



NU-WORLD HOLDINGS LIMITED

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

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2004

GROUP TURNOVER

UP
21.3%

TO R1 430 804m

ATTRIBUTABLE INCOME

UP
41.0%

TO R60 750m

HEADLINE EARNINGS PER SHARE (CENTS)

UP
39.2%

TO 280,6 cents

DIVIDEND DECLARED PER SHARE (CENTS)

UP
76.6%

TO 70,3 cents

CASH GENERATED BY OPERATIONS

R72 119

MILLION

- 5 Year Compound Average Annual Growth Rate in Headline Earnings – up 21,9%
- Fourteen consecutive years of Growth in Turnover, Operating Income, Attributable Income, Headline Earnings per Share and Dividend

CONSOLIDATED INCOME STATEMENT

	Year ended 31 August 2004 R'000	Year ended 31 August 2003 R'000	% Change
Turnover	1 430 804	1 179 455	21.3%
Net operating income	94 661	72 835	30.0%
Depreciation	8 443	6 852	
Interest paid	3 605	5 018	
Income before taxation	82 613	60 965	35.5%
Taxation	19 082	12 127	
Income after taxation	63 531	48 838	30.1%
Minority interests	2 781	5 739	
Attributable earnings	60 750	43 099	41.0%
Dividend declared	15 254	8 626	76.8%
Dividend per share (cents)	70.3	39.8	76.6%
Headline earnings	60 610	43 562	39.1%
Earnings per share (cents)	281.3	199.4	41.0%
Headline earnings per share (cents)	280.6	201.6	39.2%
Dividend declared cover	4.0	5.0	
Interest cover	23.9	13.1	
Shares in issue	21 597 265	21 611 675	(0.1%)
Shares in issue – weighted	21 597 265	21 611 675	(0.1%)

CONSOLIDATED BALANCE SHEET

	Year ended 31 August 2004 R'000	Year ended 31 August 2003 R'000
ASSETS		
Non-current assets		
Fixed assets	46 997	50 905
Goodwill	5 926	5 786
Current assets		
Inventory	167 447	132 695
Trade and other receivables	217 528	182 923
Cash equivalents	161 688	103 437
Total assets	599 586	475 746
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shareholders' funds	361 398	309 071
Minority interest	23 785	20 471
Total shareholders' funds	385 183	329 542
Non-current liabilities		
Deferred tax	4 443	8 149
Current liabilities		
Trade and other payables	209 960	138 055
Total equity and liabilities	599 586	475 746

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 August 2004 R'000	Year ended 31 August 2003 R'000
Cash generated by operating activities	72 119	33 256
Cash generated by operations	98 240	55 160
Interest paid	(3 605)	(5 018)
Dividend paid	(8 675)	(6 790)
Normal tax on companies	(13 841)	(10 096)
Cash flows from investing activities	(13 859)	(16 998)
Purchase of tangible fixed assets	(4 039)	(4 858)
Proceeds on disposal of fixed assets	462	336
Increase in investment in subsidiaries	(10 001)	(11 685)
Increase in investment in treasury shares	(281)	(791)
Net increase in cash and cash equivalents	58 260	16 258
Effect of exchange rate changes	(9)	36
Cash and cash equivalents at the beginning of the year	103 437	87 143
Cash and cash equivalents at the end of the year	161 688	103 437

STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Treasury share R'000	Foreign currency translation reserve R'000	Accumulated profit R'000	Shareholder for dividend R'000	Total R'000
Balance as at 1 September 2002 as previously stated	217	115 632			158 996		274 845
Consolidation of share incentive trust			(791)				(791)
Balance as at 1 September 2002 restated	217	115 632	(791)		158 996		274 054
Net profit for the year					43 099		43 099
Dividends					(6 791)	6 791	0
Dividends settled						(6 791)	(6 791)
Foreign currency translation				(1 291)			(1 291)
Balance as at 31 August 2003	217	115 632	(791)	(1 291)	195 304	0	309 071
Net profit for the year					60 750		60 750
Dividends					(8 621)	8 621	0
Dividends settled						(8 621)	(8 621)
Net treasury movement			(281)				(281)
Foreign currency translation				479			479
Balance as at 31 August 2004	217	115 632	(1 072)	(812)	247 433	0	361 398

SUPPLEMENTARY INFORMATION

	Year ended 31 August 2004 R'000	Year ended 31 August 2003 R'000	% Change
Determination of attributable earnings and headline earnings			
Net income attributable to ordinary shareholders	60 750	43 099	41.0%
Adjustment for amortisation of goodwill	(140)	463	
Headline earnings	60 610	43 562	39.1%
Operating income as percentage of turnover (%)	6.6	6.2	
Net negative debt to equity ratio (%)	(44.6)	(33.6)	
Effective taxation rate	23.1	19.9	
Net asset value per share (cents)	1 673.4	1 424.6	17.5%
Capital Expenditure			
Expansion	3 363	4 270	
Replacement	676	588	
	4 039	4 858	
Goodwill and amortisation			
At beginning of year	5 786	–	
Net acquisition of subsidiaries	–	6 249	
Goodwill created (written off)	140	(463)	
At end of year	5 926	5 786	

