



Nu-World Holdings Limited Annual Report 2010

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## FINANCIAL HIGHLIGHTS



Group revenue increased  
by 26,3% to **R1 821,9 million**

Income before tax increased  
by 201,0% to **R100,7 million**

Total comprehensive income increased  
by 286,5% to **R79,9 million**



Earnings per share increased  
by 197,9% to **324,4 cents**

Headline earnings per share increased  
by 126,5% to **R324,4 cents**

Capital distribution per share increased  
by 197,8% to **101,0 cents**

Net asset value per share increased  
by 11,3% to **2 916,7 cents**



# CONSUMER ELECTRONICS





## CHAIRMAN'S REVIEW

I am pleased to report that after yet another challenging year the group has reported a material improvement in performance, with profitability in particular, recovering strongly from the low point of the business cycle reached in 2009.

Nu-World has historically been extremely resilient in times of economic difficulty and has proved to be so again during the international financial crisis and consequent recession. This is testament to the dedication, commitment and proactive entrepreneurial initiatives of our directors and management.

The Australian economy came through the financial crisis relatively unscathed and South Africa experienced a shallow recession from which it has already recovered. Nevertheless, consumer sentiment was negatively affected in South Africa, with the market for consumer durables declining in 2008 and 2009. Retail sales of durable goods rebounded from a low level during the first half of 2010 and experienced double-digit growth during the second half of the financial year. In Australia the business has benefitted from previous restructuring measures, but the trading environment remains exceptionally competitive.

Consumer sentiment in South Africa remains fragile however and the group has positioned itself accordingly. Actions taken during the past few difficult years have resulted in a more efficient business. Nu-World is strategically better positioned to sustain growth, in both South Africa and Australia.

As a group we seek to provide our customers with an increasingly broad range of value-for-money branded consumer products. These products extend from price-entry essentials to aspirational purchases. Nu-World caters to a broad spectrum of life-style choices and income brackets, with an extensive selection of branded consumer products across a diversity of trusted and well established 'own' and 'proprietary' brands.

During the recession Nu-World continued to strengthen its competitive position, assisted by a combination of product innovation, diversification, a conservative approach to managing the business and a strong financial position. We have introduced two new market categories, liquor and hi-tech, both of which offer promising growth potential. The mobile phone market in South Africa is substantial and we believe consumers will be very receptive to keenly priced and feature

rich alternatives to prevailing brands. The market for branded liquor sales is approximately R40 billion and Nu-World has entered categories within this market through our existing customer network.

We acknowledge the principles of King III. As a responsible corporate citizen the Nu-World Holdings Ltd group of companies has always endeavoured to apply the highest standards of ethical conduct in our dealings with all stakeholders together with the responsible approach we strive to adopt in ensuring we optimise our consumption of scarce resources.

As Chairman, I extend a special thank you to each and every member of staff in South Africa and Australia for your contribution to the ongoing success and growth of our Company. We sincerely appreciate your extraordinary commitment and support, most particularly during the past difficult years.

In addition, I wish to thank our many customers. We at Nu-World are privileged to serve your needs and shall always strive to provide you with the best possible value-for-money merchandise.

Nu World's excellent relationship with our many suppliers and customers is a competitive advantage and a key feature of the group's sustainability. We truly value these commercial relationships and the enormous goodwill associated with them.

**M S Goldberg**

Executive chairman

25 October 2010



## MANAGING DIRECTOR'S REVIEW

### Financial overview

Directors are pleased to report a convincing return to strong growth, with these latest financial year-end results, in line with the trading statement released on SENS on the 21 September 2010. Notwithstanding the difficult trading environment over the past number of years, the Group has demonstrated a relatively high degree of resilience. The previous years of consolidation and rationalisation have better positioned all companies in the Group to re-establish a definitive and sustainable growth path.

The improving economic outlook is supporting a growing sense of consumer confidence, with a commensurate willingness by consumers to purchase consumer durables. The strength of our currency and the latest interest rate cuts to a thirty year low will support consumer sentiment as we approach the Christmas season.

**Group revenue** increased by 26,3% to R1 821,9 million (August 2009: R1 443,1 million).

**Net operating income** (EBITDA) increased by 118,9% to R113,3 million (August 2009: R51,8 million).

**Operating margins** improved substantially by 7,3% compared to the equivalent period to August 2009.

**Income before taxation** increased by 201,0% to R100,7 million. (August 2009: R33,4 million).

The **effective tax rate** has increased marginally to 26,4% (August 2009: 25,3%).

**Total comprehensive income** for the year increased by 286,5% to R79,9 million (August 2009: R20,7 million).

**Earnings per share** increased by 197,9% to 324,4 cents (August 2009: 108,9 cents).

**Headline earnings per share** increased by 126,5% to 324,4 cents (August 2009: 143,2 cents).

Capital distribution from share premium increased by 197,8% to 101,0 cents (August 2009: 33,9 cents). The distribution cover at 3,0 times, remains in line with previous years.

The statement of financial position remains ungeared with cash equivalents of R58,5 million.

Net interest paid has decreased 27,9% to R4,8 million (August 2009: R6,7 million) and the interest cover has increased 229,9% to 22,2 times.

The net asset value per share is up 11,3% to 2 916,7 cents (August 2009: 2 621,7 cents).

### Operational review

In both South Africa and Australia, we have been successful in growing sales and improving margins. Our diversification into new product categories has opened up new opportunities for growth across a wider spectrum of retail customers.

In South Africa we have successfully introduced new product categories and offer a broader range of merchandise within each category.

Nu-World has just recently entered two new important and exciting market categories, liquor and hi-tech. The liquor market is estimated to be approximately R40 billion. Nu-World is now importing and distributing a growing range of branded liquor products including amongst others, exclusive French brands of VSOP and XO cognacs, as well as a range of spirits and beers. The liquor products are sold to our existing licensed customer base as well as a number of resellers of liquor products.

The hi-tech product category is also new to the company. The mobile phone market category is the single largest market category in South Africa. Nu-World is bringing to market and rolling out a leading-edge innovative range of models, including dual-sim, free to air TV and a number of other impressive features. The roll-out of the mobile phone range will step up as we approach the festive season. Other hi-tech product categories will be brought to market in the forthcoming financial year.

Offshore subsidiaries accounted for 38% of revenue and 8% of income for the year under review. Our Australian subsidiaries have reported improved performance for the year. Despite a growing Australian economy, retail sales for durables remain under pressure and this trading space has become even more competitive. Our companies have achieved growth through diversifying into a number of new product categories, winning market share from competitors and bringing new customers on board.

The internet retailer OO.COM.AU “Only Online” has achieved a 40% revenue growth and has successfully maintained margins, despite an increasingly competitive online retail environment. The company has gained traffic and won market share from other leading Australian players. The company currently offers a hugely increased range of products within a number of diversified branded durable categories.

#### **Prospects**

Directors report that the consolidation and rationalisation of the past years has achieved a lower overhead base and improved efficiency levels. All companies in the Group continue to secure new product and category offerings, to sustain and enhance the scope for future growth. There are exciting revenue and profit growth opportunities to be achieved in the forthcoming year.

It is rewarding to confirm that all companies in the Group have reported increased revenue and improved margins in these somewhat uncertain economic times.

Recent economic data together with reports from many of South Africa’s leading retailers support the underlying consensus that the worst of the economic cycle is behind us. The South African economy grew relatively robustly during the first half of 2010. The successful hosting of the FIFA World Cup provided a boost to the economy as well as a proud psychological boost to all South Africans.

As a Group we are fortunately placed to take advantage of the emerging growth in both South Africa and Australia, notwithstanding the limited visibility and uncertainty regarding sustainable growth in the global economy.

#### **Corporate governance**

The Nu-World Holdings Ltd Group subscribes to the recommendations of the King report on corporate governance and conducts the enterprise with integrity, transparency and equal opportunity. The Group strives to provide reports to shareholders that are timely, accurate, consistent and informative.

#### **BBBEE rating**

The major South African wholly owned subsidiary, Nu-World Industries (Pty) Ltd, has attained a level 5 accreditation.

#### **Change to the board of directors**

Mr R Kinross was appointed as an independent non-executive director on 1 November 2009 and Mr J M Judin, currently an independent non-executive director of Nu-world, was appointed as lead independent non-executive director to the Board of Nu-World on 1 June 2010.

