 1.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), its interpretations adopted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") and the requirements of the Companies Act.

### 1.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial instruments to fair value.

### 1.3 Accounting policies

The financial statements incorporate the following principal accounting policies, which have been applied consistently in all material respects with those applied in the previous year.

#### 1.3.1 Basis of consolidation

The consolidated financial statements include those of Nu-World Holdings Limited and its subsidiaries. A subsidiary being defined as a company in which Nu-World has the power to govern the financial and operating activities. The results of any subsidiary acquired or disposed of during the year are included from the date effective control commenced to the date that effective control ceased. Significant intercompany transactions and balances and any resultant unrealised profits have been eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein.

#### 1.3.2 Investment in subsidiaries

Investment in subsidiaries are stated at cost less impairment losses.

#### 1.3.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and are depreciated on the reducing balance basis at rates, which approximate their useful lives.

Depreciation is provided at the following rates:

Plant and machinery	15%
Moulds and dies	15%
Computers and software	25%
Motor vehicles	25%
Equipment	20%
Furniture, fixtures and fittings	10%
Leasehold improvements	10%

#### 1.3.4 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on the weighted average basis. Net realisable value is the estimate of the selling price in the

ordinary course of business less the costs of completion and selling expenses. The value of work in progress and finished goods includes direct costs and an appropriate proportion of manufacturing overheads. Specific provisions are made for slow moving, obsolete and redundant inventories.

#### 1.3.5 Foreign currencies

##### *Foreign entities*

The balance sheets of the consolidated foreign subsidiaries are translated into South African Rand at rates of exchange ruling at year end. The related income statements are translated at the weighted average rate of exchange for the period. Aggregate gains or losses on the translation of the foreign subsidiaries are taken directly to a foreign currency translation reserve.

##### *Foreign currency transactions and balances*

Transactions in foreign currencies are translated at the rate of exchange ruling on the transaction dates. Gains and losses on settlement of these amounts are included in operating profit when they arise.

Monetary assets and liabilities denominated in foreign currencies are brought to account or valued at the rates of exchange ruling at the balance sheet date. Unrealised differences on monetary assets and liabilities are recognised in the income statement in the period in which they occur.

#### 1.3.6 Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

##### *Trade receivables*

Trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

##### *Cash and cash resources*

Cash and cash resources comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### *Trade payables*

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2008

### *Derivatives*

Derivatives including forward foreign exchange contracts and financial future options are categorised as held-for-trading. Assets in this category are classified as current assets. Purchases and settlements of derivative financial instruments are recognised on the trade date at cost and are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of derivative financial instruments are included in the income statement as other income or other expenses in the period in which they arise. The fair value of forward foreign exchange contracts and financial future options is determined using exchange rates at the balance sheet date. The Group does not apply hedge accounting.

### 1.3.7 Earnings per share

Earnings per share has been calculated on the basis of net profit attributable to equity holders of the Company in relation to the weighted average number of shares in issue during the financial year.

### 1.3.8 Deferred taxation

Deferred taxation is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted taxation rates are used to determine deferred taxation. Deferred taxation assets are recognised to the extent that it is probable that future taxable profits will be available against which to offset the deductible temporary difference.

Management applies judgement to determine whether sufficient future taxable profits will be available after considering, amongst others, factors such as profit histories, forecasted cash flows and budgets.

### 1.3.9 Retirement benefits

The policy of the Group is to contribute to a defined contribution fund on behalf of employees. Contributions to the retirement funds operated for employees are charged to income as incurred.

### 1.3.10 Revenue recognition

The sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer. Interest income is recognised on a time proportion basis. Dividend income is recognised when shareholders are entitled to such dividend.

### 1.3.11 Intangible assets

#### *Goodwill*

The difference between the fair value of the consideration paid and the fair value of net tangible assets of subsidiaries at the date of acquisition is charged or credited to goodwill arising on consolidation. Goodwill is not amortised, instead it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

If the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the Company shall:

- reassess the identification and measurement of the identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- recognise immediately in profit or loss any excess remaining after that assessment.

The Group's policy for goodwill arising on the acquisition of an associate is described under "Investment in associates" above.

#### *Intellectual property*

Intellectual property is recognised at directors valuation on the acquisition of subsidiary. Intellectual property has a finite useful life and is carried at directors' initial valuation less any accumulated amortisation and any impairment losses. Intellectual property is amortised over its useful life, which is estimated to be 20 years. The useful life will be reviewed at each balance sheet date.

### 1.3.12 Share-based payments

The Group provides employees with the ability to purchase the Company's shares at a discount to the market value. The Group records an expense, based on its estimate of the discount related to shares expected to vest, on a straight line basis over the vesting period with a corresponding increase in the share-based payment reserve.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2008

	Group		Company	
	2008 R000s	2007 R000s	2008 R000s	2007 R000s
<b>4. Investment in subsidiaries</b>				
Shares at valuation			<b>87 291</b>	108 883
Amount owing by subsidiaries			<b>(39 325)</b>	(2 373)
			<b>47 966</b>	106 510
<p>The above loans are unsecured, interest free, with no fixed terms of repayment. Refer to page 41 for analysis of subsidiaries.</p>				
<b>5. Investment</b>				
Unlisted investment at cost				
HY Investments 19 (Proprietary) Limited	<b>51 706</b>			
<p>Two redeemable cumulative preference shares, redeemable on 18 October 2012.</p> <p>Dividends are receivable at a rate of 10,6% nominal annual, compounded semi-annually.</p>				
<b>6. Deferred taxation</b>				
Balance at beginning of year	<b>(11 904)</b>	(8 125)		
Charge to income statement	<b>239</b>	(3 735)		
– Capital allowances	<b>(411)</b>	(175)		
– Allowances for future expenditure		(4 467)		
– Other temporary differences	<b>852</b>	907		
– Rate adjustment	<b>(202)</b>			
Amounts not charged to income statement – translation reserve	<b>1 431</b>	(44)		
	<b>(10 234)</b>	(11 904)		
<p>Balance consists of:</p>				
Asset	<b>18 383</b>	19 137		
Computed tax losses	<b>18 383</b>	19 137		
Liability	<b>8 149</b>	7 233		
Capital allowances	<b>5 856</b>	6 491		
Other temporary differences	<b>(563)</b>	(631)		
Translation reserve	<b>2 856</b>	1 373		
	<b>(10 234)</b>	(11 904)		
<b>7. Inventories</b>				
Raw materials	<b>19 010</b>	16 806		
Work in progress	<b>3 571</b>	3 442		
Finished goods	<b>202 417</b>	132 838		
	<b>224 998</b>	153 086		



