

## 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	Shareholders for dividend R'000	Total R'000
<b>Balance as at 1 September 2003</b>							
Net profit for the year	217	115 632	(791)	(1 291)	195 304	309 071	60 750
Dividends					60 750		
Dividends settled					(8 621)	8 621	
Fair value movement				479		(8 621)	(8 621)
Net treasury share movement			(281)				479
<b>Balance as at 31 August 2004</b>	217	115 632	(1 072)	(812)	247 433	–	361 398
Net profit for the year					73 385		73 385
Derecognition of negative goodwill (IFRS3)					2 412		2 412
Dividends					(15 251)	15 251	
Dividends settled						(15 251)	(15 251)
Fair value movement				627			627
Net treasury share movement			(20 872)				(20 872)
Treasury shares issued	9	20 770					20 779
<b>Balance as at 31 August 2005</b>	226	136 402	(21 944)	(185)	307 979	–	422 478

## SEGMENTAL INFORMATION

2005	Year ended 31 August 2004 R'000	Year ended 31 August 2005 R'000	% Change
<b>Geographical revenue</b>			
Republic of South Africa	971 479	1 065 419	
Australasia	591 628	285 226	
United Kingdom	63 015	80 159	
	<b>1 626 122</b>	<b>1 430 804</b>	<b>13.7%</b>
<b>Geographical income</b>			
Republic of South Africa	77 122	57 426	
Australasia	(2 411)	1 921	
United Kingdom	(1 326)	1 403	
	<b>73 385</b>	<b>60 750</b>	<b>20.8%</b>

### Accounting policies

The consolidated abridged financial statements for the year ended 31 August 2005 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 2004. The Group adopted International Financial Reporting Standard IFRS 3, accounting for business combinations, resulting in goodwill no longer being amortised and negative goodwill of R2.4 million being taken to reserves.

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 2005 year. Headline earnings per share is calculated by dividing headline earnings by the weighted average number of ordinary shares in issue during the year. Diluted shares in issue takes into account the dilutive effect of share options held by employees.

## SUPPLEMENTARY INFORMATION

	Year ended 31 August 2005 R'000	Year ended 31 August 2004 R'000	% Change
<b>Determination of attributable earnings and headline earnings</b>			
Net income attributable to ordinary shareholders	73 385	60 750	20.8%
Adjustment for amortisation of goodwill		(140)	
<b>Headline earnings</b>	<b>73 385</b>	<b>60 610</b>	<b>21.1%</b>
Operating income as percentage of turnover (%)	6.3	6.6	
Net negative debt to equity ratio (%)	(45.1)	(44.6)	
Effective taxation rate	20.9	23.1	
Net asset value per share (cents)	1 956.6	1 673.4	16.9%
<b>Capital Expenditure</b>			
Expansion	4 002	3 363	
Replacement	1 509	676	
	<b>5 511</b>	<b>4 039</b>	
<b>Goodwill and amortisation</b>			
At beginning of year	5 926	5 786	
Net acquisition of subsidiaries	9 751	–	
Derecognition of goodwill/goodwill created	2 412	140	
At end of year	<b>18 089</b>	<b>5 926</b>	

### Administration

Registration number  
1968/002490/06  
(Incorporated in the Republic of South Africa)  
JSE share code: NWL  
ISIN code: ZAE000005070

### Registered office

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

### Transfer secretaries

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

### Company secretary

B.H. Haikney

### Auditors

Tuffias Sandberg KSI

### Joint sponsors

Nedbank Capital; Sasfin  
Corporate Finance, a  
division of Sasfin Bank  
Limited (Lead)

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### Directors

M.S. Goldberg,  
(Executive Chairman),  
J.A. Goldberg  
(Chief Executive),  
G.R. Hindle  
(Financial Director)

### Non-executive Director

J.M. Judin

### Independent

### Non-executive Director

D. Piaray



**NU-WORLD HOLDINGS LIMITED**

(\*Nu-World\* or \*the Group\* or \*the Company\*)

## AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2005

- Five-year Compound Average Annual Growth Rate in Headline Earnings – of 20.3%
- Fifteen consecutive years of Growth in Turnover, Operating Income, Attributable Income, Headline Earnings per Share and Dividend

- ↑ Group turnover **UP 13.7%** to R1 626m
- ↑ Attributable income **UP 20.8%** to R73 385m
- ↑ Headline earnings per share (cents) **UP 21.1%** to 339.9 cents
- ↑ Dividend per share (cents) **UP 31.7%** to 92.6 cents
- ↑ Cash generated by operations **R65 467** million

## COMMENTS

### FINANCIAL OVERVIEW

The Directors of Nu-World Holdings Ltd are pleased to report strong growth for the period ending 31 August 2005. For the 15th consecutive year, the Group has produced growth in turnover, operating income, attributable income, headline earnings per share and dividend.