**J A Goldberg**

Managing director

25 October 2010



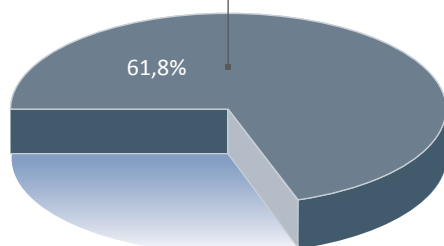
# CONSUMER ELECTRONICS



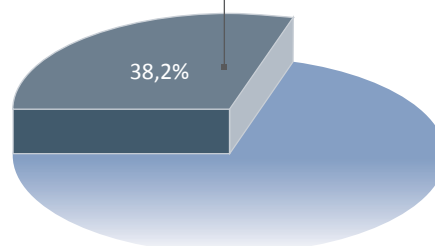
## STATISTICAL INFORMATION

### Geographical revenue 2010

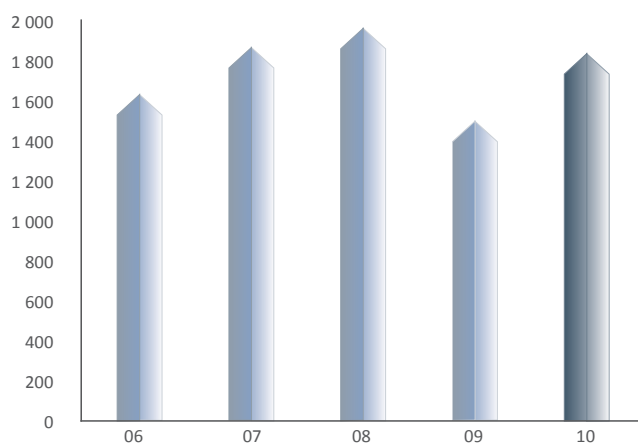
Republic of South Africa  
R1,126 billion



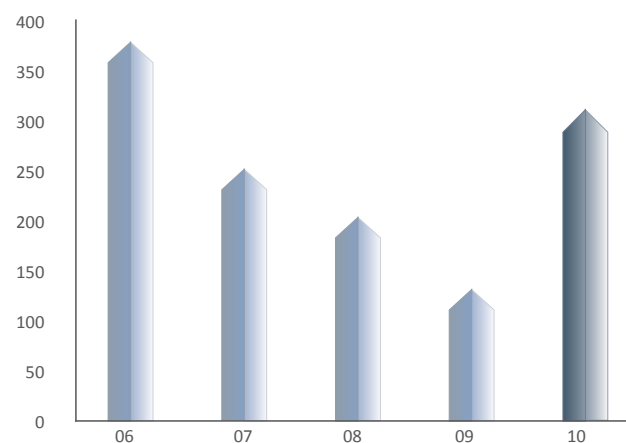
Off-shore subsidiaries  
R696 million



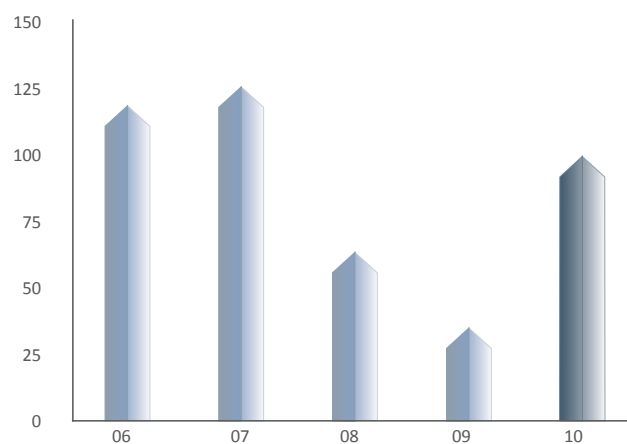
### Turnover (Rm)



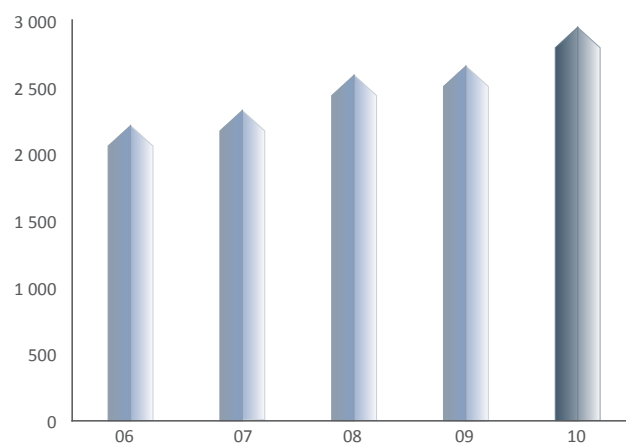
### Headline earnings per share (cents)



### Capital distribution per share (cents)



### Net asset value per share (cents)





# BOARD OF DIRECTORS

**From left to right: Seated:** G R Hindle, J A Goldberg, M S Goldberg **Standing:** R Kinross, D Piaray, B H Haikney (Company Secretary), J M Judin



**M S Goldberg (58)**  
**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 33 years' experience in manufacturing and the appliance industry.



**G R Hindle (49)**  
**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 27 years' experience in financial management and Information System technology in the manufacturing and electronic environment.



**D Piaray (43)**  
**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.



**J A Goldberg (55)**  
**Managing director/Chief executive officer**  
 BSc Eng (Wits)

Managing director responsible for developing and implementing the Group's marketing and sales strategies. Intimately involved in all operational aspects of the Group and in sourcing new products and markets. Appointed to the Board in 1986. Has 33 years' experience in manufacturing and the appliance industry.



**J M Judin (64)**  
**Lead 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 Group Holdings Limited.



**R Kinross (69)**  
**Non-executive director**  
 BAcc (Unisa) CA(SA)

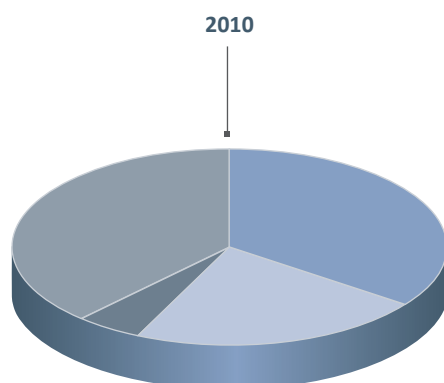
Served as a financial director in the retail industry for a number of years before becoming a senior partner at Tuffias Sandberg Ksi. Retired from audit practice with effect from 28 February 2009 having reached mandatory retirement age. Appointed to the Board in 2009 and is currently a consultant to several medium-sized family businesses.

## VALUE ADDED STATEMENT

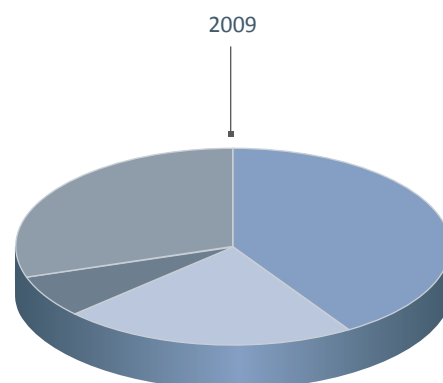
	2010		2009	
	R'000	%	R'000	%
<b>Revenue</b>	<b>1 821 931</b>	<b>100,00</b>	1 443 104	100,00
Cost of materials, services and expenses	(1 411 431)	(77,47)	(1 156 398)	(80,13)
<b>Value added from trading operations</b>	<b>410 500</b>	<b>22,53</b>	286 706	19,87
Net interest paid	(4 811)	(0,26)	(6 676)	(0,46)
<b>Total value added</b>	<b>405 689</b>	<b>22,27</b>	280 030	19,41
<b>Allocated as follows:</b>				
<b>Employees</b>				
Salaries, wages, commission and other benefits	107 808	5,92	106 487	7,38
<b>Government</b>				
Normal taxation on companies	28 170	1,55	8 245	0,57
Employee tax	10 412	0,57	10 119	0,70
<b>Providers of capital</b>				
Minority interest	5 289	0,29	1 943	0,13
Dividends/capital distribution	7 678	0,42	13 668	0,95
<b>Total wealth distributed</b>	<b>159 357</b>	<b>8,75</b>	140 462	9,73
<b>Re-investment in the Group</b>				
Depreciation	6 629	0,36	6 904	0,49
Retained for future growth	239 703	13,16	132 664	9,19
	<b>405 689</b>	<b>22,27</b>	280 030	19,41