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2008

	Group		Company	
	2008 R000s	2007 R000s	2008 R000s	2007 R000s
<b>8. Trade and other receivables</b>				
Trade receivables	184 941	189 549		
Other	54 280	36 244	24 157	
	<b>239 221</b>	225 793	<b>24 157</b>	–
<b>Ageing of past due but not impaired trade receivables</b>				
Not past due	177 640	184 016		
Past due	7 301	5 533		
	<b>184 941</b>	189 549		
The maximum exposure to credit risk for gross trade and other receivables at the reporting date by geographical region was:				
South Africa	193 947	176 309	24 157	
Australasia	37 376	36 390		
Europe	7 898	8 202		
North America		4 892		
	<b>239 221</b>	225 793	<b>24 157</b>	–
<b>9. Share capital</b>				
<b>Authorised</b>				
30 000 000 ordinary shares of 1 cent each	300	300	300	300
20 000 000 "N" ordinary shares of 0,1 cent each	20	20	20	20
	<b>320</b>	320	<b>320</b>	320
<b>Issued</b>				
22 646 465 (2007: 22 646 465) ordinary shares of 1 cent each	226	226	226	226
<b>Treasury share</b>	(20 927)	(20 201)		
<b>Share premium</b>	72 111	109 045	73 999	110 933
Capital distribution	(55 732)	(27 357)	(55 732)	(27 357)
Arising on shares issued	141 664	141 664	141 664	141 664
Share issue expenses written off	(3 374)	(3 374)	(3 374)	(3 374)
Goodwill arising on consolidation	(1 888)	(1 888)		
Shares repurchased	(8 559)		(8 559)	
	<b>51 410</b>	89 070	<b>74 225</b>	111 159
<b>10. Share-based payment reserve</b>				
Equity arising on share-based payment transactions	1 839	1 078		
<b>11. Long term liability</b>				
The loan from Gap Finance 19 (Proprietary) Limited is repayable on 18 October 2012, bears interest at a fixed rate of 12,05% compounded semi annually in arrear and is secured by a fellow subsidiary of Nu-World Holdings Ltd.	20 000			

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2008

	Group		Company	
	2008 R000s	2007 R000s	2008 R000s	2007 R000s
<b>12. Revenue</b>				
<b>12.1 Group</b>				
Continuing operations	<b>1 619 375</b>	1 726 197		
Discontinued operation	<b>342 512</b>	139 583		
Consolidated revenue comprises the net invoiced value of goods supplied to customers, less trade discounts where applicable.	<b>1 961 887</b>	1 865 780		
<b>12.2 Company</b>				
Revenue comprises dividends from a subsidiary company.			<b>404</b>	
<b>13. Operating profit</b>				
Operating profit is arrived at after taking into account:				
<b>Income</b>				
Foreign exchange profits	<b>7 869</b>	9 319		
Investment income	<b>7 016</b>	7 982		
Profit on sale of trademarks		31 706		
<b>Expenditure</b>				
Auditors' remuneration	<b>1 166</b>	1 007	<b>18</b>	32
Audit fees	<b>934</b>	798	<b>15</b>	14
Fees for other services	<b>232</b>	194	<b>3</b>	3
Under provision prior year		15		15
Depreciation of property, plant and equipment	<b>6 097</b>	7 087		
Plant and machinery	<b>3 660</b>	4 184		
Leasehold improvements	<b>519</b>	609		
Motor vehicles	<b>536</b>	741		
Office equipment and furniture	<b>1 382</b>	1 553		
Directors' executive emoluments				
Paid by company			<b>230</b>	215
Paid by subsidiary	<b>16 815</b>	17 935		
Loss on disposal of property, plant and equipment	<b>114</b>	99		
Operating lease rentals				
Property	<b>9 468</b>	8 661		



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2008

	Group		Company	
	2008 R000s	2007 R000s	2008 R000s	2007 R000s
<b>14. Taxation</b>				
<b>14.1 Charge to income statement</b>				
<b>South African normal taxation</b>	<b>11 386</b>	17 993		
– Current year	<b>11 392</b>	17 035		
– Capital gains tax		958		
– Prior year	<b>(6)</b>			
<b>South African deferred taxation</b>	<b>(567)</b>	(4 652)		
– Current year	<b>(567)</b>	(4 652)		
<b>Foreign taxation</b>	<b>(7)</b>	957		
– Current year	<b>(7)</b>	957		
<b>Foreign deferred taxation</b>	<b>806</b>	916		
– Current year	<b>806</b>	916		
	<b>11 618</b>	15 214		
<b>14.2 Reconciliation of rates of taxation</b>				
Statutory tax rate	<b>28,00%</b>	29,00%		
Adjusted for:	<b>(6,78%)</b>	(14,42%)		
Permanent differences	<b>(3,75%)</b>	(12,59%)		
Foreign taxation	<b>(2,63%)</b>	(0,92%)		
Capital gains tax		(0,91%)		
Attributable to rate change	<b>(0,40%)</b>			
Effective tax rate	<b>21,22%</b>	14,58%		
<b>14.3</b>	<p>The Group has a tax loss of R1 219 712 (2007: R11 781 942) to carry forward to set off against future taxable income. These have not been recognised in these financial statements due to uncertainty of their recoverability.</p>			
<b>15. Earnings per share and headline earnings per share</b>				
<p>The calculation of earnings per share is based on earnings of R40 273 071 (2007: R85 130 750) for the year and a weighted average of 21 696 807 (2007: 21 833 040) shares in issue for the year.</p>				
<p>The calculation of headline earnings per share of 205,5 cents (2007: 249,1 cents) is based on headline earnings of R43 596 210 (2007: R54 382 768) and a weighted average of 21 696 807 (2007: 21 833 040) shares in issue. The following adjustments to income attributable to shareholders were taken into account in the calculation of headline earnings:</p>				
Attributable to ordinary shareholders	<b>40 273</b>	85 131		
Profit on sale of trademarks		(30 748)		
Net loss on disposal of subsidiary	<b>3 323</b>			
Headline earnings	<b>43 596</b>	54 383		