The Nu-World Group has certainly benefited from the current positive economic conditions being experienced in the South African retail industry.

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.

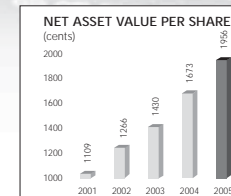
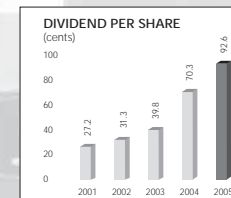
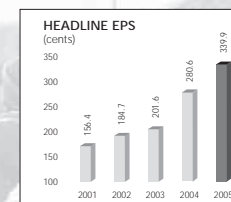
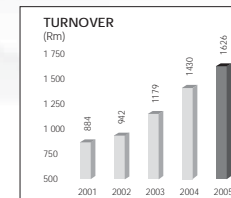
**Group turnover** increased by 13.7% to R1 626m (August 2004: R1 430m). The growth is commendable considering the impact of price deflation averaging 15% – 25% in South Africa, Australia and the United Kingdom.

**Attributable income** increased by 20.8% to R73 385m (August 2004: R60 750m).

**Headline earnings per share on a weighted basis** – HEPS increased 21.1% to 339.9 cents (August 2004: 280.6 cents).

**Dividend per share** is up 31.7% to 92.6 cents (August 2004: 70.3 cents). The dividend cover has reduced from 4.0 times to 3.5 times cover.

**Cash generated by operating activities** amounted to R65 467m.





www.nuworld.co.za

Overall net working capital days of 86.3 compares favourably with the previous year's 91.3 days.

The balance sheet is strong and the Group remains ungeared with cash balances on hand of R190 549m (August 2004: R161 688m).

The net asset value per share of 1 956.6 cents is up 16.9% (August 2004: 1 673.4 cents).

#### OPERATIONAL REVIEW

Nu-World is one of South Africa's leading players in small electrical appliances and consumer electronics.

The electrical appliance division performed reasonably well, despite price deflation averaging 12%. A number of new products were introduced during the latter part of the second half of the financial year and these sales will positively impact revenues in the period to February 2006.

#### Consumer Electronics

JVC \* Telefunken \* Thomson \* Nu-Tec \* Palsonic

The Nu-World brands performed well during the period under review, notwithstanding price deflation averaging 18% - 20%. The Telefunken brand improved its rating in the latest Markinor survey. JVC and Telefunken will launch a number of new products for the festive season including large rear projection televisions as well as the first-ever video camera hard disc camcorder. Other latest technology offerings will include MP3s in portable and micro hifi systems. New DVD and Micro systems will be available with card-readers and USB ports. Plasma black component home theatre systems will enhance the line-up. An expanded TV range with LCD TVs, will further assist in winning market share.

#### Foreign subsidiaries

Nu-World U.K. Ltd

Prima Australasia Pty Ltd

Yale Appliance Group Pty Ltd

Akai \* Telefunken \* Prima Electronics \* Nu-Tec \* RCA \* Thomson

Nu-World U.K. Ltd is a 60% held subsidiary. The UK retail market and specifically consumer durables, has been under pressure from lower volumes, lower margins and price deflation. It is anticipated that a new line-up of products and new listings will see the company returning to profitability in the forthcoming year.

In Australia, Nu-World holds a 51% share in Prima Australasia Pty Ltd and a 65% share in Yale Appliance Group Pty Ltd. The companies experienced a difficult

year in an increasingly competitive and deflationary market. Logistics and operations of Prima and Yale have now been combined in Melbourne and a reduction in operating costs and overheads will assist a return to profitability.

#### New product range line-up

Conti Motorsport, bicycles, air-conditioning, power tools, small and large appliances.

A substantial number of new products within existing and new product categories are in the process of being launched and will be available for the Christmas season.

#### MANPOWER AND SOCIAL RESPONSIBILITY

The Nu-World group of companies employs close to 1 000 people on three continents. Nu-World is committed to training and further education for all staff members to enable all to develop to their fullest potential. The Nu-World health clinic continues to provide occupational health and safety and to focus on HIV/Aids awareness programmes, counselling, testing and supportive medical assistance. The appointed BCE subcommittee continues its engagement with potential partners. The Group vigorously supports an active employment equity program and continues to empower employees of colour. The Group is committed to comply with environmental regulations.

#### PROSPECTS

The Group has achieved growth for 15 consecutive years - across the board, in turnover, operating income, attributable income and headline earnings per share.