## SEGMENTAL INFORMATION

Geographical revenue



Consumer electronics	35%
Appliances and other	22%
Manufacturing	5%
Australia	38%

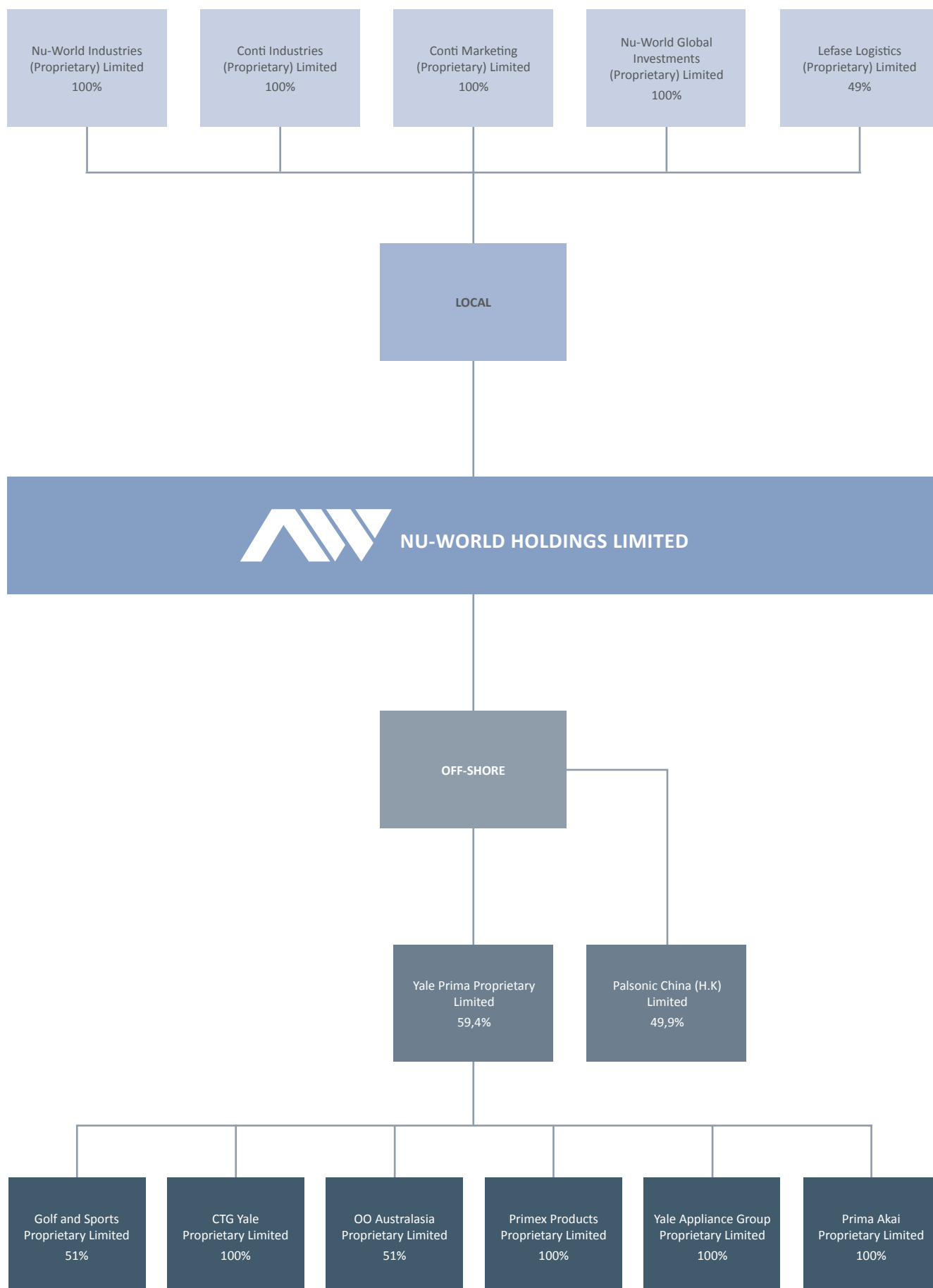


Consumer electronics	41%
Appliances and other	22%
Manufacturing	7%
Australia	30%





## GROUP STRUCTURE





# IMPORTED APPLIANCES



## HISTORY OF NU-WORLD

<b>1946</b>	Nu-World Industries (Proprietary) Limited was established The Company began manufacturing electrical wiring accessories
<b>1952</b>	Manufacturing of small electrical appliances commenced
<b>1980</b>	Nu-World began importing and distributing small electrical appliances
<b>1987</b>	Nu-World Holdings Limited listed on the Johannesburg Stock Exchange
<b>1995</b>	Nu-World appointed as the sole agent for JVC in South Africa and sub-saharan Africa
<b>1999</b>	Nu-Tec consumer electronics introduced
<b>2000</b>	Nu-World acquires 33⅓% of Prima Australasia Proprietary Limited Agency/distribution agreement established with Casio/James Ralph (Proprietary) Limited Appointed sole agent for Telefunken in South Africa
<b>2001</b>	Thomson distribution agreement for South Africa signed Telefunken agency for Prima Australasia Proprietary Limited
<b>2002</b>	Nu-World increased its holding in Prima Australasia to 51% Strategic alliance with Prima International UK Proprietary Limited established
<b>2003</b>	Acquired 100% interest in Conti South Africa 60% investment in Nu-World UK Limited
<b>2004</b>	Appointed South African agent for General Electric large appliances 65% investment in Yale Appliance Group Proprietary Limited Introduction of Conti Motorsports division
<b>2006</b>	Rationalisation of Prima Australasia Proprietary Limited and Yale Appliance Group Proprietary Limited into Yale Prima (Proprietary) Limited 45% investment in On Corporation Inc. USA
<b>2007</b>	Increased investment in Yale Prima Proprietary Limited to 59,4% Introduction of home improvement division
<b>2008</b>	Disposed of investment in On Corporation Inc. USA Yale Prima Proprietary Limited acquires 51% of online retailer Overstockoutlet Proprietary Limited (www.oo.com.au)
<b>2009</b>	Disposed of investment in Nu-World UK Limited
<b>2010</b>	Acquired 49,9% interest in Palsonic China (H.K) Limited Acquired 49% interest in Lefase Logistics (Proprietary) Limited Introduction of the Hi-Tech division Introduction of the Liquor division Expansion of White Goods division

# 10 YEAR REVIEW

	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000
<b>Statement of attributable income</b>					
Revenue	1 821 931	1 443 104	1 890 882	1 865 780	1 638 724
Operating income	105 479	40 117	61 528	109 027	121 646
Interest paid	4 811	6 676	6 788	4 691	1 223
Income before taxation	100 668	33 441	54 740	104 336	120 423
Taxation	26 596	8 465	11 619	15 214	29 613
Income after taxation	74 072	24 976	43 121	89 122	90 810
Share of income attributable to associated company	(183)				(6 994)
Net income	73 889	24 976	43 121	89 122	83 816
Non-controlling interest	(5 289)	(1 943)	(2 848)	(3 991)	(1 786)
Attributable income	68 600	23 033	40 273	85 131	82 030
Headline earnings	68 600	30 285	43 596	54 383	82 030
Shares in issue (000s):					
– at year end	21 261	21 149	21 215	21 833	21 684
– weighted average	21 144	21 163	21 697	21 833	21 684
Headline earnings per share (cents)	324,4	143,2	205,5	249,1	378,3
Headline earnings per share (cents)					
– weighted	324,4	143,1	200,9	249,1	378,3
Dividend per share (cents)	101,0	33,9	59,3	125,3	120,8
Dividend cover	3,0	3,0	3,0	3,0	3,0
<b>Statement of financial position</b>					
<b>Assets</b>					
Non-current assets	154 980	154 336	157 456	80 083	86 134
Plant and equipment	30 942	32 563	35 054	35 839	41 673
Deferred taxation	18 809	17 754	18 383	19 137	18 732
Investment in financial instruments	51 706	51 706	51 706		
Investment in associated company	2 905				
Intangible assets	50 618	52 313	52 313	25 107	25 729
Current assets	733 754	611 974	623 258	666 692	688 121
Inventories	391 569	264 690	244 349	153 086	179 030
Trade and other receivables	283 665	198 153	239 221	225 793	241 513
Bank and cash balances	58 520	149 131	139 688	287 813	267 578
Total assets	888 734	766 310	780 714	746 775	774 255
<b>Equity and liabilities</b>					
Total capital and reserves	620 102	554 452	550 060	545 406	485 282
Issued capital	28 659	36 899	51 410	89 070	115 697
Foreign currency translation reserve	3 842	2 403	2 803	1 246	166
Share-based payment reserve	2 560	2 282	1 839	1 078	538
Hedging reserve		(3 934)			
Retained earnings	585 041	516 802	494 008	454 012	368 881
Minority interest	29 136	23 133	21 466	51 346	47 949
Non-current liabilities	27 226	27 262	28 149	7 233	10 607
Interest bearing borrowings	20 000	20 000	20 000		
Deferred taxation	7 226	7 262	8 149	7 233	10 607
Current liabilities	212 270	161 463	181 039	142 790	230 417
Trade and other payables	212 270	161 463	181 039	142 790	219 056
Current portion of interest bearing borrowings					11 361
Total equity and liabilities	888 734	766 310	780 714	746 775	774 255



