



**NU-WORLD HOLDINGS LIMITED**

INTEGRATED ANNUAL REPORT 2012



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## Financial Highlights

Group revenue from continuing operations increased by 31.3% to **R2 114,5 million**

Net operating income from continuing operations increased by 85.9% to **R93,8 million**

Income after taxation from continuing operations increased by 81.1% to **R62,9 million**

Headline earnings per share increased by 91.4% to **179,2 cents**

Dividend per share increased by 91.6% to **56,5 cents**

Net asset value per share increased by 5.9% to **3 045,8 cents**



## Chairman's Review



Following the positive turnaround and return to growth reported for the interim financials to 29 February 2012, I am delighted to report a positive continuation of growth for the full financial year to 31 August 2012.

Apart from the solid growth reported for the 2012 financial year, the period has been characterised by rationalisation and consolidation. During the year under review the assets of the discontinued operations "held-for-sale" have been sold or written down to fair value. Notwithstanding the fragile domestic economic environment amid the constrained global growth outlook, The Group has fared well and directors and management are to be commended for their accomplishment during the past year.

Further select operating areas, both domestically and in Australia, have been highlighted for rationalisation and cost-cutting in the year ahead. All companies in The Group are being reviewed to ensure a sound platform in order to prosper in these uncertain economic times.

The Group's line-up of international and in-house value brands encompass a range of consumer durables within key market categories which include consumer electronics, hi-tech, small electrical appliances, white goods, liquor and furniture. Our product range extends from price-entry essentials to aspirational purchases. We offer an extensive selection of branded consumer products across a diversity of trusted and well established 'own' and 'proprietary' brands. Consumer sentiment in South Africa remains fragile and the Group is positioning itself accordingly, with our renewed focus on working capital management and improving margins.

The interest rate cut in July brought some relief to indebted households, but subsequent credit rating downgrades have contributed to the devaluation of the Rand which in turn will pressure inflation increases going forward. The Bureau for

Economic Research latest revisions forecast GDP growth for 2012 at 2.2% increasing to 2.6% for 2013. In addition the latest consumer inflation forecast has been revised to average 5.6% during 2012 and the same for 2013.

The durable goods category which includes furniture, household appliances and electronic equipment, whilst projected to experience a slowdown in 2013 is still likely to remain the highest growth consumer spending category. This can be attributed to built-up demand, historically low interest rates and unsecured lending growth.

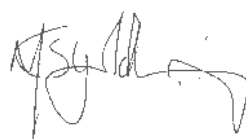
Nu-World remains committed to creating a non-discriminatory working environment for all. The Group is committed to comply with the latest regulations regarding broad-based black economic empowerment (BBBEE).

We acknowledge the principles of King III. As a responsible corporate citizen the Nu-World Holdings Limited 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.

We remain committed to the achievement of acceptable operating margins, effective working capital management and ongoing value creation for shareholders.

As chairman, I extend a special thank you to all members of staff in South Africa and Australia for your extraordinary commitment and support.

In addition I wish to thank our many customers. We at Nu-World are privileged to serve your needs and will continue to strive to provide you with the best possible value-for-money merchandise. Nu-World's excellent relationships with our many suppliers and customers are 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.