SEGMENTAL INFORMATION

	Year ended 31 August 2004 R'000	Year ended 31 August 2003 R'000	% Change
Geographical revenue			
Republic of South Africa	1 065 419	929 253	
Australasia	285 226	250 202	
United Kingdom	80 159	–	
	1 430 804	1 179 455	21.3%
Geographical income			
Republic of South Africa	57 426	37 126	
Australasia	1 921	5 973	
United Kingdom	1 403	–	
	60 750	43 099	41.0%

RESTATEMENT OF COMPARATIVES

A recent ruling given by the GAAP Monitoring Panel has provided more clarity regarding the consolidation of share incentive scheme trusts. Consequently the Group has changed its accounting policy in respect of its share incentive scheme trust ("share trust"). The share trust is now consolidated to the extent that the Group's issued share capital is under the control of the Group. These shares are shown as treasury shares. The prior year comparatives, have been restated.

R'000	As previously stated	Adjustment	Restated
Balance sheet			
Other receivables	183 714	(791)	182 923
(Share incentive scheme loan receivable)			
Treasury shares	–	791	791
Income statement			
There was no effect on the income statement in either year.			
Number of shares			
Shares in issue	21 695 465	(83 790)	21 611 675
Shares in issue – weighted	21 695 465	(83 790)	21 611 675
Earnings per share			
Earnings per share (cents)	198.7	0.7	199.4
Headline earnings per share (cents)	200.8	0.8	201.6
Net asset value per share (cents)	1 428.2	(3.6)	1 424.6

Accounting policies

The consolidated abridged financial statements for the year ended 31 August 2004 are prepared in accordance with the South African Statements of Generally Accepted Accounting Practice ("SA GAAP") applicable to financial reporting (AC127). The accounting policies used are consistent with those used in the annual financial statements for the year ended 31 August 2003 except for the consolidation of the Nu-World Share Incentive Trust as required by a directive issued by the JSE Securities Exchange South Africa during February 2004. The effect on the net profit previously reported was immaterial.

From a dividend per share perspective, disclosure has been provided based on the period to which the dividends relate. Basic earnings per share is calculated by dividing net profit by the weighted average number of ordinary shares in issue during the 2004 year. Headline earnings per share is calculated by dividing headline earnings by the weighted average number of ordinary shares in issue during the year.

COMMENTS

Financial review

Directors of Nu-World are pleased to report excellent growth for the period ending 31st August 2004. For the fourteen consecutive year, the Group has produced growth in turnover, operating income, attributable income, headline earnings per share and dividend.

The buoyant conditions being experienced in the South African retail industry for consumer durables are supported from an economic cyclical perspective, by lower interest rates, high real wages, individual tax relief and low debt levels. The Group has certainly benefited from the current positive economic conditions, but at the same time, organic growth and further market penetration underpins the Group's superb performance.

Nu-World is a leading South African source for branded consumer durables. The Group manufactures, imports, exports and distributes a one-stop supply of branded consumer durables.

Group turnover increased by 21.3% to R1,430,804m (August 2003 : R1,179,455m).

South African local revenue, excluding exports, increased by 27% which is commendable considering the impact of price deflation averaging 15% - 25%.

Net operating income increased 30.0% to R94,661m (August 2003 : R72,835m). Operating margins increased to 6.6% as compared to the previous year's 6.2%.

The increase in the depreciation charge, up 23%, is due to the acquisition of Conti S.A. plant and machinery.

The minority interest deduction decreased in the current year, due to the previous year's once off benefit arising from the sale of discounted liquidated stock by Prima Australasia.

Attributable income increased by 41.0% to R60,750m (August 2003: R43,099m).

Headline earnings per share on a weighted basis - H.E.P.S. increased 39.2% to 280.6 cents (August 2003 : 201.6 cents).

Dividend per share is up 76.6% to 70.3 cents (August 2003: 39.8 cents). The dividend cover has reduced from 5 times to a less conservative 4 times cover, due to the improving cash on hand and cash generation position.

Cash generated by operating activities amounted to R72,119m.

The improved working capital position, has resulted in a 28.2% reduction in interest paid of R3,605m (August 2003 : R5,018m). Overall net working capital days of 91.3 compares favourably with the previous year's 93.7 days.

The balance sheet is strong and the Group remains unencumbered with cash balances on hand of R161,688m (August 2003 : R103,437m).

The net asset value per share of 1,673.4 cents is up 17.5% (August 2003: 1,424.6 cents).

Operational review

Nu-World is South Africa's leading low-cost, high-volume manufacturer, importer and exporter, of small electrical appliances and one of South Africa's key players in consumer electronics.

Manufacturing small electrical appliances

Manufacturing of small electrical appliances performed well despite the strong Rand and increasingly competitive imports. Manufacturing revenues increased 20% notwithstanding a substantial decrease in exports. With the introduction of a number of new products and the robust domestic consumer demand, manufacturing is expected to sustain strong growth in the year ahead.