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2008

	Group		Company	
	2008 R000s	2007 R000s	2008 R000s	2008 R000s
<b>16. Capital distribution</b>	<b>13 429</b>	28 376	<b>13 429</b>	28 376
<p>It is the Company's policy to declare only one dividend per year.            The Board has resolved to declare a distribution to shareholders by way of a capital distribution out of share premium of 59,3 cents (2007: 125,3 cents) per share in respect of the year ended 31 August 2008.</p>				
<b>17. Cash flow information</b>				
<b>17.1 Cash (absorbed by)/generated from operations</b>				
Operating profit/(loss) from continuing operations	<b>53 238</b>	102 213	<b>2 549</b>	(323)
Operating profit from discontinued operation	<b>8 290</b>	6 814		
Operating profit/(loss) before interest and taxation	<b>61 528</b>	109 027	<b>2 549</b>	(323)
Adjustments for:				
Loss on disposal of subsidiary	<b>2 906</b>			
Depreciation	<b>6 097</b>	7 087		
Transfer of fair value adjustment	<b>761</b>	540		
Loss on disposal of property, plant and equipment	<b>114</b>	100		
Investment income	<b>(7 016)</b>	(7 982)	<b>(799)</b>	
Translation difference	<b>9 875</b>	3 033		
Operating profit/(loss) before working capital changes	<b>74 265</b>	111 805	<b>1 750</b>	(323)
Working capital changes	<b>(87 543)</b>	(26 016)	<b>(24 158)</b>	(37)
(Increase)/decrease in inventories	<b>(55 749)</b>	25 944		
(Increase)/decrease in trade and other receivables	<b>(66 257)</b>	15 685	<b>(24 156)</b>	
Increase/(decrease) in trade and other payables	<b>34 463</b>	(67 645)	<b>(2)</b>	(37)
	<b>(13 278)</b>	85 789	<b>(22 408)</b>	(360)
<b>17.2 Taxation paid</b>				
Amount (unpaid)/prepaid at beginning of year	<b>(6 096)</b>	(14 683)	<b>39</b>	39
Amounts charged to the income statement	<b>(11 379)</b>	(18 949)		
Disposal of subsidiary	<b>1 233</b>			
Amounts unpaid/(prepaid) at end of year	<b>1 876</b>	6 096	<b>(39)</b>	(39)
	<b>(14 366)</b>	(27 536)	<b>-</b>	-



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2008

	Group		Company	
	2008 R000s	2007 R000s	2008 R000s	2007 R000s
<b>17. Cash flow information (continued)</b>				
<b>17.3 Dividends paid</b>				
Amounts unpaid at beginning of year				
Amounts charged to the income statement	(277)			
Capital distribution	(28 376)	(27 357)	(28 376)	(27 357)
Amounts unpaid at end of year				
	(28 653)	(27 357)	(28 376)	(27 357)
<b>17.4 Acquisition of subsidiaries</b>				
<b>17.4.1 Increase in investment in Yale Prima Proprietary Limited</b>				
Fair value of assets acquired from minority		2 496		2 496
Goodwill		(623)		(623)
Net cash purchase price	–	1 873	–	1 873
<b>17.4.2 Acquisition of subsidiary Primex Products Proprietary Limited</b>				
Fair value of assets acquired				
Goodwill	296			
Net cash purchase price	296	–		
<b>Acquisition of subsidiary Overstockoutlet Proprietary Limited</b>				
Plant and equipment	3 041			
Cash and cash equivalents	(14 454)			
Inventories	22 002			
Trade and other receivables	115			
Trade and other payables	(19 777)			
Fair value of assets acquired	(9 073)	–		
Minority interest	4 446			
Goodwill	14 322			
Intellectual property	14 322			
Purchase price	24 017	–		
Cash and cash equivalents on acquisition	14 454			
Net cash purchase price	38 471	–		
<b>Acquisition of subsidiary CTG Yale Proprietary Limited</b>				
Fair value of assets required				
Goodwill	31			
Net cash purchase price	31	–		
	38 798	–		

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2008

	Group		Company	
	2008 R000s	2007 R000s	2008 R000s	2007 R000s
<b>17. Cash flow information (continued)</b>				
<b>17.4.3 Disposal of subsidiary</b>				
<b>On Corporation Inc.</b>				
Property, plant and equipment	484			
Cash and cash equivalents	33 243			
Inventories	5 840			
Trade and other receivables	52 943			
Trade and other payables	(31 123)			
Translation difference	(4 785)			
Receiver of revenue	(1 233)			
Fair value of assets disposed off	55 369	–		
Minority interest	(30 453)			
Goodwill	1 765			
Loss on disposal	(2 906)			
Purchase price	23 775	–		
Cash and cash equivalents on acquisition	(33 243)			
Net cash purchase price	(9 468)	–		
<b>17.5 Cash and cash equivalents</b>				
Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market instruments.	139 688	287 813		
<b>18. Related party transactions</b>				
<b>Transactions with group companies</b>				
Nu-World Industries (Proprietary) Limited; Nu-World Strategic Investments (Proprietary) Limited; Conti Marketing (Proprietary) Limited; Conti Industries (Proprietary) Limited; Yale Prima Proprietary Limited and Nu-World U.K. Limited are subsidiaries of Nu-World Holdings Limited.				
Related party transactions are conducted at arms length.				
Transactions with related parties are as follows:				
Nu-World Industries (Proprietary) Limited is a wholly owned subsidiary and the main manufacturing and trading entity of the Group.				
Nu-World Industries (Proprietary) Limited has a Procurement, Purchasing and Assembly Agreement with Conti Industries (Proprietary) Limited and a Warehousing and Distribution Agreement with Conti Marketing (Proprietary) Limited.				
Manufactured goods are exported to Yale Prima Proprietary Limited and Nu-World U.K. Limited.				
<b>19. Retirement benefits</b>				
The Group contributes to either a defined contribution pension fund or provident fund. These funds are registered under the Pension funds Act, 1956.				
Non-scheduled employees may choose to which fund they wish to belong.				