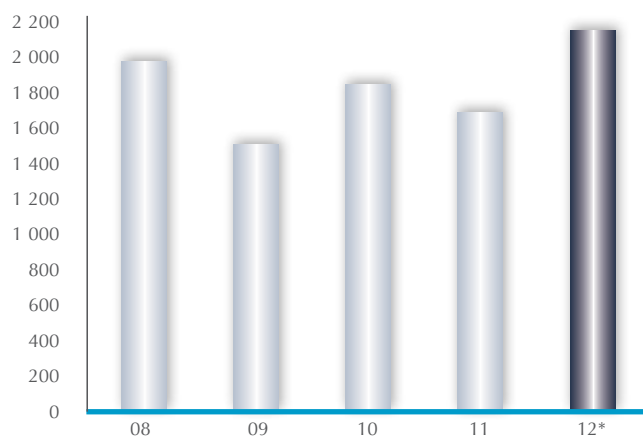
**M S Goldberg**

Executive chairman

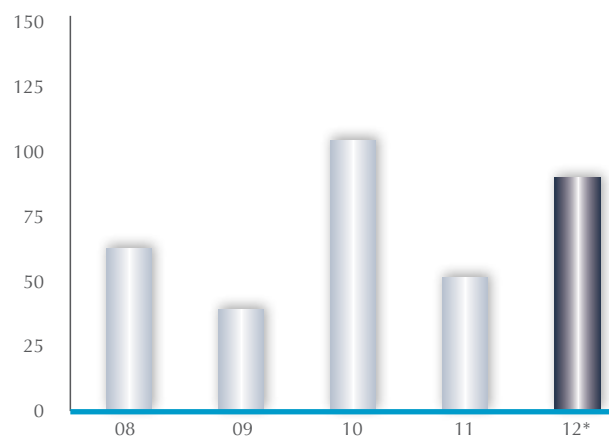
25 October 2012

# Statistical Information

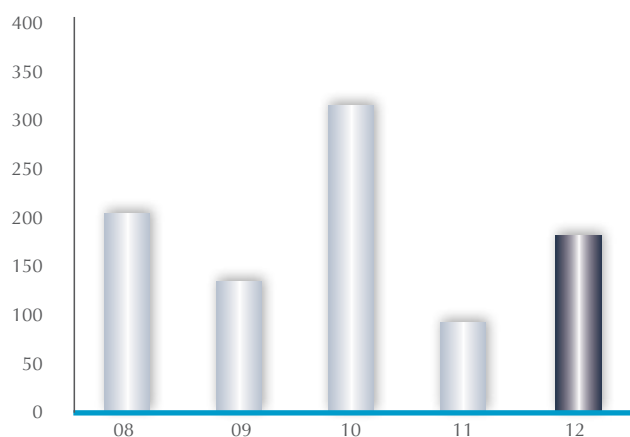
**Revenue (R'million)**



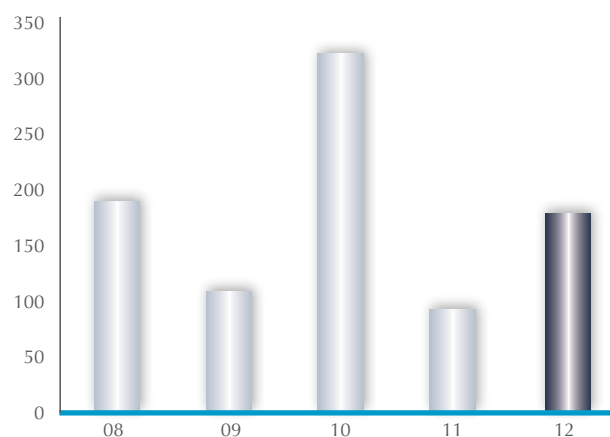
**Operating income (R'million)**



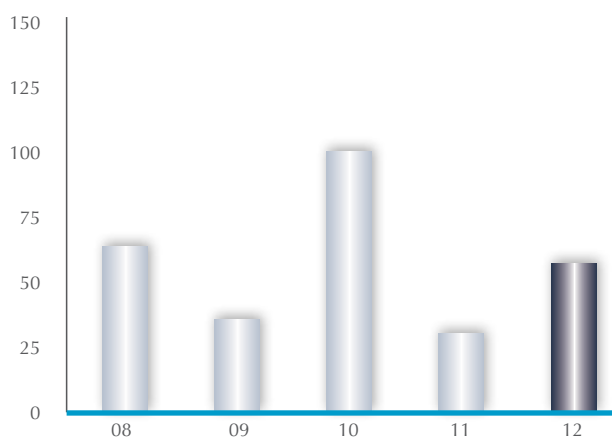
**Headline earnings per share (cents)**



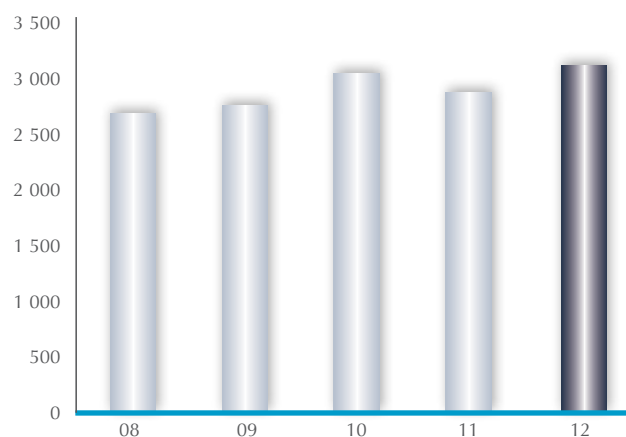
**Earnings per share (cents)**



**Dividend per share (cents)**



**Net asset value per share (cents)**



\* Continuing operations

# Managing Director's Review



The release of our interim results indicated the beginning of a positive turnaround of the Group's trading and financial position.

The directors of Nu-World, a leading international source for branded consumer durables, are now pleased to report a strong continuation of growth with the release of these results for the financial year to 31 August 2012.

These strong results have been achieved against a background of low consumer confidence coupled with lackluster retailer confidence. The trading period has been particularly challenging, but Nu-World retains the depth of field within its range of international and local brands to provide value-for-money at each lifestyle level. Furthermore, it is commendable that these results have been achieved notwithstanding the trading loss incurred from discontinued operations.

The Group's line-up of international and in-house value brands encompass a range of consumer durables within six key market categories which include: consumer electronics, hi-tech, small electrical appliances, white goods, liquor and furniture.