Consumer electronics

• JVC • Telefunken • Thomson • Nu-Tec • Palsonic

In a recent Markinor survey of the electronics/electronics markets, Nu-World was the only company, within this sector, with two brands included in the top 10, being JVC and Telefunken.

Nu-World's consumer electronics division, with our range of complimentary international brands, continues to generate growth.

Prima Australasia (Pty) Ltd – Subsidiary ("Prima")

• Akai • Telefunken • Prima Electronics • Nu-Tec • RCA • Thomson

Nu-World holds a 51% share in Prima. Prima has performed relatively well in an increasingly competitive and deflationary market, achieving an increase in comparable trading margins of 19.8% year on year. The higher income contribution during the previous year arose from a once-off benefit from the sale of discounted liquidated stock.

Apart from the RCA agency introduced in 2003, Prima has been appointed the sole agent for the Thomson range of consumer electronics. Thomson is positioned at the upper end of the market. Prima's ever increasing stable of brands now cover the entire spectrum of market segments, from price-entry to upper end.

Nu-World U.K. Ltd – Subsidiary ("Nu-World U.K.")

Nu-World U.K. is a 60% held subsidiary, established on 1st September 2003.

Nu-World U.K. imports and distributes a range of branded consumer durables with a primary focus on small electrical appliances.

The results from Nu-World U.K. are being consolidated for the first time. The U.K. market is heavily weighted to the Christmas season. The first half of the financial year to February, exceeds the second half in revenue and profit. Nu-World U.K. contributed R80,159m to Group turnover and R1,403m to attributable income.

G.E. White Goods

Nu-World was appointed the South African agent for G.E. large appliances in August 2004. The G.E. branded large appliances are positioned at the upper end of the "White Goods" brand spectrum. G.E. will strengthen the Group's brand offerings and range of products in this important market sector.

Morphy Richards

Nu-World was appointed the exclusive agent for the Morphy Richards brand of appliances in South Africa, as of 1st September 2003. The Morphy Richards range of small electric appliances has expanded significantly over the year and will continue to be a key growth driver in the year ahead.

Manpower and social responsibility

The Nu-World Group of companies employs just less than 1,000 people on three continents. Nu-World remains committed to creating an environment where all of our employees worldwide, can develop to their fullest potential. The Nu-World health clinic serves to provide occupational health and safety and to focus on HIV/Aids awareness programs, counseling, testing and supportive medical assistance. The board has appointed a B.E.E. sub-committee which is engaged in discussions with potential partners. The Group is actively supportive of the responsibility of employment equity and continues to empower employees of colour. The Group is actively committed to comply with environmental regulations.

Prospects

The Group has now achieved 14 consecutive years of growth across the board, in turnover, operating income, attributable income, headline earnings per share and dividend.

Lower real interest rates are affording higher disposable income and higher consumer confidence. Statistics indicate that there has been a structural shift in the SA consumer profile, with an increasing number of consumers migrating from lower to middle income brackets over the past 10 years. It is expected that structural forces will underpin sustained growth for the foreseeable future.

As a consequence of the government's reconstruction and development program, more than 1.6 million houses have been built and more than 4 million electricity connections have been made. A further 3 million homes will be connected to the grid over the next few years, at a rate exceeding 250,000 homes per annum.

The Group expects to increase market penetration in each of its areas of operation in Southern Africa, Australasia and the United Kingdom, with new and increased ranges of products lined up for the consumer electronics and appliances divisions.

G.E. white goods and Morphy Richards small appliances, will generate additional growth in the South African market.

The current positive economic structural forces in South Africa are expected to be sustained for the foreseeable future and will serve to underpin the Group's above average growth rate for the forthcoming year and into the future.

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 are available for inspection at the company's registered office.

Corporate governance

The Group subscribes to and complies with the Code on Corporate Governance Practices as contained in the second King Report on Corporate Governance.

Dividend declaration

The board has resolved to declare a dividend of 70.3 cents per share in respect of the year ended 31 August 2004 (2003: 39.8 cents per share), payable on 13 December 2004 to those shareholders recorded in the books of the company at the close of business on Friday, 10 December 2004.

The salient dates of the dividend are as follows:

Last date to trade cum dividend	Friday, 03 December 2004
Shares trade ex dividend	Monday, 06 December 2004
Record date	Friday, 10 December 2004
Payment date	Monday, 13 December 2004
No dematerialisation or rematerialisation of shares may take place between Monday, 6 December 2004 and Friday, 10 December 2004, both dates inclusive.	

Annual report

The annual report will be mailed to shareholders in due course. The annual general meeting is scheduled to take place on Wednesday, 16 March 2005, at the registered office of the company.

On behalf of the board of directors

B.H. Haikney

Company Secretary

27 October 2004

Transfer secretaries

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street, Johannesburg, 2001

Company secretary

B.H. Haikney

Auditors

Tuffias Sandberg KSi

Joint sponsors