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2008

	2008 Shares	2007 Shares
<b>20. Share incentive and option scheme</b>		
During March 1994 a share incentive and option scheme was created.		
Total number of shares available to be utilised for the share incentive and option scheme:		
Opening balance – unissued shares	818 125	962 575
Shares purchased during the year	613 727	145 550
Shares issued during the year		(290 000)
Closing balance – unissued shares	1 431 852	818 125
The abovementioned shares are under the control of the Company's executive directors.		
	R000s	Group R000s
<b>21. Operating lease arrangements</b>		
<b>21.1 The Group as lessee</b>		
Property		
Due within one year	11 394	5 720
Due within two to five years	27 829	19 892
	39 223	25 612
<b>21.2 The Group as lessor</b>		
The Group leases certain consumer electronics to the public in terms of operating lease agreements. The following represents the future minimum lease payments in terms of the operating lease agreements:		
Due within one year	383	
Due within two to five years	202	
	585	–
<b>22. Financial risk management</b>		
Senior executives meet on a regular basis to analyse interest rate exposures and evaluate treasury management strategies against revised economic forecasts. Compliance with Group policies and exposure limits are reviewed at quarterly meetings of the Board. The directors believe, to the best of their knowledge, that there are no undisclosed financial risks.		
<b>22.1 Interest rate management</b>		
As part of the process of managing the Group's fixed and floating borrowings, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.		
<b>22.2 Foreign currency management</b>		
Foreign exchange commitments are managed using forward exchange contracts and the natural hedge derived from uncovered export proceeds. At 31 August 2008 forward exchange contracts amounted to USD18,3 million (2007: USD15,75 million).		
<b>22.3 Credit risk management</b>		
Potential concentrations of credit risk consist principally of trade receivables and short-term cash investments.		
The Group only deposits short-term cash surpluses with major banks of high quality credit standing. Trade receivables comprise a large, widespread customer base. The granting of credit is controlled via credit applications, rigorous credit reviews, and the assumptions therein are reviewed and updated on an ongoing basis. At 31 August 2008, the Group did not consider that any significant concentration of credit risk existed which had not been adequately provided for.		
<b>22.4 Liquidity risk</b>		
The Group manages liquidity risk by the proper management of working capital and cash flows. The risk of illiquidity is not considered probable as the Group has substantial banking facilities available.		
<b>23. Contingent liabilities</b>		
The Group has signed guarantee's for bank borrowings and other loan facilities on behalf of their wholly owned subsidiary, Nu-World Industries (Proprietary) Limited, which at year end amounted to R372,5 million (2007: R372,5 million).		

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2008

### 24. Accounting statements issued, not yet effective

At the date of authorisation of these financial statements, the following new standards and interpretations and amendments to existing standards were in issue but not yet effective:

Standard	Details of amendment	Annual periods beginning on or after
IFRS 1 – First-time adoption of International Financial Reporting Standards	<ul style="list-style-type: none"> <li>▪ Measurements of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRS for the first time.</li> </ul>	1 January 2009
IFRS 2 – Share based payments	<ul style="list-style-type: none"> <li>▪ Amendments to vesting conditions and cancellations.</li> </ul>	1 January 2009
IFRS 3 – Business combinations	<ul style="list-style-type: none"> <li>▪ Amendments to accounting for business combinations.</li> </ul>	1 July 2009
IFRS 5 – Non-current assets held for sale and discontinued operations	<ul style="list-style-type: none"> <li>▪ Plan to sell the controlling interest in a subsidiary.</li> </ul>	1 July 2009
IFRS 7 – Financial instruments: disclosures	<ul style="list-style-type: none"> <li>▪ Presentation of finance costs.</li> </ul>	1 January 2009
IFRS 8 – Operating segments	<ul style="list-style-type: none"> <li>▪ New standard on segment reporting (replaces IAS 14).</li> </ul>	1 January 2009
IAS 1 – Presentation of financial statements	<ul style="list-style-type: none"> <li>▪ Amendments to structure of financial statements.</li> <li>▪ Current/non-current classification of derivatives.</li> </ul>	1 January 2009
IAS 8 – Accounting policies, changes in accounting estimates and errors	<ul style="list-style-type: none"> <li>▪ Status of implementation guidance.</li> </ul>	1 January 2009
IAS 10 – Events after the reporting period	<ul style="list-style-type: none"> <li>▪ Dividends declared after the end of the reporting period.</li> </ul>	1 January 2009
IAS 16 – Property, plant and equipment	<ul style="list-style-type: none"> <li>▪ Recoverable amount.</li> <li>▪ Sale of assets held for rental.</li> </ul>	1 January 2009
IAS 18 – Revenue	<ul style="list-style-type: none"> <li>▪ Costs of originating a loan.</li> </ul>	1 January 2009
IAS 19 – Employee benefits	<ul style="list-style-type: none"> <li>▪ Curtailments and negative past service costs.</li> <li>▪ Planned administration costs.</li> <li>▪ Replacement of term ‘fall due’.</li> <li>▪ Guidance on contingent liabilities.</li> </ul>	1 January 2009
IAS 20 – Accounting for government grants and disclosure of government assistance	<ul style="list-style-type: none"> <li>▪ Government loans with a below-market rate of interest.</li> <li>▪ Consistency of terminology with other IFRSs.</li> </ul>	1 January 2009
IAS 23 – Borrowing costs	<ul style="list-style-type: none"> <li>▪ Amendment requiring capitalisation only model.</li> <li>▪ Components of borrowing costs.</li> </ul>	1 January 2009
IAS 27 – Consolidated and separate financial	<ul style="list-style-type: none"> <li>▪ Amendment dealing with measurement of the cost of investments when adopting IFRS for the first time.</li> <li>▪ Consequential amendments from changes to business combinations.</li> <li>▪ Measurement of subsidiary held for sale in separate financial statements.</li> </ul>	1 January 2009
IAS 28 – Investments in associates	<ul style="list-style-type: none"> <li>▪ Consequential amendments from changes to business combinations.</li> <li>▪ Required disclosures when investments in associates are accounted for at fair value through profit or loss.</li> <li>▪ Impairment of investment in associate.</li> </ul>	1 January 2009
IAS 29 – Financial reporting in hyperinflationary economies	<ul style="list-style-type: none"> <li>▪ Description of measurement basis in financial statements.</li> <li>▪ Consistency of terminology with other IFRSs.</li> </ul>	1 January 2009