## 10 YEAR REVIEW CONTINUED

2005 R'000	2004 R'000	2003 R'000	2002 R'000	2001 R'000	
					<b>Statement of attributable income</b>
1 626 122	1 430 804	1 179 455	942 984	884 252	Revenue
94 215	86 219	65 982	56 122	51 487	Operating income
7 220	3 606	5 018	8 355	8 988	Interest paid
86 995	82 613	60 964	47 767	42 499	Income before taxation
18 212	19 082	12 127	9 998	8 336	Taxation
68 783	63 531	48 837	37 769	34 163	Income after taxation
			2 296	(135)	Share of income attributable to associated company
68 783	63 531	48 837	40 065	34 028	Net income
4 444	(2 781)	(5 738)		(87)	Non-controlling interest
73 227	60 750	43 099	40 065	33 941	Attributable income
73 227	60 610	43 562	40 065	33 941	Headline earnings
					Shares in issue (000s):
21 592	21 597	21 611	21 695	21 695	– at year end
21 592	21 597	21 611	21 695	21 695	– weighted average
339,1	280,6	201,6	184,7	156,4	Headline earnings per share (cents)
					Headline earnings per share (cents)
339,1	280,6	201,6	184,7	156,4	– weighted
92,6	70,3	39,8	31,3	27,2	Dividend per share (cents)
3,5	4,0	5,0	5,9	5,7	Dividend cover
					<b>Statement of financial position</b>
					<b>Assets</b>
62 956	52 923	56 691	57 286	40 954	Non-current assets
44 867	46 997	50 905	36 204	28 089	Plant and equipment
					Deferred taxation
			21 082	12 865	Investment in financial instruments
18 089	5 926	5 786			Investment in associated company
					Intangible assets
589 605	546 664	419 055	361 091	330 648	Current assets
171 340	167 448	132 695	117 384	103 137	Inventories
227 717	217 528	182 923	156 563	162 433	Trade and other receivables
190 548	161 688	103 437	87 144	65 078	Bank and cash balances
652 561	599 587	475 746	418 377	371 602	Total assets
					<b>Equity and liabilities</b>
422 478	361 397	309 071	274 846	240 684	Total capital and reserves
114 684	114 776	115 058	115 849	115 849	Issued capital
(185)	(813)	(1 292)			Foreign currency translation reserve
158					Share-based payment reserve
307 821	247 434	195 305	158 997	124 835	Hedging reserve
					Retained earnings
28 156	23 786	20 471			Minority interest
6 928	4 443	8 149	8 950	12 973	Non-current liabilities
				5 089	Interest bearing borrowings
6 928	4 443	8 149	8 950	7 884	Deferred taxation
194 999	209 961	138 055	134 581	117 945	Current liabilities
194 999	209 961	138 055	134 581	117 915	Trade and other payables
				30	Current portion of interest bearing borrowings
652 561	599 587	475 746	418 377	371 602	Total equity and liabilities



# WHITE GOODS

# 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 seventh 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.

## **Labour relations**

The Company subscribes fully to the principle of freedom of association, and in consequence thereof, one main Trade Union (Numsa) is recognised by the organisation as being representative of certain of our employees. Labour harmony is key to our employee relationship, and cultivates the necessary human resources climate allowing employee participation in achieving Company goals.



## CORPORATE SUSTAINABLE DEVELOPMENT CONTINUED

Regrettably, during the past year, the restructuring of operations required the retrenchment of a number of employees. This difficult task was dealt with in conjunction with the relevant employee representatives, and with the assistance of the Trade Union concerned, the process was successfully managed.

### **BBBEE**

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

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

The major South African wholly owned subsidiary, Nu-World Industries (Pty) Ltd has attained a level 5 accreditation and continues to improve on this level of accreditation.

Specifically with regard to preferential procurement it should be noted that:

- Most of the Company's procurement spend is in product and components from international suppliers, and therefore our local spend is comparatively small. Nevertheless, we seek to place our local spend with black empowered and/or black-owned companies wherever possible.
- We also encourage the development of black-owned SMMEs by, *inter alia*, procuring services for them.
- In addition, assistance will be given whenever possible to key local suppliers to transform their business to achieve BEE status.

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

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

The Board has an independent company secretary who is both properly empowered and suitably experienced to fulfil the duties of a company secretary. The Company secretary

provides the Board with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Group in relation to its statutory and other requirements.

## Board committees

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

## Executive committee

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

## Remuneration committee

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

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

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

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

## Audit and risk committees

The Board has appointed audit and risk committees.

Mr J M Judin holds the position of chairman of the committees and the other members are Mr D Piary and Mr R Kinross.

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

# CORPORATE CONDUCT AND PERFORMANCE CONTINUED

The audit committee has written terms of reference that deal adequately with its membership, authority and duties. The committee deals with internal financial controls that are in place, assesses their adequacy and makes certain that business, statutory and financial risks have been identified and are being monitored and managed, and that appropriate standards of governance, reporting and compliance are in operation. The committee is also responsible for reviewing the interim reports and financial statements, internal financial control procedures, accounting policies, compliance and regulatory matters, recommending the appointment of external auditors and other related issues. The audit committee advises the Board on various other issues ranging from the application of accounting standards to published financial information. The Group's external auditors have unrestricted access to the audit committee chairman and, if necessary, the non-executive directors. The audit committee also recommends principles for the use of external auditors for non-audit services. As required by the JSE Listings Requirements 3.84 (h), the audit committee is satisfied that the financial director has appropriate expertise and experience.

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

## **Accountability and audit**

### **Financial statements**

The financial statements as set out in this report have been prepared by management in accordance with International Financial Reporting Standards (IFRS). They are based on appropriate accounting policies, which are supported by reasonable and prudent judgements and estimates. The directors are responsible for ensuring that Group companies maintain adequate accounting records, and for reporting on the financial position of the Group at all levels to meet this responsibility. The external auditors are responsible for independently auditing and reporting on these financial statements in conformity with IFRS. The Group's auditors have confirmed that the financial information is in accordance with the underlying audited financial records of the Company and its subsidiaries.

### **Going concern**

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

## **Auditing and accounting**

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

## **Internal financial controls**

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

## **General matters**

### **Stakeholder communication**

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

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

## **Information resources management**

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

## **Information security**

Compliance with legislative requirements contributes towards the protection of corporate information, but in itself only addresses a small part of the total number of threats posed to the business arising from its dependencies on information technology and the internet. Security policies and procedures for employees and the use of technologies such as enterprise and personal firewalls, antivirus systems, intrusion monitoring

## CORPORATE CONDUCT AND PERFORMANCE CONTINUED

and detection are applied, as well as frequent application of software security 'patches' issued by vendors as and when vulnerabilities are discovered.

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

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

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

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



## SHARE PERFORMANCE

	12 months trade 31 August 2010	12 months trade 31 August 2009
<b>Stock exchange performance</b>		
Market price per share (cents)		
– at year end	<b>2 050</b>	1 250
– highest	<b>2 300</b>	1 899
– lowest	<b>1 200</b>	1 250
Number of shares traded (000)	<b>3 582</b>	3 917
Number of shares in issue (000)	<b>22 646</b>	22 646
Volume traded as a percentage of total shares in issue (%)	<b>15,8</b>	17,3

### Historical share price (cents)





## SHAREHOLDER ANALYSIS

	Number of shareholders	%	Number of shares	%
<b>Shareholder spread</b>				
1 – 25 000 shares	677	91,9	1 078 957	4,8
25 001 – 50 000 shares	14	1,9	489 236	2,2
50 001 – 100 000 shares	14	1,9	1 036 726	4,6
Over 100 000 shares	32	4,3	20 041 546	88,4
	737	100,0	22 646 465	100,0
<b>Distribution of shareholders</b>				
Banks	4	0,5	3 497	0,1
Close corporations	13	1,8	41 427	0,2
Endowment funds	2	0,3	22 010	0,1
Individuals	559	75,8	1 372 176	6,0
Insurance companies	7	1,0	3 758 425	16,5
Brokers	7	0,9	87 662	0,4
Medical aid schemes	2	0,3	35 200	0,1
Mutual funds	35	4,7	7 025 074	31,0
Nominees and trusts	50	6,8	854 644	3,8
Other corporations	10	1,4	3 616	0,1
Pension funds	16	2,2	2 021 878	8,9
Private companies	18	2,4	162 053	0,7
Public companies	3	0,4	62 906	0,3
Share trusts	2	0,3	1 385 547	6,1
Custodian	8	1,1	5 808 545	25,6
Own Holdings	1	0,1	1 805	0,1
	737	100,0	22 646 465	100,0
<b>Public/non-public shareholders</b>				
<b>Non-public shareholders</b>				
– Directors and Associates	5	0,7	665 202	2,9
– Trustee of Employees Share Scheme	2	0,3	1 385 547	6,1
– Strategic Holdings	1	0,1	3 724 169	16,4
– Own Holdings	1	0,1	1 805	0,1
<b>Public shareholders</b>	718	98,8	16 869 742	74,5
	737	100,0	22 646 465	100,0
<b>Beneficial shareholders holding of 5% or more</b>				
Old Mutual Group			3 724 169	16,4
SIS SegainterSettle AG			3 394 797	15,0
Nu-World Share Trust			1 385 547	6,1
Investment Solutions			1 138 899	5,0

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

for the year ended 31 August 2010

The annual financial statements, set out on pages 28 to 43 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.