Consumer electronics under our JVC, Telefunken, Nu-Tec and Palsonic brands performed particularly well, with an impressive line-up of flat panel televisions. JVC televisions as an aspirational purchase offers an extensive range from 19" LED's to 65" 3D state-of-the-art panels at affordable pricing. Our range of white goods continues to grow with an impressive offering of microwaves, ovens, hobs, stoves, cooker hoods, fridges, freezers, dishwashers, washing machines and tumble dryers.

Small appliances also performed well including our recently launched premium range Prima One&Only, as an aspirational brand at competitive pricing. At this time we are extending our furniture offering to include bedding, kitchenette units, occasional and outdoor furniture.

Our South African base accounts for 64% of the Group's revenue and 94% of Group income. Australian operations account for 36% of turnover and 6% of income. At the beginning of October 2012, the Reserve Bank of Australia cut its benchmark interest rate to 3.25%, the lowest level since 2009, in an effort to support the economy and revive consumer demand. The Australian economic environment remains challenging and competitive.

## Financial overview

### Statement of comprehensive income

Group revenue from continuing operations increased by 31.3% to R2 114,5 million (August 2011: R1 609,9 million).

Net operating income – EBITDA from continuing operations increased by 85.9% to R93,8 million (August 2011: R50,5 million).

Group margins from continuing operations have improved by 42% to 4.4% (August 2011: 3.1%).

Income after tax from continuing operations increased 81.1% to R62,9 million (August 2011: R34,7 million).

Total attributable income for the year increased by 91.6% to R38,4 million (August 2011: R20,1 million).

Earnings per share and headline earnings per share increased 91.4% to 179,2 cents (August 2011: 93,6 cents).

Dividend per share increased 91.6% to 56,5 cents (August 2011: 29,5 cents). Dividend cover remains the same at 3 times.

### Statement of financial position

The balance sheet remains strong with a gearing ratio (debt:equity) of 8.4%.

Inventory levels of R481,7 million have increased in line with increased revenue. The high level of inventory can be attributed to an unusually high carryover of winter season stock due to the short, late winter season, coupled with the early receipt of an increased range of summer season products. In addition, we are carrying an extended range of JVC televisions and a newly introduced range of furniture. At this time of year we have a buildup of stock in preparation for our peak Christmas season.

Trade and other receivables have also increased in line with the increase in revenue.

Directors and management are focused on improving working capital management. Stocking levels and ranges are being rationalised and stock turn rates will improve going forward.

## Managing Director's Review continued

Similarly debtors' collection days have improved and will improve further.

Net asset value per share has increased by 5.9% to 3 045,8 cents (August 2011: 2 876,4 cents).

### Subsequent events

No events material to the understanding of this report have occurred during the period between 31 August 2012 and the date of this report.

### Declaration of final dividend

Notice is hereby given that a final dividend of 56,5 cents per share (2011: 29,5 cents per share) was declared on 25 October 2012 payable to shareholders recorded in the register of Nu-World at the close of business on the record date appearing below.

The salient dates pertaining to the final dividend are as follows:

Last date to trade "cum" dividend	Friday, 30 November 2012
Date trading commences	
"ex" dividend	Monday, 3 December 2012
Record date	Friday, 7 December 2012
Date of payment	Monday, 10 December 2012

Ordinary share certificates may not be dematerialised or rematerialised between Monday, 3 December 2012 and Friday, 7 December 2012, both days inclusive.

In determining the dividends tax (DT) of 15% to withhold in terms of the Income Tax Act for those shareholders who are not exempt from the DT, the total secondary tax on companies (STC) credits utilised as part of this declaration amount to R12 795 252.73 and consequently the STC credits utilised per share amount to 56,5 cents per share. Shareholders who are not exempt from the DT will therefore receive a dividend of 56,5 cents net of DT. Nu-World has 22 646 465 ordinary shares in issue and its income tax reference number is 9100/085/71/2.

Where applicable, dividends in respect of certificated shares will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited/updated on Monday, 10 December 2012.

### Integrated annual report

The integrated annual report will be mailed to shareholders prior to end November 2012. The annual general meeting will take place at 10h00 on Wednesday, 13 February 2013, at the registered office of the Company.

### Prospects

The current state of the South African economy within the context of the broader global economy represents a challenging trading environment for the forthcoming financial year.

We expect that the current constrained consumer demand environment will persist for some time.

The July interest rate cut brought some relief to indebted households, but the ongoing devaluation of the Rand will influence inflation increases going forward. The Bureau for Economic Research latest revisions forecast GDP growth for 2012 at 2.5% ticking upwards to 3.3% for 2013. Likewise consumer inflation is forecast to average 5.7% during 2012 and 5.3% for 2013.