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2008

### 24. Accounting statements issued, not yet effective (continued)

Standard	Details of amendment	Annual periods beginning on or after
IAS 31 – Interests in joint ventures	<ul style="list-style-type: none"> <li>▪ Consequential amendments from changes to business combinations.</li> <li>▪ Required disclosures when interest in jointly controlled entities are accounted for at fair value through profit or loss.</li> </ul>	1 January 2009
IAS 32 – Financial instruments: presentation	<ul style="list-style-type: none"> <li>▪ Certain financial instruments will be classified as equity whereas, prior to these amendments, they would have been classified as financial liabilities.</li> </ul>	1 January 2009
IAS 34 – Interim financial reporting	<ul style="list-style-type: none"> <li>▪ Earnings per share disclosures in interim financial reports.</li> </ul>	1 January 2009
IAS 36 – Impairment of assets	<ul style="list-style-type: none"> <li>▪ Disclosure of estimates used to determine recoverable amount.</li> </ul>	1 January 2009
IAS 38 – Intangible assets	<ul style="list-style-type: none"> <li>▪ Advertising and promotional activities.</li> <li>▪ Unit of production method of amortisation.</li> </ul>	1 January 2009
IAS 39 – Financial instruments: recognition and measurement	<ul style="list-style-type: none"> <li>▪ Reclassification of derivatives into or out of the classification of at fair value through profit or loss.</li> <li>▪ Designating and documenting hedges at the segment level.</li> <li>▪ Applicable effective interest rate on cessation of fair value hedge accounting.</li> </ul>	1 January 2009
IAS 39 – Financial instruments: recognition and measurement	<ul style="list-style-type: none"> <li>▪ Clarifies two hedge accounting issues: <ul style="list-style-type: none"> <li>– Inflation in a financial hedged item.</li> <li>– A one-sided risk in a hedged item.</li> </ul> </li> </ul>	1 July 2009
IAS 40 – Investment property	<ul style="list-style-type: none"> <li>▪ Property under construction or development for future use as investment property.</li> <li>▪ Consistency of terminology with IAS 8.</li> <li>▪ Investment property held under lease.</li> </ul>	1 January 2009
IAS 41 – Agriculture	<ul style="list-style-type: none"> <li>▪ Discount rate for fair value calculations.</li> <li>▪ Additional biological transformation.</li> <li>▪ Examples of agricultural produce and products.</li> <li>▪ Point-of-sale costs.</li> </ul>	1 January 2009
<b>Interpretations</b>		<b>Annual periods beginning on or after</b>
IFRIC 12 – Service concession arrangements		1 January 2008
IFRIC 13 – Customer loyalty programmes		1 July 2008
IFRIC 14 IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction		1 January 2008
IFRIC 15 – Agreements for the construction of real estate		1 January 2008
IFRIC 16 – Hedges of a net investment in a foreign operation		1 October 2008

The directors anticipate that the adoption of these standards and interpretations and amendments to existing standards in future period will have no material impact on the financial statements of the Group.

## INTEREST IN SUBSIDIARIES

as at 31 August 2008

	Issued share capital		Effective shareholding		Shares at valuation		Loans receivable/ (payable)	
	2008 Rs	2007 Rs	2008 %	2007 %	2008 R000s	2007 R000s	2008 R000s	2007 R000s
<b>Direct interest</b>								
Nu-World Industries (Proprietary) Limited	<b>5 725</b>	5 725	<b>100,0</b>	100,0	<b>38 931</b>	38 931	<b>(104 587)</b>	(15 525)
Nu-World Strategic Investments (Proprietary) Limited	<b>1</b>	1	<b>100,0</b>	100,0				
Conti Industries (Proprietary) Limited	<b>35 401</b>	35 401	<b>100,0</b>	100,0	<b>15</b>	15		
Conti Marketing (Proprietary) Limited	<b>4 781</b>	4 781	<b>100,0</b>	100,0	<b>15</b>	15		
Nu World U.K. Limited	<b>1 188</b>	1 188	<b>60,0</b>	60,0	<b>1 735</b>	1 735	<b>4 433</b>	4 433
Yale Prima Proprietary Limited	<b>58 267 140</b>	58 267 140	<b>59,4</b>	59,4	<b>46 595</b>	46 595	<b>9 123</b>	8 719
On Corporation Inc.		22 468 783		45,0		21 592		
Nu-World Global Investments (Proprietary) Limited	<b>100</b>		<b>100,0</b>				<b>51 706</b>	
Urent Then Own (Proprietary) Limited	<b>100</b>		<b>100,0</b>					
The aggregate net profit after taxation of subsidiaries attributable to the company amounted to R40 273 073 (2007: R85 130 750).								
					<b>87 291</b>	108 883	<b>(39 325)</b>	(2 373)