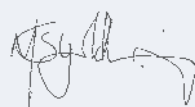
Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

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 three 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 25. The auditors are appointed each year based on the recommendation by the audit committee.



**M S Goldberg**  
Executive director  
Sandton  
25 October 2010



**J A Goldberg**  
Managing director

## CERTIFICATE OF THE COMPANY SECRETARY

for the year ended 31 August 2010

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 2010. Furthermore, all such returns are true and correct.



**B H Haikney**  
Company secretary

Sandton  
25 October 2010

## 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 statements of financial position as at 31 August 2010, the consolidated and separate statements of comprehensive income, the consolidated and separate statement of changes in equity and consolidated and separate statements of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors report, as set out on pages 28 to 43.

## 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 financial position of Nu-World Holdings Limited as at 31 August 2010 and its consolidated and separate financial 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**

Registered Auditors

Per Shaun Nurick  
Chartered Accountant (SA)  
Registered Auditor  
Partner  
25 October 2010

# 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" unlisted 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 11 on page 37.

### 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 24 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 101,0 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, 10 February 2010.

## 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 and chief executive officer), G R Hindle, J M Judin, D Piaray and R Kinross (appointed 1 November 2009).

In terms of the articles of association, Messrs G R Hindle, J M Judin, D Piaray and R Kinross 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, Third Street, Wynberg.  
P O Box 8964, Johannesburg.

## Subsidiary companies

Details of the Company's investment in its subsidiaries are set out on page 44 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 2,9%.

There have been no material changes in the directors' interest between 31 August 2010 and the date of this report.

## Post balance sheet events

No material facts or circumstances have occurred between 31 August 2010 and the date of this report.

# REPORT OF THE DIRECTORS CONTINUED



The directors' remuneration in respect of the financial year ended 31 August 2010 was as follows:

Name	Directors' fees R'000	Basic remuneration R'000	Performance bonus R'000	Car/ subsistence allowance R'000	Total 2010 R'000	Total 2009 R'000
<b>Executive</b>						
M S Goldberg		3 486		248	3 734	3 611
J A Goldberg		3 486		248	3 734	3 611
G R Hindle		2 507		230	2 737	2 644
<b>Non-executive</b>						
R Kinross	83				83	
D Piaray	125				125	125
J M Judin	138				138	125
	346	9 479	–	726	10 551	10 116

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

Name	Direct beneficial	Indirect beneficial	Total 2010	Total 2009
<b>Executive</b>				
M S Goldberg	84 000	437 000	510 000	472 000
J A Goldberg	566 610		566 610	517 610
G R Hindle	4 470		4 470	4 470
<b>Non-executive</b>				
R Kinross	10 000		10 000	
J M Judin		26 039	26 039	26 039



# STATEMENT OF FINANCIAL POSITION

as at 31 August 2010

		Group		Company	
		2010	2009	2010	2009
	Note	R'000	R'000	R'000	R'000
Assets					
Non-current assets		154 980	154 336	44 239	51 230
Property, plant and equipment	2	30 942	32 563		
Intangible assets	3	50 618	52 313		
Investment in subsidiaries	4			41 334	51 230
Investment in associates	5	2 905		2 905	
Investment	6	51 706	51 706		
Deferred taxation	7	18 809	17 754		
Current assets		733 754	611 974	839	839
Inventories	8	391 569	264 690		
Trade and other receivables	9	283 665	198 153	800	800
Cash and cash resources		58 520	149 131		
Taxation prepaid				39	39
Total assets		888 734	766 310	45 078	52 069
Equity and liabilities					
Capital and reserves		649 238	577 585	44 964	51 956
Issued capital	11	28 659	36 899	50 923	60 796
Foreign currency translation reserve		3 842	2 403		
Accumulated profits		585 041	516 802	(8 519)	(8 840)
Share based payment reserve	12	2 560	2 282	2 560	
Hedging reserve	13		(3 934)		
Capital and reserves attributed to equity holders of the company		620 102	554 452	44 964	51 956
Non-controlling interest		29 136	23 133		
Non-current liabilities		27 226	27 262	–	–
Long term liability	14	20 000	20 000		
Deferred taxation	7	7 226	7 262		
Current liabilities		212 270	161 463	114	113
Trade and other payables	10	204 818	157 844	114	113
Taxation		7 452	3 619		
Total equity and liabilities		888 734	766 310	45 078	52 069

# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2010



	Note	Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Revenue	15	<b>1 821 931</b>	1 443 104	<b>1 377</b>	356
Cost of sales		<b>1 411 431</b>	1 156 398		
Gross profit		<b>410 500</b>	286 706	<b>1 377</b>	356
Other income		<b>6 857</b>	13 210		
Operating expenses		<b>311 878</b>	259 799	<b>873</b>	7 020
Operating profit/(loss) before interest	16	<b>105 479</b>	40 117	<b>504</b>	(6 664)
Interest paid		<b>4 811</b>	6 676		
Profit/(loss) before taxation		<b>100 668</b>	33 441	<b>504</b>	(6 664)
Taxation	17	<b>26 596</b>	8 465		
Net profit/(loss) after taxation		<b>74 072</b>	24 976	<b>504</b>	(6 664)
Share of loss attributable to associated companies		<b>(183)</b>		<b>(183)</b>	
Net profit/(loss) for the year		<b>73 889</b>	24 976	<b>321</b>	(6 664)
Other comprehensive income:					
Exchange differences on translating foreign operations		<b>2 153</b>	(348)	–	–
Gains/(losses) arising during the year		<b>2 636</b>	(747)		
Taxation		<b>(483)</b>	399		
Cash flow hedges		<b>3 934</b>	(3 934)		
Other comprehensive income/(loss) for the year net of taxation		<b>6 087</b>	(4 282)		
Total comprehensive income/(loss) for the year		<b>79 976</b>	20 694	<b>321</b>	(6 664)
Net profit/(loss) attributable to:					
Non-controlling interest		<b>5 289</b>	1 943		
Equity holders of the company		<b>68 600</b>	23 033	<b>321</b>	(6 664)
		<b>73 889</b>	24 976	<b>321</b>	(6 664)
Total comprehensive income/(loss) attributable to:					
Non-controlling interest		<b>6 003</b>	1 994		
Equity holders of the company		<b>73 973</b>	18 700	<b>321</b>	(6 664)
		<b>79 976</b>	20 694	<b>321</b>	(6 664)
Earnings per share (cents)	18	<b>324,4</b>	108,9		
Headline earnings per share (cents)	18	<b>324,4</b>	143,1		
Capital distribution per share (cents)	19	<b>101,0</b>	33,9		

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 August 2010

	Issued share capital R'000	Share premium R'000	Treasury share R'000	Foreign currency translation reserve R'000	Accu- mulated profits R'000	Share- based payment reserve R'000	Hedging reserve R'000		Non- controlling Total interest R'000	Total equity R'000
Group										
Balance at 31 August 2008	226	72 111	(20 927)	2 802	494 008	1 839		550 059	21 467	571 526
Decrease in investment in subsidiary									(328)	(328)
Net profit for the year				(399)	23 033		(3 934)	18 700	1 994	20 694
Dividend paid/capital distribution		(13 429)			(239)			(13 668)		(13 668)
Treasury share movement			(1 082)					(1 082)		(1 082)
Transfer of fair value adjustment – transfer to share-based payment reserve						443		443		443
Balance at 31 August 2009	226	58 682	(22 009)	2 403	516 802	2 282	(3 934)	554 452	23 133	577 585
Net profit for the year				1 439	68 600		3 934	73 973	6 003	79 976
Dividend paid/capital distribution		(7 677)			(361)			(8 038)		(8 038)
Treasury share movement			1 633					1 633		1 633
Transfer of fair value adjustment – transfer to share-based payment reserve						278		278		278
Shares repurchased		(2 196)						(2 196)		(2 196)
Balance at 31 August 2010	226	48 809	(20 376)	3 842	585 041	2 560	–	620 102	29 136	649 238
						Share- based payment reserve R'000	Issued share capital R'000	Share premium R'000	Accu- mulated losses R'000	Total equity R'000
Company										
Balance at 31 August 2008							226	73 999	(2 176)	72 049
Net profit for the year									(6 664)	(6 664)
Dividend paid/capital distribution								(13 429)		(13 429)
Balance at 31 August 2009						–	226	60 570	(8 840)	51 956
Net profit for the year									321	321
Dividend paid/capital distribution								(7 677)		(7 677)
Shares repurchased								(2 196)		(2 196)
Transfer of fair value adjustment – transfer to share-based payment reserve						2 560				2 560
Balance at 31 August 2010						2 560	226	50 697	(8 519)	44 964