Amongst ongoing successful trading initiatives to generate revenue and improve margins, management throughout the Group is focusing on working capital management and cost-cutting initiatives.

### On behalf of the Board of directors



**J A Goldberg**

Managing director  
25 October 2012

## Board of Directors



**M S Goldberg (60)**

**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 35 years' experience in manufacturing and the appliance industry.



**J A Goldberg (57)**

**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 35 years' experience in manufacturing and the appliance industry.



**G R Hindle (51)**

**Group 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 29 years' experience in financial management and Information System technology in the manufacturing and electronic environment.



**J M Judin (66)**

**Lead independent 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.



**D Piaray (45)**

**Independent non-executive director**

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

Currently the Group chief executive officer of Xeon Logistics (Proprietary) Limited. Appointed to the Board in 2002 and holds positions as executive and non-executive director for several listed and non-listed companies.



**R Kinross (71)**

**Independent 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 in 2009 having reached mandatory retirement age. Appointed to the Board in 2009 and is currently a consultant to several medium-sized family businesses.

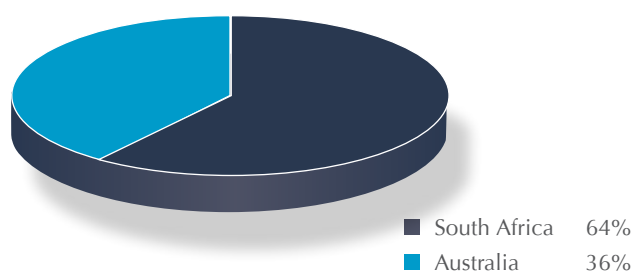


## Value Added Statement

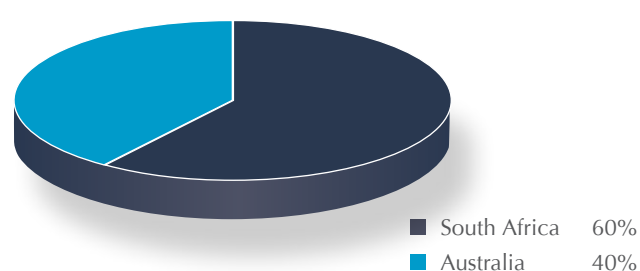
	2012		2011	
	R'000	%	R'000	%
<b>Revenue</b>	<b>2 123 359</b>	<b>100.00</b>	<b>1 665 585</b>	<b>100.00</b>
Cost of materials, services and expenses	(1 566 825)	(73.79)	(1 318 652)	(79.17)
<b>Value added from trading operations</b>	<b>556 834</b>	<b>26.21</b>	<b>346 933</b>	<b>20.83</b>
Net interest paid	(13 224)	(0.62)	(8 573)	(0.51)
<b>Total value added</b>	<b>543 310</b>	<b>25.59</b>	<b>338 360</b>	<b>20.32</b>
<b>Allocated as follows:</b>				
<b>Employees</b>				
Salaries, wages, commission and other benefits	118 785	5.59	115 593	6.94
<b>Government</b>				
Normal taxation on companies	13 702	0.65	6 122	0.37
Employee tax	11 445	0.54	10 487	0.63
<b>Providers of capital</b>				
Non-controlling interest	4 256	0.20	1 279	0.08
Dividends	6 681	0.31	22 873	1.37
<b>Total wealth distributed</b>	<b>154 869</b>	<b>7.29</b>	<b>156 354</b>	<b>9.39</b>
<b>Re-investment in the Group</b>				
Depreciation and amortisation	5 703	0.27	6 380	0.38
Retained for future growth	382 738	18.03	175 626	10.55
	<b>543 310</b>	<b>25.59</b>	<b>338 360</b>	<b>20.32</b>