### Indirect interest

Prima Akai Proprietary Limited  
Yale Appliance Group Proprietary Limited  
Primex Products Proprietary Limited  
CTG Yale Proprietary Limited  
Overstockoutlet Proprietary Limited



## SHAREHOLDERS CALENDER

Declaration of dividend	29 October 2008
Announcement of 2008 results	Published 29 October 2008
2008 Annual Financial Statement to shareholders	Published January 2009
Record date	12 December 2008
Payment of capital distribution three	15 December 2008
Annual General Meeting	18 February 2009
Announcement of 2009 interim results	To be published April 2009

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the annual general meeting of shareholders in respect of the year ended 31 August 2008 will be held in the boardroom of Nu-World Holdings Limited at 35 Third Street, Wynberg, Sandton at 10h00 on Wednesday, 18 February 2009 for the purpose of considering and, if deemed fit, passing with or without modification the resolutions set out below, in the manner required by the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"); and subject to the Listings Requirements of the JSE Limited ("JSE"):

### Ordinary resolution number 1

"Resolved that the annual financial statements and Group annual financial statements together with reports of the directors and auditors for the year ended 31 August 2008 be approved."

### Ordinary resolution number 2

In terms of the Company's articles of association, all non-executive directors and at least one third of the executive directors are required to retire from office at every annual general meeting. Messrs M S Goldberg and J A Goldberg will not retire and thus will continue as directors. Curriculum vitae in respect of each director appear on page 8 of the annual report.

"Resolved that the retiring directors, G R Hindle, J M Judin and D Piary who, being eligible, have offered themselves for re-election, be and they are hereby re-appointed as directors."

### Ordinary resolution number 3

"Resolved that the remuneration paid to the directors of the Company as set out in the financial statements for the financial year ended 31 August 2008 be approved."

### Ordinary resolution number 4

"Resolved that the directors be and are hereby authorised to re-appoint Tuffias Sandberg KSi as auditors of the Company, which appointment shall be valid until the next annual general meeting of the Company unless varied or revoked by any general meeting prior thereto and that their remuneration for the year ended 31 August 2008 be approved."

### Ordinary resolution number 5

"Resolved that the authorised but unissued shares in the capital of the Company be and are hereby placed under the authority of the directors in terms of Sections 221 and 222 of the Companies Act and that the directors be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the terms and conditions of the Act and the Listings Requirements of the JSE. Such issues in the aggregate in any one financial year shall not exceed 5% (five percent) of the ordinary shares in issue in the capital of the Company.

Further, that this authorisation is valid until the next annual general meeting of the Company, unless varied or revoked by any general meeting prior thereto."

### Ordinary resolution number 6

"Resolved that subject to the passing of ordinary resolution number 5 and the Act and the Listings Requirements of the JSE, the directors of the Company be authorised, by way of a general authority to allot and issue ordinary shares of the Company for cash, in the share capital of the Company, subject to the following limitations:

That this authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting, or the date of the next annual general meeting, whichever is the earlier date;

That the shares will only be issued to "public shareholders" as defined in the Listings Requirements of the JSE, and not to related parties;

That a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one financial year, 5% (five percent) or more of the number of shares of that class in issue prior to the issue;

That issues in the aggregate in any one financial year may not exceed 5% (five percent) of the number of shares of that class of the Company's issued share capital (including instruments which are compulsorily convertible into shares of that class) at the date of application less any shares of that class issued, or to be issued in future arising from option/convertible securities issued during the current financial year, plus any shares to be issued pursuant to an announced, irrevocable and fully underwritten rights offer or to be issued pursuant to any acquisition for which final terms have been announced; and

That, in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average trading price of the shares in question, as determined over the 30 (thirty) business days prior to the date that the price of the issue is determined or was agreed by the directors."

In terms of the Listing Requirements of the JSE, the approval of a 75% (seventy five percent) majority of votes cast by shareholders present or represented by proxy at this meeting is required for this resolution to become effective.

### Special resolution number 1

"Resolved that the Company hereby approves, as a general approval contemplated in sections 85(2) and 85(3) of the Act, and in terms of the Company's articles of association the acquisition by the Company or any of its subsidiaries from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the articles of association of the Company, the provisions of the Act and the Listings Requirements of the JSE as presently constituted and which may be amended from time to time, and provided:



## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

That any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;

That this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;

That a paid press announcement will be published as soon as the Company or its subsidiaries has/have acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition pursuant to which the 3% (three percent) threshold is reached, and in respect of every 3% (three percent) thereafter, which announcement shall contain full details of such acquisitions;

That acquisitions by the Company and its subsidiaries of ordinary shares in the aggregate in any one financial year may not exceed 10% (ten percent) of the Company's issued ordinary shares capital from the date of the grant of this general authority;

That, in determining the price at which the Company's ordinary shares are acquired by the Company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of repurchase of such ordinary shares by the Company;

That the Company may at any point in time only appoint one agent to effect any repurchase(s) on its behalf;

That the Company may only undertake a repurchase if, after such a repurchase it shall still comply with the spread requirements of the JSE Listings Requirements; and

That the Company may not repurchase securities during a prohibited period, as defined in the JSE Listings Requirements."

The reason for the special resolution is to grant the Company a general authority in terms of the Act for the acquisition by the Company or any of its subsidiaries of shares issued by the Company, which authority shall be valid until the earlier of the next annual general meeting of the Company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the Company or any of its subsidiaries to acquire shares issued by the Company.