# STATEMENT OF CASH FLOWS

for the year ended 31 August 2010



	Note	Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>Cash flows from operating activities</b>		<b>(82 127)</b>	<b>12 088</b>	<b>(4 612)</b>	<b>3 264</b>
Receipts from customers		2 020 085	1 484 172	1 377	356
Paid to suppliers and employees		(2 071 072)	1 449 066	1 688	16 337
Cash (absorbed by)/generated from operations	20.1	(50 987)	35 106	3 065	16 693
Investment income		6 047	5 598		
Interest paid		(4 811)	(6 676)		
Taxation paid	20.2	(24 338)	(8 272)		
Dividends paid	20.3	(8 038)	(13 668)	(7 677)	(13 429)
<b>Cash flows from investing activities</b>		<b>(8 484)</b>	<b>(2 645)</b>	<b>4 612</b>	<b>(3 264)</b>
Additions to property, plant and equipment		(5 298)	(5 607)		
Proceeds on disposal of property, plant and equipment		464	563		
Loans to associates		(2 294)		(2 294)	
Decrease in investment in subsidiary					1 735
Investment in associates		(794)		(794)	
Increase/(decrease) in amounts due by subsidiaries				9 896	(4 999)
Disposal of subsidiary	20.4		3 481		
Decrease/(increase) in investment in treasury shares		1 634	(1 082)		
Shares repurchased		(2 196)		(2 196)	
<b>Cash flows from financing activities</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Increase in interest bearing borrowings					
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(90 611)</b>	<b>9 443</b>	<b>–</b>	<b>–</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>149 131</b>	<b>139 688</b>		
<b>Cash and cash equivalents at the end of the year</b>	20.5	<b>58 520</b>	<b>149 131</b>	<b>–</b>	<b>–</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2010

## 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 Investment in associates

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the Group has between 20% and 50% of the voting rights, and over which the Group exercises significant influence, but which it does not control. Provisions are recorded for long-term impairment in value.

Equity accounting involves recognising in the statement of comprehensive income the Group's share of the associates' profit or loss for the year. The Group's interest in the associate is carried in the statement of financial position at an amount that reflects its share of the net assets of the associate and includes goodwill on acquisition.

#### 1.3.4 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%

#### 1.3.5 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.

#### 1.3.6 Foreign currencies

##### Foreign entities

The statements of financial position of the consolidated foreign subsidiaries are translated into South African Rand at rates of exchange ruling at year end. The related statements of comprehensive income 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 reporting date. Unrealised differences on monetary assets and liabilities are recognised in the statement of comprehensive income in the period in which they occur.

#### 1.3.7 Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position 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.

## *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 statement of comprehensive income 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 reporting date.

## *Cash flow hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

### **1.3.8 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.

### **1.3.9 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.

### **1.3.10 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.

### **1.3.11 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.

### **1.3.12 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 reporting date.

### **1.3.13 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.

### **1.3.14 Adoption of new and used accounting standards**

During the year the Group adopted all of the new and revised International Accounting Standards and interpretations applicable to its operations which became mandatory.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>2. Property, plant and equipment</b>				
Cost				
Plant and machinery	89 083	88 392		
Motor vehicles	6 573	6 319		
Office equipment and furniture	23 669	21 360		
Leasehold improvements	11 456	10 994		
	130 781	127 065		
Accumulated depreciation				
Plant and machinery	71 447	68 084		
Motor vehicles	4 242	4 596		
Office equipment and furniture	17 577	15 966		
Leasehold improvements	6 573	5 856		
	99 839	94 502		
Net carrying amount				
Plant and machinery	17 636	20 308		
Motor vehicles	2 331	1 723		
Office equipment and furniture	6 092	5 394		
Leasehold improvements	4 883	5 138		
	30 942	32 563		
	Leasehold improvements	Plant and machinery	Other fixed assets	Total
<b>Movement summary</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Opening net carrying amount	5 138	20 308	7 117	32 563
Additions	554	692	4 052	5 298
Disposals			(290)	(290)
Depreciation	(809)	(3 364)	(2 456)	(6 629)
Closing net carrying amount	4 883	17 636	8 423	30 942
	Group			
	2010 R'000	2009 R'000		
<b>3. Intangible assets</b>				
<b>Goodwill</b>				
Balance at beginning of year	37 991	37 991		
Balance at end of year	37 991	37 991		
<b>Intellectual property</b>				
Balance at beginning of year	14 322	14 322		
Amount amortised during year	(1 695)			
Balance at end of year	12 627	14 322		
	50 618	52 313		

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2010



	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>4. Investment in subsidiaries</b>				
Shares at valuation			85 556	85 556
Amount owing by subsidiaries			(44 222)	(34 326)
			41 334	51 230
The above loans are unsecured, interest free, with no fixed terms of repayment. Refer to page 44 for analysis of subsidiaries.				
<b>5. Investment in associates</b>				
On 1 September 2009 the Group acquired a 49% share of Lefase Logistics (Proprietary) Limited				
Shares at cost	29		29	
Amount owing to associate	(29)		(29)	
Equity accounted share of retained earnings	7		7	
	7	–	7	–
On 1 September 2009 the Group acquired a 49,9% share of Palsonic China (H.K) Ltd				
Share at cost	765		765	
Amount owing by associate	2 323		2 323	
Equity accounted share of retained earnings	(190)		(190)	
	2 898	–	2 898	–
	2 905	–	2 905	–
<b>6. Investment</b>				
Unlisted investment at cost				
HY Investments 19 (Proprietary) Limited	51 706	51 706		
Two redeemable cumulative preference shares, redeemable on 18 October 2012.				
Dividends are receivable at an annual rate of 10,6% nominal, compounded semi-annually.				
<b>7. Deferred taxation</b>				
Balance at beginning of year	(10 492)	(10 234)		
Charge to profit or loss	(1 574)	222		
– capital allowances	(508)	555		
– other temporary differences	(11)	(333)		
– foreign asset	(1 055)			
Charged to other comprehensive income				
– translation reserve	483	(480)		
	(11 583)	(10 492)		
Balance consists of:				
Asset	(18 809)	(17 754)		
Computed tax losses	(18 809)	(17 754)		
Liability	7 226	7 262		
Capital allowances	4 794	5 301		
Other temporary differences	(506)	(495)		
Translation reserve	2 938	2 456		
	(11 583)	(10 492)		



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
<b>8. Inventories</b>				
Raw materials	11 254	13 016		
Work in progress	3 058	3 508		
Finished goods	377 257	248 166		
	<b>391 569</b>	<b>264 690</b>		
<b>9. Trade and other receivables</b>				
Trade receivables	234 015	155 536		
Other	49 650	42 617	800	800
	<b>283 665</b>	<b>198 153</b>	<b>800</b>	<b>800</b>
<b>Ageing of past due but not impaired trade receivables</b>				
Not past due	229 292	151 572		
Past due	4 723	3 964		
	<b>234 015</b>	<b>155 536</b>		
The maximum exposure to credit risk for gross trade and other receivables at the reporting date by geographical region was:				
South Africa	232 242	164 092	800	800
Australasia	47 925	26 224		
Africa	551	399		
Asia	2 947	7 438		
	<b>283 665</b>	<b>198 153</b>	<b>800</b>	<b>800</b>
<b>10. Trade and other payables</b>				
Trade payables	145 908	104 187		
Accrued expenses	35 760	22 346		
Value added tax	(2 856)	4 610		
Provisions/other payables	26 006	26 701	114	113
	<b>204 818</b>	<b>157 844</b>	<b>114</b>	<b>113</b>
<b>Ageing of due dates for trade payables</b>				
0 – 30 days	99 120	70 690		
31 – 60 days	35 062	16 510		
61 – 90 days	5 351	288		
> 90 days	6 375	16 699		
	<b>145 908</b>	<b>104 187</b>		

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2010



	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
<b>11. 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>	<b>320</b>	<b>320</b>	<b>320</b>
<b>Issued</b>				
22 646 465 (2009: 22 646 465) ordinary shares of 1 cent each	226	226	226	226
<b>Treasury share</b>	<b>(20 376)</b>	<b>(22 009)</b>		
<b>Share premium</b>	<b>48 809</b>	<b>58 682</b>	<b>50 697</b>	<b>60 570</b>
Capital distribution	(79 035)	(69 162)	(79 035)	(69 162)
Arising on shares issued	133 106	133 106	133 106	133 106
Share issue expenses written off	(3 374)	(3 374)	(3 374)	(3 374)
Goodwill arising on consolidation	(1 888)	(1 888)		
	<b>28 659</b>	<b>36 899</b>	<b>50 923</b>	<b>60 796</b>
<b>12. Share-based payment reserve</b>				
Equity arising on share-based payment transactions	2 560	2 282	2 560	
<b>13. Hedging reserve</b>				
Balance at beginning of year	3 934			
Loss recognised on cash flow hedges:				
– Foreign currency forward exchange contracts	(5 620)	5 620		
– Income tax related to loss recognised in equity	1 686	(1 686)		
Balance at end of year	–	3 934		
<b>14. 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	20 000		
<b>15. Revenue</b>				
<b>15.1 Group</b>	<b>1 821 931</b>	<b>1 443 104</b>		
Consolidated revenue comprises the net invoiced value of goods supplied to customers, less trade discounts and rebates where applicable.				
<b>15.2 Company</b>				
Revenue comprises dividends and fees received from subsidiary companies.			1 377	356