## Segmental Information

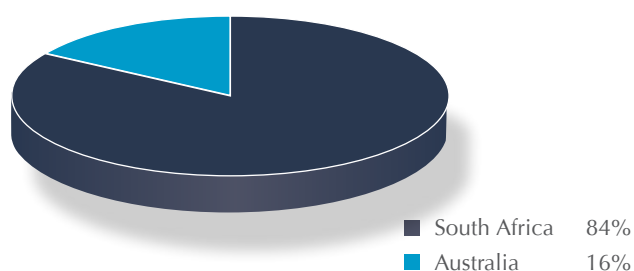
Geographical revenue 2012



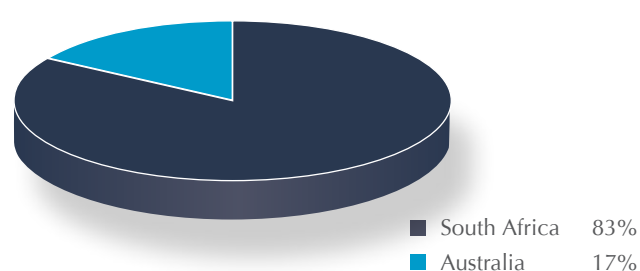
Geographical revenue 2011



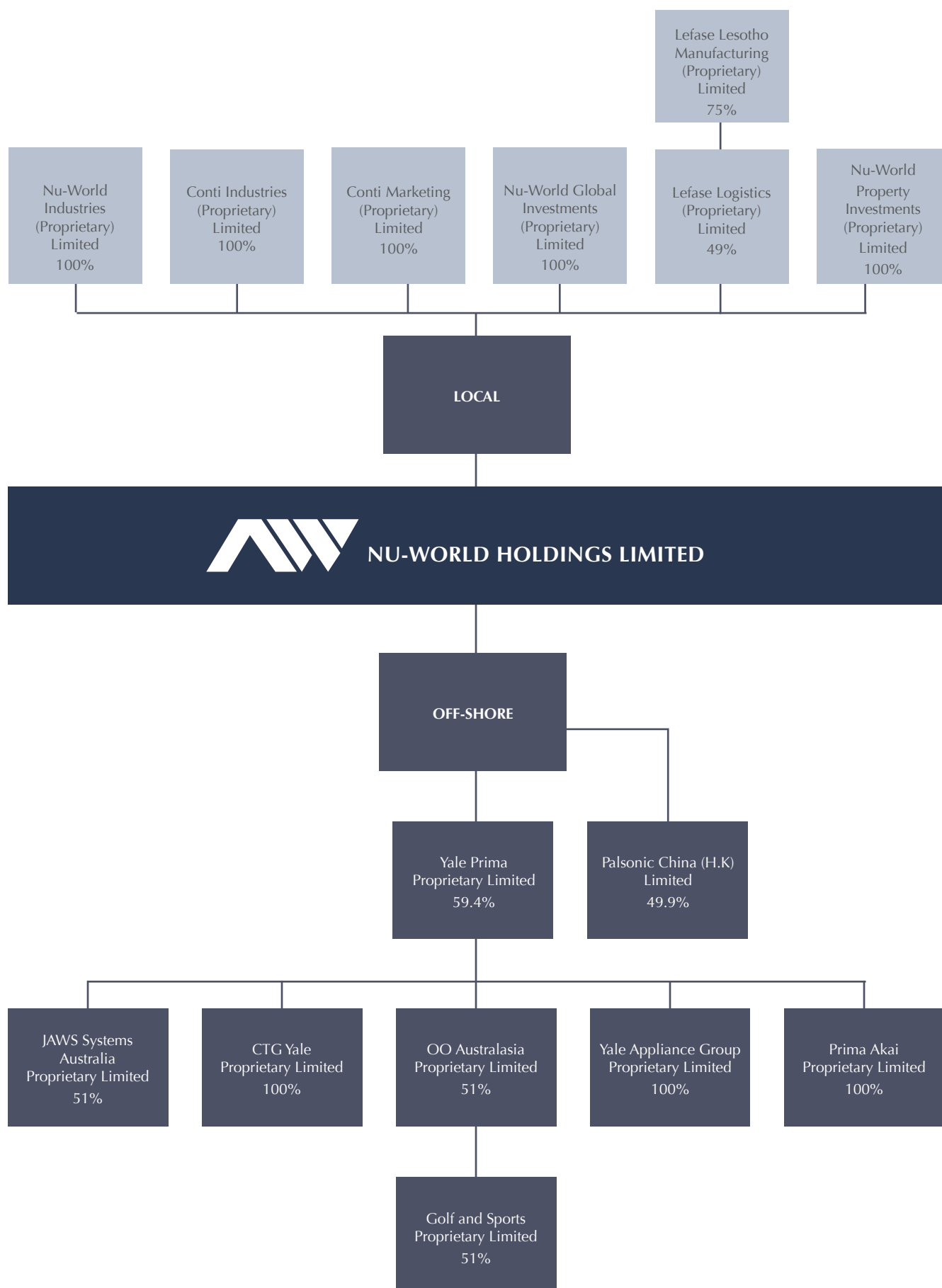
Assets 2012



Assets 2011



## Group Structure





## History of Nu-World Holdings Limited

<b>1946</b>	Nu-World Industries (Proprietary) Limited was established The Company began manufacturing electrical wiring accessories	<b>2003</b>	Acquired 100% interest in Conti South Africa 60% investment in Nu-World UK Limited
<b>1952</b>	Manufacturing of small electrical appliances commenced	<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>1980</b>	Nu-World began importing and distributing small electrical appliances	<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>1987</b>	Nu-World Holdings Limited listed on the Johannesburg Stock Exchange	<b>2007</b>	Increased investment in Yale Prima Proprietary Limited to 59,4% Introduction of home improvement division
<b>1995</b>	Nu-World appointed as the sole agent for JVC in South Africa and sub-saharan Africa	<b>2008</b>	Disposed of investment in On Corporation Inc. USA Yale Prima Proprietary Limited acquires 51% of online retailer OO Australia Proprietary Limited
<b>1999</b>	Nu-Tec consumer electronics introduced	<b>2009</b>	Disposed of investment in Nu-World UK Limited
<b>2000</b>	Nu-World acquires 33% of Prima Australasia Proprietary Limited Agency/distribution agreement established with Casio/James Ralph (Proprietary) Limited Appointed sole agent for Telefunken in South Africa	<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 and Liquor divisions Expansion of White Goods division
<b>2001</b>	Thomson distribution agreement for South Africa signed Telefunken agency for Prima Australasia Proprietary Limited	<b>2011</b>	Groups manufacturing operations closed
<b>2002</b>	Nu-World increased its holding in Prima Australasia to 51% Strategic alliance with Prima International UK (Proprietary) Limited established	<b>2012</b>	Lefase Lesotho Manufacturing (Proprietary) Limited established

# 10 Year Review

	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
<b>Statement of attributable income</b>					
Revenue	2 123 359	1 665 585	1 821 931	1 443 104	1 890 882
Operating income	69 525	38 075	105 479	40 117	61 528
Interest paid	13 224	8 573	4 811	6 676	6 788
Income before taxation	56 301	29 502	100 668	33 441	54 740
