



NU-WORLD HOLDINGS LIMITED

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

TURNOVER
UP
5,2%
TO R1 961,9 MILLION

HEADLINE EARNINGS PER SHARE
DOWN
17,5%
TO 205,5 CENTS

CAPITAL DISTRIBUTION PER SHARE
59,3
CENTS

NET ASSET VALUE PER SHARE
UP
3,8%
TO 2 592,8 CENTS

CASH AND CASH EQUIVALENTS AT END OF YEAR
R139,7
MILLION

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2008

ABRIDGED CONSOLIDATED INCOME STATEMENT

	Year ended 31 August 2008 R000	Year ended 31 August 2007 R000	% change
Turnover	1 961 887	1 865 783	5,2%
Net operating income	67 625	116 114	
Depreciation	6 097	7 087	
Interest paid	6 788	4 691	
Income before taxation	54 740	104 336	
Taxation	11 619	15 214	
Income after taxation	43 121	89 122	
Minority interests	(2 848)	(3 991)	
Attributable income	40 273	85 131	
Reconciliation of headline earnings			
Attributable income	40 273	85 131	
Adjusted for:			
Net loss on disposal of subsidiary	3 323		
Profit on sale of trademarks		(30 748)	
Headline earnings	43 596	54 383	(19,8%)
Capital distribution	13 429	28 376	
Capital distribution from share premium (cents)	59,3	125,3	
Capital distribution cover (times)	3,0	3,0	
Earnings per share (cents)	189,8	389,9	
Headline earnings per share (cents)	205,5	249,1	(17,5%)
Interest cover (times)	9,1	23,2	
Shares in issue	21 214 613	21 833 040	(2,8%)
Shares in issue – weighted	21 696 807	21 833 040	(0,6%)
Shares in issue – diluted	21 875 613	22 494 040	(2,7%)
OTHER GROUP INFORMATION			
Headline earnings as percentage of turnover (%)	2,2	2,9	
Net negative debt to equity ratio (%)	(25,4)	(52,8)	
Effective taxation rate (%)	21,2	14,6	
Net asset value per share (cents)	2 592,8	2 498,1	3,8%
Capital expenditure			
Expansion	2 283	1 230	
Replacement	471	1 538	
	2 754	2 768	
Intangible assets			
Goodwill			
At beginning of year	25 106	25 729	
Net acquisition of subsidiaries	12 885	(623)	
	37 991	25 106	
Intellectual property			
Net acquisition of subsidiaries	14 322		
Total intangible assets	52 313	25 106	

ABRIDGED CONSOLIDATED BALANCE SHEET

	Year ended 31 August 2008 R000	Year ended 31 August 2007 R000
ASSETS		
Non-current assets		
Fixed assets	35 054	35 839
Intangible assets	52 313	25 106
Financial assets and other investments	51 706	
Deferred taxation	10 234	11 905
Current assets		
Inventory	224 998	153 085
Trade and other receivables	239 221	225 793
Cash equivalents	139 688	287 813
Total assets	753 214	739 541
EQUITY AND LIABILITIES		
Ordinary shareholders' funds	550 060	545 405
Minority interests	21 466	51 345
Total shareholders' funds	571 526	596 750
Long term liability	20 000	
Current liabilities		
Trade and other payables	161 688	142 791
Total equity and liabilities	753 214	739 541

SEGMENTAL INFORMATION

	Year ended 31 August 2008 R000	Year ended 31 August 2007 R000	% change
Geographical revenue			
South Africa	1 104 927	1 138 578	(3,0%)
Offshore subsidiaries	856 960	727 205	17,8%
	1 961 887	1 865 783	5,2%
Geographical headline earnings			
South Africa	42 225	46 684	(9,6%)
Offshore subsidiaries	1 371	7 699	(82,2%)
	43 596	54 383	(19,8%)

COMMENTS

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 961,9m (August 2007: R1 865,8m). 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 R54,7m (August 2007: R104,3m). 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 R6,6m – reflected primarily in the higher level of inventories.

The balance sheet remains strong with **cash balances on hand** of R139,7m. The group remains ungeared at the year end. Inventories of R225,0m whilst lower than levels disclosed

at the half-year of R285,9m, are up 47,0% on the previous year end (August 2007: R153,1m). All companies in the group are actively working to reduce overall stock holding to more acceptable levels.

Interest paid of R6,8m is up 44,7% on the previous year (August 2007: R4,7m) – 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

Offshore Subsidiaries Yale Prima Pty Ltd, Nu-World UK Ltd, On Corporation USA.

Yale Prima Pty Ltd 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 Pty Ltd. Yale Prima has wound down and closed the operations of its loss-making subsidiary Primex Products Pty Ltd, 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 Pty Ltd. (www.oo.com.au) Effective 1 July 2008, the group acquired a majority shareholding in the online retailer. 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 Ltd 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 CRT's and flat panel LCD's and Plasma's. The "Telefunken Vegas" range of LCD's 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 Pty Ltd.
- The strategic acquisition in Australia of online retailer Overstockoutlet Pty Ltd.