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
<b>16. Operating profit</b>				
Operating profit is arrived at after taking into account:				
<b>Income</b>				
Foreign exchange profits	131	4 704		
Investment income	6 047	5 598		
Profit on disposal of property, plant and equipment	174			
<b>Expenditure</b>				
Auditors' remuneration	921	986	21	19
Audit fees	751	744	16	15
Fees for other services	170	242	5	4
Depreciation of property, plant and equipment	6 629	6 904		
Plant and machinery	3 364	3 937		
Leasehold improvements	809	527		
Motor vehicles	599	643		
Office equipment and furniture	1 857	1 797		
Directors' executive emoluments				
Paid by company			346	230
Paid by subsidiary	21 431	17 923		
Loss on disposal of property, plant and equipment		165		
Operating lease rentals				
Property	11 938	9 229		
Staff costs	106 847	107 808		
<b>17. Taxation</b>				
<b>17.1 Charge to income statement</b>				
South African normal taxation	22 146	8 104		
– current year	22 146	8 104		
South African deferred taxation	(519)	(488)		
– current year	(519)	(488)		
Foreign taxation	6 024	139		
– current year	6 024	139		
Foreign deferred taxation	(1 055)	710		
– current year	(1 055)	710		
	26 596	8 465		
<b>17.2 Reconciliation of rates of taxation</b>				
Statutory tax rate	28,00%	28,00%		
Adjusted for:	(1,58%)	(2,69%)		
Permanent differences	(1,52%)	(2,68%)		
Foreign taxation	0,57%	(0,01%)		
Disallowable expenditure	(0,63%)			
Effective tax rate	26,42%	25,31%		

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2010



	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
<b>18. Earnings per share and headline earnings per share</b>				
The calculation of earnings per share of 324,4 cents (2009: 108,9 cents) is based on earnings of R68 599 753 (2009: R23 033 525) for the year and a weighted average of 21 143 650 (2009: 21 162 931) shares in issue for the year.				
The calculation of headline earnings per share of 324,4 cents (2009: 143,1 cents) is based on headline earnings of R68 599 753 (2009: R30 285 219) and a weighted average of 21 143 650 (2009: 21 162 931) shares in issue. The following adjustments to income attributable to shareholders were taken into account in the calculation of headline earnings:				
Attributable to equity holders of the company	68 600	23 033		
Net loss on disposal of subsidiary		7 251		
Headline earnings	68 600	30 284		
<b>19. Capital distribution</b>	<b>22 973</b>	<b>7 677</b>	<b>22 973</b>	<b>7 677</b>
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 101,0 cents (2009: 33,9 cents) per share in respect of the year ended 31 August 2010.				
<b>20. Cash flow information</b>				
<b>20.1 Cash generated from/(absorbed by) operations</b>				
Operating profit/(loss) before interest and taxation	105 479	40 117	504	(6 664)
Adjustments for:				
Loss on disposal of subsidiary		4 925		
Depreciation	6 629	6 904		
Transfer of fair value adjustment	278	443	2 560	
(Profit)/loss on disposal of property, plant and equipment	(174)	165		
Investment income	(6 047)	(5 598)		
Translation difference	2 636	(704)		
Hedging reserve	3 934	(3 934)		
Amortisation of intangible assets	1 695			
Operating profit/(loss) before working capital changes	114 430	42 318	3 064	(6 664)
Working capital changes	(165 417)	(7 212)	1	23 357
Increase in inventories	(126 879)	(31 710)		
(Increase)/decrease in trade and other receivables	(85 512)	33 170	1	23 357
Increase/(decrease) in trade and other payables	46 974	(8 672)		
	(50 987)	35 106	3 065	16 693

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
<b>20.2 Taxation paid</b>				
Amount (unpaid)/prepaid at beginning of year	(3 619)	(1 875)	39	39
Amounts charged to the income statement	(28 171)	(8 243)		
Disposal of subsidiary		(1 773)		
Amounts unpaid/(prepaid) at end of year	7 452	3 619	(39)	(39)
	(24 338)	(8 272)	–	–
<b>20.3 Dividends paid</b>				
Amounts unpaid at beginning of year				
Amounts charged to the income statement	(361)	(239)		
Capital distribution	(7 677)	(13 429)	(7 677)	(13 429)
Amounts unpaid at end of year				
	(8 038)	(13 668)	(7 677)	(13 429)
<b>20.4 Disposal of subsidiary</b>				
<i>Nu World UK Limited</i>				
Property, plant and equipment		342		
Cash and cash equivalents		(3 481)		
Inventories		11 369		
Trade and other receivables		7 897		
Trade and other payables		(12 647)		
Loan		(4 434)		
Receiver of revenue		1 773		
Fair value of assets disposed off	–	819		
Minority interest		(328)		
Loss on disposal		(491)		
Selling price	–	–		
Cash and cash equivalents on disposal		3 481		
Net cash selling price	–	3 481		
<b>20.5 Cash and cash equivalents</b>				
Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market instruments	58 520	149 131		

## 21. Related party transactions

### Transactions with group companies

Nu-World Industries (Proprietary) Limited; Nu-World Strategic Investments (Proprietary) Limited; Conti Marketing (Proprietary) Limited; Conti Industries (Proprietary) Limited and Yale Prima Proprietary 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2010



	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>22. 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.				
Defined contribution expenses	7 497	7 649		
<b>23. Operating lease arrangements</b>				
<b>23.1 The Group as lessee</b>				
Property				
Due within one year	14 406	10 540		
Due within two to five years	21 664	47 226		
	36 070	57 766		
<b>23.2 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		313		
Due within two to five years		59		
	–	372		
			2010 Shares	2009 Shares
<b>24. 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			1 497 851	1 431 852
Shares purchased during the year			218 196	65 999
Shares issued during the year			(330 500)	
Closing balance – unissued shares			1 385 547	1 497 851
The above mentioned shares are under the control of the Company's executive directors.				
<b>25. 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>25.1 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>25.2 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 2010 forward exchange contracts all with maturity periods of between 0-6 months amounted to USD26,9 million (2009: USD26,4 million).				

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2010

## 25. Financial risk management (continued)

### 25.3 Credit risk management

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 2010, the Group did not consider that any significant concentration of credit risk existed which had not been adequately provided for.

### 25.4 Liquidity risk

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.

## 26. Contingent liabilities

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 R456,0 million (2009: R383,0 million).

## 27. 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>Amendments relating to oil and gas assets and determining whether an arrangement contains a lease.</li> <li>Amendment relieves first-time adopters of IFRS from providing the additional disclosures introduced through amendments to IFRS 7 in March 2009.</li> <li>Amendment clarifies that changes in accounting policies in the year of adoption fall outside of the scope of IAS 8.</li> <li>Amendment permits the use of revaluation carried out after the date of transition as a basis for deemed cost.</li> <li>Amendment permits the use of carrying amount under previous GAAP as deemed cost for operations subject to rate regulation.</li> </ul>	1 January 2010  1 July 2010  1 January 2011
IFRS 2 – Share-based payments	<ul style="list-style-type: none"> <li>Accounting for group cash-settled share based payment transactions – clarity of the definition of the term 'Group', and where in a group share-based payments must be accounted for.</li> </ul>	1 January 2010
IFRS 3 – Business combinations	<ul style="list-style-type: none"> <li>Amendments to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS.</li> <li>Clarification on the measurement of non-controlling interests.</li> <li>Additional guidance provided on un-replaced and voluntarily replaced share-based payment awards.</li> </ul>	1 January 2011
IFRS 5 – Non-current assets held for sale and discontinued operations	<ul style="list-style-type: none"> <li>Disclosure of non-current assets (or disposal groups) classified as held for sale of discontinued operations.</li> </ul>	1 January 2010
IFRS 7 – Financial instruments: disclosures	<ul style="list-style-type: none"> <li>Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading.</li> </ul>	1 January 2011
IFRS 8 – Operating segments	<ul style="list-style-type: none"> <li>Disclosure of information about segment assets.</li> </ul>	1 January 2010