Taxation	13 678	7 888	26 596	8 465	11 619
Income after taxation	42 623	21 614	74 072	24 976	43 121
Share of income attributable to associated companies	28	(292)	(183)		
Net income	42 651	21 322	73 889	24 976	43 121
Non-controlling interest	(4 256)	(1 278)	(5 289)	(1 943)	(2 848)
Attributable income	38 395	20 044	68 600	23 033	40 273
Headline earnings	38 395	20 044	68 600	30 285	43 596
Shares in issue (000)					
– at year end	21 419	21 421	21 261	21 149	21 215
– weighted average	21 420	21 400	21 144	21 163	21 697
Headline earnings per share (cents)	179,2	93,7	324,4	143,2	205,5
Headline earnings per share					
– weighted (cents)	179,1	93,7	324,4	143,1	200,9
Dividend per share (cents)	56,5	29,5	101,0	33,9	59,3
Dividend cover	3,0	3,0	3,0	3,0	3,0
<b>Statement of financial position</b>					
<b>Assets</b>					
Non-current assets	153 240	146 997	154 980	154 336	157 456
Plant and equipment	17 651	16 774	30 942	32 563	35 054
Deferred taxation	21 371	19 239	18 809	17 754	18 383
Investment in financial instruments	51 706	51 706	51 706	51 706	51 706
Investment in associates	584	2 612	2 905		
Intangible assets	61 928	56 666	50 618	52 313	52 313
Current assets	810 081	714 418	733 754	611 974	623 258
Inventories	481 689	372 885	407 284	264 690	244 349
Non-current assets held for sale		12 490			
Trade and other receivables	318 308	241 243	267 950	198 153	239 221
Bank and cash balances	10 084	87 800	58 520	149 131	139 688
Total assets	963 321	861 415	888 734	766 310	780 714
<b>Equity and liabilities</b>					
Total capital and reserves	652 371	616 138	620 102	554 452	550 060
Issued capital and premium	19 481	26 162	49 035	58 908	72 337
Treasury shares	(23 601)	(23 601)	(20 376)	(22 009)	(20 927)
Foreign currency translation reserve	12 223	7 704	3 842	2 403	2 803
Share-based payment reserve	2 560	2 560	2 560	2 282	1 839
Hedging reserve				(3 934)	
Retained earnings	641 708	603 313	585 041	516 802	494 008
Non-controlling interest	43 812	35 781	29 136	23 133	21 466
Non-current liabilities	14 432	28 470	27 226	27 262	28 149
Interest bearing borrowings		20 000	20 000	20 000	20 000
Deferred taxation	14 432	8 470	7 226	7 262	8 149
Current liabilities	252 706	181 026	212 270	161 463	181 039
Trade and other payables	167 981	181 026	212 270	161 463	181 039
Borrowings	64 725				
Current portion of interest bearing borrowings	20 000				
Total equity and liabilities	963 321	861 415	888 734	766 310	780 714