South Africa, with a "high street" retail market estimated at R300bn, is currently experiencing a period of the best retail environment in many years. Retail sales are 25% up in real terms compared to 2000.

Public Enterprise Minister Alec Erwin has advised that government will spend R200bn over the next seven years to upgrade the country's electricity, water and transport infrastructure. This expenditure will support an extended up-cycle in terms of fixed investment and consumer demand.

Housing and electrification continue apace with more than 1.6 million houses for the underprivileged being built and more than 4 million electricity connections being made. A further 3 million homes will be connected to the grid over the next few years.

The strong growth in private sector consumption continues to be sustained by low interest rates, higher asset prices and increased real disposable income. The Reserve Bank has reduced its key lending rate seven times since June 2003, to the lowest nominal interest rate in two decades. These forces continue to

support levels of consumer confidence and underpin sustained growth in the economy and for our Group, within a scenario of moderating growth in consumer demand, during the forthcoming year.

#### 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 summarised 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 92.6 cents per share in respect of the year ended 31 August 2005 (2004: 70.3 cents per share), payable on 12 December 2005 to those shareholders recorded in the books of the Company at the close of business on Friday, 09 December 2005.

The salient dates of the dividend are as follows:

Last date to trade cum dividend  
Friday, 02 December 2005

Shares trade ex dividend  
Monday, 05 December 2005

Record date  
Friday, 09 December 2005

Payment date  
Monday, 12 December 2005

No dematerialisation or rematerialisation of shares may take place between Monday, 5 December 2005, and Friday, 09 December 2005, 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, 22 February 2006, at the registered office of the Company.

On behalf of the board of directors

M.S. Goldberg  
Executive Chairman  
21 October 2005

B.H. Haikney  
Company Secretary

### CONSOLIDATED INCOME STATEMENT

	Year ended 31 August 2005 R'000	Year ended 31 August 2004 R'000	% Change
Turnover	1 626 122	1 430 804	13.7%
Net operating income	102 625	94 661	
Depreciation	8 251	8 443	
Interest paid	7 220	3 605	
Income before taxation	87 154	82 613	
Taxation	18 213	19 082	
Income after taxation	68 941	63 531	
Minority interests	4 444	(2 781)	
Attributable earnings	73 385	60 750	20.8%
Dividend declared	20 967	15 252	37.5%
Headline earnings	73 385	60 610	21.1%
Earnings per share (cents)	339.9	281.3	20.8%
Headline earnings per share (cents)	339.9	280.6	21.1%
Dividend per share (cents)	92.6	70.3	31.7%
Dividend declared cover	3.5	4.0	
Interest cover	13.1	23.9	
Shares in issue	21 592 490	21 597 265	
Shares in issue - weighted	21 592 490	21 597 265	
Shares in issue - diluted	22 543 490	21 597 265	

### CONSOLIDATED BALANCE SHEET

	Year ended 31 August 2005 R'000	Year ended 31 August 2004 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets	44 867	46 997
Goodwill	18 089	5 926
<b>Current assets</b>		
Inventory	171 341	167 447
Trade and other receivables	227 716	217 528
Cash equivalents	190 549	161 688
<b>Total assets</b>	<b>652 562</b>	<b>599 586</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves		
Ordinary shareholders' funds	422 478	361 398
Minority interest	28 156	23 785
<b>Total shareholders' funds</b>	<b>450 634</b>	<b>385 183</b>
<b>Non-current liabilities</b>		
Deferred tax	6 928	4 443
<b>Current liabilities</b>		
Trade and other payables	195 000	209 960
<b>Total equity and liabilities</b>	<b>652 562</b>	<b>599 586</b>

### CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 August 2005 R'000	Year ended 31 August 2004 R'000
<b>Cash generated by operating activities</b>	<b>65 467</b>	<b>72 119</b>
Cash generated by operations	101 512	98 240
Interest paid	(7 220)	(3 605)
Dividend paid	(15 252)	(8 675)
Normal tax on companies	(13 573)	(13 841)
<b>Cash flows from investing activities</b>	<b>(26 342)</b>	<b>(13 859)</b>
Purchase of tangible fixed assets	(5 511)	(4 039)
Proceeds on disposal of fixed assets	145	462
Increase in investment in subsidiaries	(20 884)	(10 001)
Increase in investment in treasury shares	(92)	(281)
<b>Cash flows from financing activities</b>	<b>(10 196)</b>	<b>-</b>
Repayment of long-term borrowing	(10 196)	-
Net increase in cash and cash equivalents	28 929	58 260
Effect of exchange rate changes	(68)	(9)
Cash and cash equivalents at the beginning of the year	161 688	103 437
<b>Cash and cash equivalents at the end of the year</b>	<b>190 549</b>	<b>161 688</b>