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 August 2010



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

Standard	Details of amendment	Annual periods beginning on or after
IFRS 9 – Financial instruments	<ul style="list-style-type: none"> <li>New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and measurement.</li> </ul>	1 January 2013
IAS 1 – Presentation of financial statements	<ul style="list-style-type: none"> <li>Current/non-current classification of convertible instruments.</li> <li>Clarification of statement of changes in equity.</li> </ul>	1 January 2010 1 January 2011
IAS 7 – Statement of cash flows	<ul style="list-style-type: none"> <li>Classification of expenditures on unrecognised assets.</li> </ul>	1 January 2010
IAS 17 – Leases	<ul style="list-style-type: none"> <li>Classification of leases of land and buildings.</li> </ul>	1 January 2010
IAS 21 – The effects of changes in foreign exchange rates	<ul style="list-style-type: none"> <li>Consequential amendments from changes to IAS 27 consolidated and separate financial statements (clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation).</li> </ul>	1 July 2010
IAS 24 – Related party disclosures	<ul style="list-style-type: none"> <li>Simplification of the disclosure requirements for government-related entities.</li> <li>Clarification of the definition of a related party.</li> </ul>	1 January 2011
IAS 27 – Consolidated and separate financial statements	<ul style="list-style-type: none"> <li>Transition requirements for amendments arising as a result of IAS 27 consolidated and separate financial statements.</li> </ul>	1 July 2010
IAS 28 – Investments in associates	<ul style="list-style-type: none"> <li>Consequential amendments from changes to IAS 27 consolidated and separate financial statements (clarification on the transition rules in respect of the disposal of an interest in a foreign operation).</li> </ul>	1 July 2010
IAS 31 – Interests in joint ventures	<ul style="list-style-type: none"> <li>Consequential amendments from changes to IAS 27 consolidated and separate financial statements (clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation).</li> </ul>	1 July 2010
IAS 32 – Financial instruments: presentation	<ul style="list-style-type: none"> <li>Accounting for rights issues (including rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer.</li> </ul>	1 February 2010
IAS 34 – Interim financial reporting	<ul style="list-style-type: none"> <li>Clarification of disclosure requirements around significant events and transactions including financial instruments.</li> </ul>	1 January 2011
IAS 36 – Impairment of assets	<ul style="list-style-type: none"> <li>Unit of accounting for goodwill impairment test.</li> </ul>	1 January 2010
IAS 39 – Financial instruments: recognition and measurement	<ul style="list-style-type: none"> <li>Treating loan prepayment penalties as closely related embedded derivatives.</li> <li>Scope exemption for business combination contracts</li> <li>Cash flow hedge accounting.</li> </ul>	1 January 2010
<b>Interpretations</b>		<b>Annual periods beginning on or after</b>
IFRIC 13 – Customer loyalty programmes		1 January 2011
<ul style="list-style-type: none"> <li>Clarification on the intended meaning of the term ‘fair value’ in respect of award credits.</li> </ul>		
IFRIC 19 – Extinguishing financial liabilities with equity instruments		1 July 2010

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



# INTEREST IN SUBSIDIARIES

as at 31 August 2010

	Issued share capital		Effective shareholding		Shares at valuation		Loans receivable/ (payable)	
	2010	2009	2010	2009	2010	2009	2010	2009
	Rs	Rs	%	%	R'000	R'000	R'000	R'000
<b>Direct interest</b>								
Nu-World Industries (Proprietary) Limited	5 725	5 725	100,0	100,0	38 930	38 930	(95 002)	(90 045)
Nu-World Strategic Investments (Proprietary) Limited	1	1	100,0	100,0	1	1		
Conti Industries (Proprietary) Limited	35 401	35 401	100,0	100,0	15	15		
Conti Marketing (Proprietary) Limited	4 781	4 781	100,0	100,0	15	15		
Yale Prima Proprietary Limited	58 267 140	58 267 140	59,4	59,4	46 595	46 595	10 006	9 479
Nu-World Global Investments (Proprietary) Limited	100	100	100,0	100,0			40 774	46 240
Urent Then Own (Proprietary) Limited	100	100	100,0	100,0				
The aggregate net profit after taxation of subsidiaries attributable to the company amounted to R68 559 753 (2009: R23 033 525).								
					85 556	85 556	(44 222)	(34 326)

## Indirect interest

Prima Akai Proprietary Limited  
Yale Appliance Group Proprietary Limited  
A.C.N. 125 239 367 Proprietary Limited (Formerly Primex Products Proprietary Limited)  
CTG Yale Proprietary Limited  
OO Australasia Proprietary Limited (Formerly Overstockoutlet Proprietary Limited)  
Golf and Sports Proprietary Limited

# SHAREHOLDERS CALENDER

Declaration of dividend	25 October 2010
Announcement of 2010 results	Published 26 October 2010
2010 Annual Financial Statement to shareholders	Published November 2010
Record date	10 December 2010
Payment of capital distribution five	13 December 2010
Annual General Meeting	9 February 2011
Announcement of 2011 interim results	To be published April 2011



Notice is given that the annual general meeting of shareholders in respect of the year ended 31 August 2010 will be held in the boardroom of Nu-World Holdings Limited at 35 Third Street, Wynberg, Sandton at 10h00 on Wednesday, 9 February 2011 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 2010 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 as at 31 August 2010 appear on page 9 of the annual report.

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

## Ordinary resolution number 3

"Resolved to elect, each by separate vote, the following non-executive directors as board members of the Nu-World Holdings Limited audit committee:

3.1 J M Judin

3.2 D Piaray

3.3 R Kinross

## Ordinary resolution number 4

"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 2010 be approved."

## Ordinary resolution number 5

"Resolved that the directors be and are hereby authorised to re-appoint Tuffias Sandberg KSi as auditors and Shaun Nurick as the individual designated auditor 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 2010 be approved."

## Ordinary resolution number 6

"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 7

"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,

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

as determined over the 30 (thirty) business days prior to the date that the price of the issue is determined or was agreed between the issuer and the party subscribing for the securities.”

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:

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. Such announcement must be made as soon as possible and in any event no later than 08h30 on the second day following the day the relevant threshold is reached or exceeded;

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; and

That the Company may not repurchase securities during a prohibited period, as defined in the JSE Listings Requirements, unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period.

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 23
Directors’ interests in securities:	page 27
Share capital of the Company:	page 37

## 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 2010 and the date of this report.



## Directors' responsibility statement

The directors, whose names are given on page 9 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.

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 general repurchase and the capital distribution;

That the consolidated assets of the Company and the Group, fairly valued in accordance with the accounting policies used in the Company's latest audited annual group financial statements, 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 general repurchase and the capital distribution;

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 general repurchase and the capital distribution;

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 general repurchase and the capital distribution; 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 8

"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 2010. 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

# NOTICE OF ANNUAL GENERAL MEETING CONTINUED

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.

**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 9**

"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 annual general 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, 7 February 2011) 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.

By order of the Board



**B H Haikney**  
Company secretary  
Sandton  
20 November 2010



## 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, 9 February 2011 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 annual 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			
2.4 R Kinross			
Ordinary resolution 3: appointment of the audit committee			
3.1 J M Judin			
3.2 D Piaray			
3.3 R Kinross			
Ordinary resolution 4: approval of directors’ remuneration			
Ordinary resolution 5: re-appointment of auditors and individual designated auditor			
Ordinary resolution 6: placing of unissued shares under the control of directors			
Ordinary resolution 7: general authority to issue shares for cash			
Special resolution 1: general approval to repurchase shares			
Ordinary resolution 8: approval to make a capital distribution out of the share premium			
Ordinary resolution 9: authority to sign documents			

Signed at on

Signature

Name in full



# NOTES TO THE FORM OF PROXY

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 annual general 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, 7 February 2011) 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 annual general meeting and obtain the necessary authorisation from the CSDP or broker to attend the annual general meeting, or provide the CSDP or broker with voting instructions in terms of the custody agreement between them. 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 annual 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, 7 February 2011, 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 Graham R Hindle BAcc (Wits) CA(SA) Mr J Michael Judin DipLaw (Rand) Mr Richard Kinross BAcc (Unisa) CA(SA) Mr Desmond Piaray Chem Eng (Natal) BCom (Unisa) MBA (Wits)
<b>Secretary</b>	Mr Bruce H Haikney CA(SA) 35 Third Street Wynberg Sandton 2199
<b>Registered office</b>	35 Third Street Wynberg Sandton 2199
<b>Auditors</b>	Tuffias Sandberg KSi Chartered Accountants (SA) Registered Auditors Building 8 Greenstone Hill Office Park Emerald Boulevard Greenstone Hill Extention 22 Edenvale 1609
<b>Transfer secretaries</b>	Computershare Investor Services (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. 2 <sup>nd</sup> Floor, North Block Thrupps Illovo Centre 204 Oxford Road Illovo 2196
<b>Company registration number</b>	1968/002490/06
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