## 10 Year Review continued

2007 R'000	2006 R'000	2005 R'000	2004 R'000	2003 R'000	
					<b>Statement of attributable income</b>
1 865 780	1 638 724	1 626 122	1 430 804	1 179 455	Revenue
109 027	121 646	94 215	86 219	65 982	Operating income
4 691	1 223	7 220	3 606	5 018	Interest paid
104 336	120 423	86 995	82 613	60 964	Income before taxation
15 214	29 613	18 212	19 082	12 127	Taxation
89 122	90 810 (6 994)	68 783	63 531	48 837	Income after taxation
					Share of income attributable to associated companies
89 122	83 816	68 783	63 531	48 837	Net income
(3 991)	(1 786)	4 444	(2 781)	(5 738)	Non-controlling interest
85 131	82 030	73 227	60 750	43 099	Attributable income
54 383	82 030	73 227	60 610	43 562	Headline earnings
21 833	21 684	21 592	21 597	21 611	Shares in issue (000)
21 833	21 684	21 592	21 597	21 611	– at year end
249,1	378,3	339,1	280,6	201,6	– weighted average
					Headline earnings per share (cents)
					Headline earnings per share
249,1	378,3	339,1	280,6	201,6	– weighted (cents)
125,3	120,8	92,6	70,3	39,8	Dividend per share (cents)
3,0	3,0	3,5	4,0	5,0	Dividend cover
					<b>Statement of financial position</b>
					<b>Assets</b>
80 083	86 134	62 956	52 923	56 691	Non-current assets
35 839	41 673	44 867	46 997	50 905	Plant and equipment
19 137	18 732				Deferred taxation
					Investment in financial instruments
25 107	25 729	18 089	5 926	5 786	Investment in associates
					Intangible assets
666 692	688 121	589 605	546 664	419 055	Current assets
153 086	179 030	171 340	167 448	132 695	Inventories
225 793	241 513	227 717	217 528	182 923	Non-current assets held for sale
287 813	267 578	190 548	161 688	103 437	Trade and other receivables
					Bank and cash balances
746 775	774 255	652 561	599 587	475 746	Total assets
					<b>Equity and liabilities</b>
545 406	485 282	422 478	361 397	309 071	Total capital and reserves
109 271	136 628	136 628	115 849	115 849	Issued capital and premium
(20 201)	(20 931)	(21 944)	(1 073)	(791)	Treasury shares
1 246	166	(185)	(813)	(1 292)	Foreign currency translation reserve
1 078	538	158			Share-based payment reserve
454 012	368 881	307 821	247 434	195 305	Hedging reserve
					Retained earnings
51 346	47 949	28 156	23 786	20 471	Non-controlling interest
7 233	10 607	6 928	4 443	8 149	Non-current liabilities
7 233	10 607	6 928	4 443	8 149	Interest bearing borrowings
					Deferred taxation
142 790	230 417	194 999	209 961	138 055	Current liabilities
142 790	219 056	194 999	209 961	138 055	Trade and other payables
					Borrowings
					Current portion of interest bearing borrowings
11 361					
746 775	774 255	652 561	599 587	475 746	Total equity and liabilities

# Corporate Conduct and Performance

## Introduction

The corporate governance statement documented below sets out the key governance principles and practices of Nu-World Holdings Limited (NWL). Our aim is to fairly and honestly inform our internal and external stakeholders through reasonable and understandable disclosure.

## Endorsement

The Company's Board of directors (the Board) is committed to ensuring that the Group is governed appropriately. The Board recognises the responsibility of the Group to conduct its affairs with prudence, transparency, accountability, fairness and in a socially responsible manner. The Group complies in all material respects with the principles of the Code of Corporate Practices and Conduct as recommended in the King Report on Corporate Governance in South Africa 2009, as well as with the spirit and form of the obligations that exist in terms of the Listings Requirements of the JSE Limited. Where specific principles have not been applied, explanations for these are contained within the annual report. Specifically, the directors report the following:

In terms of the King Report on Governance for South Africa, 2009 (King III), the Board needs to consider the interests of the Company and shareholders, taking into account the concerns and issues of its wider stakeholders, including supplier, customers, employees and the environment. The Group is committed to conduct the business in accordance with sound corporate governance practices, understands the importance of balancing long-term social, environmental and economic interests, whilst achieving sustainable returns for its shareholders.

The Board has noted the new recommendations contained in the King III report, and will ensure that appropriate reporting principles and guidelines are applied at the relevant time.

## Board of directors

### Chairman of the Board of directors

The roles of the chairman and the chief executive officer are separate. The chairman is an executive director which is not in accordance with King III, however the Group has appointed a lead independent non-executive director. The chairman, M S Goldberg, an executive director of the Board since 1986, was appointed as chairman on 1 September 2001. The chairman is responsible for ensuring the effectiveness of governance practices within the Group.

Particular areas of responsibility for the chairman include guidance regarding strategic planning, Group economic empowerment, corporate relations, and advice on local and overseas acquisitions.

The chairman's duties are governed by a formal Board, and this is reviewed from time to time when appropriate.

## Composition of the Board

The Board of Directors comprises three executive directors and three non-executive directors chosen for their achievements, business acumen and skills.

The Board considers J M Judin, D Piaray and R Kinross to be independent non-executive directors as defined in King III and the Companies Act.