The following information which is required by the JSE Listings Requirements with regard to the ordinary resolution number 7 and special resolution number 1, granting a general authority to the Company to repurchase securities and authority to make payment out of the share premium account, appears on the pages of the annual financial statements to which this notice of general meeting is annexed, namely:

Directors of the Company:	page 8
Major shareholders:	page 19
Directors' interests in securities:	page 23
Share capital of the Company:	page 32

### Litigation

There are no legal or arbitration proceedings, either pending or threatened against the Company or its subsidiaries, of which the Company is aware, which may have, or have had in the last 12 (twelve) months, a material effect on financial position of the Company or its subsidiaries.

### Material changes

Save as disclosed in the report of the directors, there has been no material change in the financial and trading position of the Company or of its subsidiaries since 31 August 2008.

### Directors' responsibility statement

The directors, whose names are given on page 8 of the annual report, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and notice of annual general meeting contains all the information required by the JSE Listings Requirements.

### Statement by the Board of directors of the Company

Pursuant to and in terms of the Listings Requirements of the JSE, the directors of the Company hereby state:

That the intention of the directors of the Company is to utilise the authorities if at some future date the cash resources of the Company are in excess of its requirements. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company, and will ensure that any such utilisation is in the interests of shareholders;

That the method by which the Company intends to re-purchase its securities and the date on which such re-purchase will take place, has not yet been determined; and

That after considering the effect of a maximum permitted re-purchase of securities, the Company is, as at the date of this notice convening the annual general meeting of the Company, able to fully comply with the Listings Requirements of the JSE.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Nevertheless, at the time that the contemplated repurchase and the capital distribution is to take place, the directors of the Company will ensure:

That the Company and the Group will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of the annual general meeting;

That the consolidated assets of the Company and the Group, fairly valued in accordance with Generally Accepted Accounting Practice, will be in excess of the consolidated liabilities of the Company and the Group for a period of 12 (twelve) months after the date of the annual general meeting;

That the issued share capital and reserves of the Company and the Group will be adequate for the purposes of the business of the Company and the Group for a period of 12 (twelve) months after the date of the annual general meeting;

That the working capital available to the Company and the Group will be sufficient for the Company and the Group's requirements for a period of 12 (twelve) months after the date of the annual general meeting; and

That the Company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the JSE Listings Requirements, and will not commence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly, and the JSE has approved this documentation.

### Ordinary resolution number 7

"Resolved that, in terms of article 40 of the Company's Articles of Association and subject to the Company obtaining a declaration of the directors that the directors of the Company shall be entitled, from time to time, to pay by way of a reduction of share premium, capital distributions, pro-rata, to all shareholders of the Company in lieu of a dividend. Such distributions shall be the amounts which the directors would have declared and paid out of the profits of the Company as final dividends in respect of the financial year ended 31 August 2008. This authority shall not extend beyond the earlier the date of the annual general meeting following the annual general meeting at which this resolution is being proposed or 15 (fifteen) months from the date of the resolution."

In terms of section 5.86 of the Listings Requirements of the JSE any general payment(s) may not exceed 20% (twenty percent) of the Company's issued share capital, including reserves but excluding minority interests, and revaluations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, in any one financial year, measured as at the beginning of such financial year.

Pursuant to and in terms of the Listings Requirements of the JSE, the directors of the Company hereby state:

That the intention of the Company and/or any of its subsidiaries is to utilise the general authority to make capital payments to shareholders if at some future date the cash resources of the Company are in excess of its requirements. In this regard the directors will take account, inter alia, of an appropriate capitalisation structure for the Company, the long-term cash needs of the Company, and will ensure that any such utilisation is in the interest of shareholders;

That the method by which the Company intends to make capital payments to shareholders in terms of the authority and the date on which such payments will take place will be announced following the annual general meeting; and

That further relevant disclosure as required for ordinary resolution number 7, in terms of the JSE Listings Requirements, is contained in the special resolution number 1.

The capital distribution is subject to the South African Exchange Control Regulations of the South African Reserve Bank. The following is a summary of certain of the South African Exchange Control Regulations insofar as they are applicable to shareholders in relation to this document. Shareholders should consult their professional advisors in this regard:

### Emigrants from the common monetary area

**Certificated shares:** The capital distribution due to shareholders who have not dematerialised their shares, who are emigrants from the common monetary area and whose documents of title have been restrictively endorsed under the South African Exchange Control Regulations, will be deposited in a blocked rand account with the authorised dealer in foreign exchange in South Africa controlling the shareholders' blocked assets in accordance with his instructions, or failing such nomination, with the Company to be held in trust as an interim measure until such time as an authorised dealer is appointed and shall not bear interest.

**Dematerialised shares:** The capital distribution due to shareholders who are emigrants from the common monetary area and have dematerialised their shares will be credited directly to the blocked rand bank account of the duly appointed Central Securities Depository Participant ("CSDP") of the shareholders and will be held to the order of the authorised dealers in foreign exchange in South Africa controlling such shareholders' blocked accounts.

**Other non-residents of the common monetary area:** The capital distribution due to shareholders whose registered addresses are outside the common monetary area will be dealt with as follows:

**Certificated shares:** In the case of shareholders who have not dematerialised their shares, the capital distribution will be forwarded to the authorised dealers in foreign exchange in South Africa nominated by the shareholders. It will be incumbent on the shareholders concerned to instruct the nominated authorised dealers as to the disposal of the amount concerned.



## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Dematerialised shares: In the case of shareholders who have dematerialised their shares, the capital distribution will be credited directly to the bank account nominated by the shareholders, by their duly appointed CSDP. If the information regarding authorised dealers is not supplied, the cash consideration will be held in trust by the Company for the shareholders concerned pending receipt of the necessary information and instruction.

No interest will accrue or be paid on any capital distributions so held in trust.

### Ordinary resolution number 8

"Resolved that the directors of the Company be and are hereby authorised to sign all such documents and do all such things as may be necessary for or incidental to the registration or implementation of the resolutions set out in the notice convening the annual general meeting at which this ordinary resolution is to be considered."