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 United Kingdom. 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.

AUDIT REPORT

The consolidated financial statements for the year have been audited by Tuffias Sandberg KSI and their accompanying unqualified audit report as well as their unqualified audit report on this set of summarized financial information is available for inspection at the company's registered office.

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 AGM 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.

The following salient dates will be applicable:

Last date to trade "cum" the capital distribution	Friday, 5 December 2008
Trading commences "ex" the capital distribution	Monday, 8 December 2008
Record date	Friday, 12 December 2008
Date of payment	Monday, 15 December 2008

Share certificates may not be dematerialized or rematerialised between Monday, 8 December 2008 and Friday, 12 December 2008, both dates inclusive.

FINANCIAL EFFECTS

The table below illustrates the effect of the capital distribution on the earnings and net asset value per Nu-World ordinary share and is based on the audited results for the year ended 31 August 2008. These financial effects which have been reviewed by the company's auditors, Tuffias Sandberg KSI, are prepared for illustrative purposes only, are the responsibility of the Board, and because of their nature, may not give a true indication of the company's financial position and results of operations.

	Before cents	After cents	% change
Earnings per share	191,6	186,6	(2,6)
Headline earnings per share	207,2	202,3	(2,4)
Net asset value per share	2 592,8	2 524,1	(2,7)
Net tangible asset value per share	2 413,8	2 345,0	(2,8)

Notes to the financial effects:

It is assumed that the capital distribution had been paid to shareholders on 1 September 2007, and based on a reduction of R13 429 353 and an after tax interest rate earned on cash resources of 7,7%.

ANNUAL REPORT

The annual report will be mailed to shareholders in due course. The annual general meeting will take place at 10h00 on Wednesday, 18 February 2009, at the registered office of the company.

On behalf of the board of directors

M.S. Goldberg
Executive Chairman
29 October 2008

B.H. Haikney
Company Secretary

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 August 2008 R000	Year ended 31 August 2007 R000
Cash (utilised by)/generated from operating activities	(55 833)	33 771
Cash (utilised by)/generated from operations	(6 619)	93 355
Interest paid	(6 788)	(4 691)
Dividend paid	(28 653)	(27 357)
Normal tax on companies	(13 772)	(27 536)
Cash flows from investing activities	(112 292)	(3 322)
Purchase of tangible fixed assets	(2 754)	(2 768)
Proceeds on disposal of fixed assets		1 319
Investment in financial assets and other investments	(51 706)	
Increase in investment in subsidiary	(39 079)	(1 873)
Net proceeds on sale of a subsidiary	(9 468)	
Increase in investment in treasury shares	(9 285)	
Cash flows from financing activities	20 000	(10 214)
Increase in long term borrowing	20 000	
Decrease in shareholders loans		(11 361)
Proceeds from issue of treasury shares		1 147
Net (decrease)/increase in cash and cash equivalents	(148 125)	20 235
Cash and cash equivalents at the beginning of the year	287 813	267 578
Cash and cash equivalents at end of the year	139 688	287 813

STATEMENT OF CHANGES IN EQUITY

	Share capital R000	Share premium R000	Treasury shares R000	Foreign currency translation reserve R000	Accumulated profits R000	Share based compensation reserve R000	Total R000
Balance as at 1 September 2006	226	136 402	(20 931)	166	368 880	539	485 282
Net profit for the year					85 131		85 131
Capital distribution from share premium		(27 357)					(27 357)
IFRS adjustments – share based payments						539	539
Fair value movement				1 079			1 079
Net treasury share movement			731				731
Balance as at 31 August 2007	226	109 045	(20 200)	1 245	454 011	1 078	545 405
Net profit for the year					40 273		40 273
Dividend paid					(276)		(276)
Capital distribution from share premium		(28 377)					(28 377)
Share purchase		(8 557)					(8 557)
IFRS adjustments – share based payments						761	761
Fair value movement				1 558			1 558
Net treasury share movement			(727)				(727)
Balance as at 31 August 2008	226	72 111	(20 927)	2 803	494 008	1 839	550 060



Administration
Registration number 1968/002490/06
(Incorporated in the Republic of South Africa)
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ISIN code: ZAE000005070
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Transfer secretaries
Computershare Investor Services 2004 (Pty) Ltd
70 Marshall Street, Johannesburg 2001
Company secretary
B.H. Haikney
Auditors
Tuffias Sandberg KSI
Sponsor
Sasfin Capital,
a division of Sasfin Bank Limited

Directors
M.S. Goldberg (Executive Chairman),
J.A. Goldberg (Chief Executive),
G.R. Hindle (Financial Director)
Non-executive directors
J.M. Judin
D. Piary

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