Any member entitled to attend and vote is entitled to appoint a proxy or proxies to attend, speak and vote in his stead and the person so appointed need not be a member. A form of proxy is attached for use by certificated and own name dematerialised shareholders who cannot attend the meeting and wish to be represented thereat. A form of proxy may be obtained from the registered office of the Company.

The attention of members is drawn to the fact that, to be effective, the completed proxy form must reach the transfer secretaries of the Company, Computershare Investor Services (Proprietary) Limited, Ground floor, 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown, 2107), 48 hours (being 10h00 on Monday, 16 February 2009) before the scheduled time of the meeting. Shareholders whose shares have been dematerialised (other than by own name registration) must inform their CSDP or broker of their intention to attend the meeting and obtain the necessary Letter of Representation from the CSDP or broker to attend the meeting, or provide the CSDP or broker with voting instructions in terms of the custody agreement between them.

Dematerialised shareholders, other than own name dematerialised shareholders, who wish to attend the annual general meeting must request their CSDP or broker to provide them with a Letter of Representation or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholder and the CSDP broker.

By order of the Board

**B H Haikney**

Company secretary  
Sandton  
18 December 2008



## FORM OF PROXY

### NU-WORLD HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(REGISTRATION NUMBER 1968/002490/06)

Share Code: NWL ISIN code: ZAE000005070

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

For use only by certificated shareholders and own name dematerialised shareholders at the annual general meeting of the Company to be held at the Company's registered office, 35 Third Street, Wynberg, Sandton on Wednesday, 18 February 2009 at 10h00 and at any adjournment thereof.

I/We (Please print name in full)

of (address)

being a holder of

ordinary shares hereby appoint

1. or failing him/her

2. or failing him/her

3. The Chairman of the general meeting

as my/our proxy to act for me/us at the annual general meeting for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against such resolutions and/or abstain from voting in respect of the ordinary shares in the issued capital of Nu-World registered in my/our name as follows:

	For	Against	Abstain
Ordinary resolution 1: approval of annual financial statements			
Ordinary resolution 2: re-appointment of directors			
2.1 G R Hindle			
2.2 J M Judin			
2.3 D Piaray			
Ordinary resolution 3: approval of directors' remuneration			
Ordinary resolution 4: re-appointment of auditors			
Ordinary resolution 5: placing of unissued shares under the control of directors			
Ordinary resolution 6: general authority to issue shares for cash			
Special resolution 1: general approval to repurchase shares			
Ordinary resolution 7: approval to make a capital distribution out of the share premium			
Ordinary resolution 8: authority to sign documents			

Signed at

on

Signature

Name if full

Any member entitled to attend and vote is entitled to appoint a proxy or proxies to attend, speak and vote in his stead and the person so appointed need not be a member. A form of proxy is attached for use by certificated and own name dematerialised shareholders who cannot attend the meeting and wish to be represented thereat. A form of proxy may be obtained from the registered office of the Company. The attention of members is drawn to the fact that, to be effective, the completed proxy form must reach the transfer secretaries of the Company, Computershare Investor Services (Proprietary) Limited, Ground floor, 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown, 2107), 48 hours (being 10h00 on Monday, 16 February 2009) before the scheduled time of the meeting. Shareholders whose shares have been dematerialised (other than by own name registration) must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the meeting and obtain the necessary authorisation from the CSDP or broker to attend the meeting, or provide the CSDP or broker with voting instructions in terms of the custody agreement between them.



## NOTES TO THE FORM OF PROXY

A form of proxy is only to be completed by those shareholders who are:

- 1.1 Holding shares in certificated form; or
- 1.2 Recorded in dematerialised form on the electronic sub-register in "own name".

All other beneficial owners who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the annual general meeting, must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker in the manner and cut-off time stipulated therein.

A shareholder may insert the name of a proxy or the names of an alternative proxy of the shareholder's choice in the space provided, with or without deleting "the Chairman of the annual general meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are filled in, the proxy shall be exercised by the Chairman of the annual general meeting.

A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercised by that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he deems fit in respect of all the shareholder's votes exercised thereat. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder or by his proxy, but the total of the votes cast and in respect of which abstentions are recorded may not exceed the total votes exercisable by the shareholder or his proxy.

Forms of proxy must be lodged with or posted to the transfer secretaries; Computershare Investor Services (Proprietary) Limited, Ground floor, 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown, 2107) to be received by not later than 10h00 on Monday, 16 February 2009, in accordance with the instructions thereon.

The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting, speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

Documentary proof establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the Chairman of the annual general meeting.

Any alterations to the form of proxy must be initialled by the signatories.



## DIRECTORATE AND ADMINISTRATION

<b>Directors</b>	Mr Michael S Goldberg BCom MBA (Rand) Mr Jeffrey A Goldberg BSc (Eng) (Rand) Mr J Michael Judin DipLaw (Rand) Mr Graham R Hindle BAcc (Wits) CA (SA) Mr Desmond Piaray Chem Eng (Natal) BCom (Unisa) MBA (Wits)
<b>Secretary</b>	Mr Bruce H Haikney CA (SA) 35, 3rd Street Wynberg Sandton 2199
<b>Registered office</b>	35, 3rd Street Wynberg Sandton 2199
<b>Auditors</b>	Tuffias Sandberg KSi Chartered Accountants (SA) Registered Auditors 4, 5th Avenue Edenburg Sandton 2128
<b>Transfer secretaries</b>	Computershare Investor Services 2004 (Proprietary) Limited 70 Marshall Street Johannesburg 2001
<b>Bankers</b>	First National Bank, a division of First Rand Bank Limited
<b>Attorneys</b>	Goldman, Judin, Maisels Inc. 2nd Floor, North Block Thrupps Illovo Centre 204 Oxford Road Illovo 2196
<b>Company registration number</b>	1968/002490/06
<b>Sponsor</b>	Sasfin Capital Sasfin Place, 13 – 15 Scott Street Waverley 2090