All directors bring independent judgment to the issues of performance, strategy and resources including key appointments of directors and staff and standards of conduct within the Group.

The non-executive directors have no fixed term of appointment and no service contracts with NWL.

Letters of appointment confirm the terms of their service. Their fees are independent of the Group's financial performance and they do not receive share options or bonuses.

The Board recognises the need for more independent directors and continues to seek further non-executive directors with the aim of obtaining a majority of non-executive directors.

## Changes to the Board during the year

There were no changes to the composition of the Board of Directors for the year under review.

## Role and responsibilities of the Board

The Board is the focal point for corporate governance. It is responsible to shareholders and stakeholders for sustainable performance of the Company. In directing the Group, the Board exercises leadership, integrity and judgment based on fairness, accountability, responsibility and transparency, directed to achieve the ongoing prosperity of the Group.

The Board approves operational and investment plans and strategies and empowers executive management to implement these plans and strategies. There is a clear division between the responsibilities of the Board and management.

Structured management succession planning, for purposes of identifying, developing and advancing future leaders in the Group, is an important element in the management process.

The Board remains accountable for the overall success of the approved strategies, based on values, objectives and stakeholder requirements, and for the process and policy to ensure the integrity of risk management and internal control.

## Corporate Conduct and Performance continued

The Board is also responsible for ensuring that it complies with all relevant laws, regulations and codes of best business practice.

### Duties of directors

The Companies Act places certain duties on directors and stipulates that they should apply the necessary care and skill in fulfilling their duties. To ensure that this is achieved, best practice principles, as contained in the King III Report on Corporate Governance for South Africa, are applied. As part of the implementation of King III, the Board approved changes to its governance structure going forward.

The Board is responsible for formulating the Company's communication policy and ensuring that spokespersons adhere to it. This responsibility includes clear, transparent, balanced, truthful and timeous communication to shareholders and relevant stakeholders.

In terms of the respective directors' charters, the directors are of the opinion that the Board and the subcommittees have discharged all their responsibilities.

The Board meets four times annually and more frequently if circumstances or decisions require.

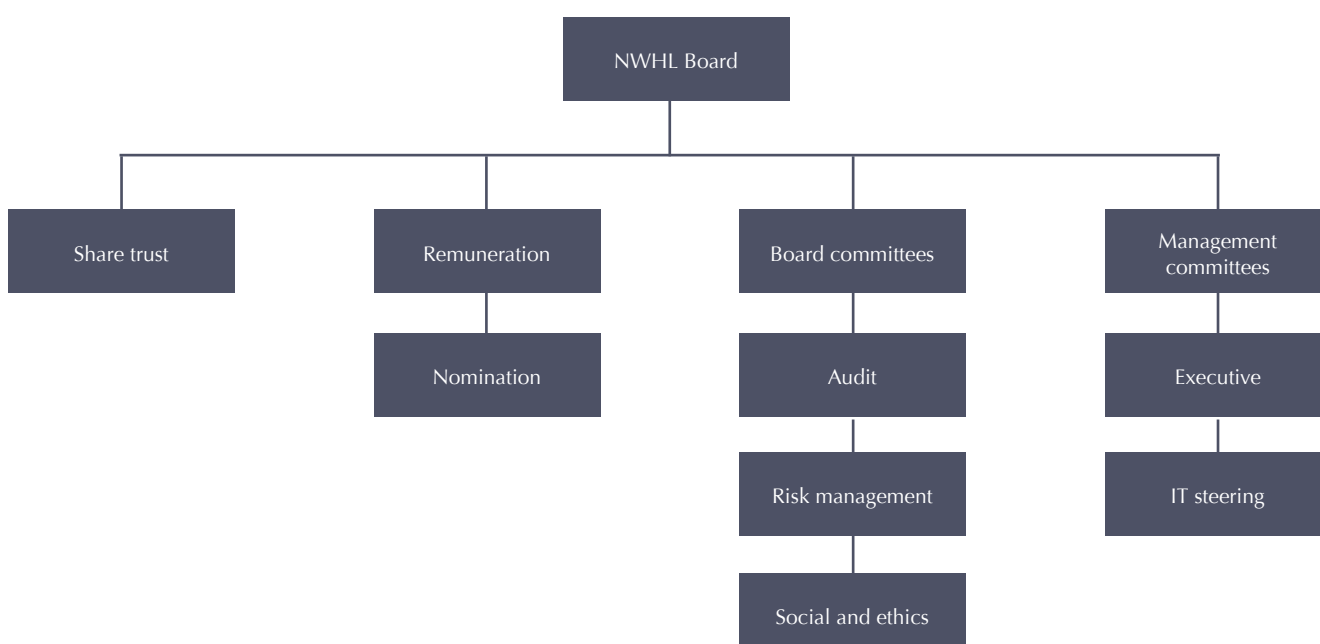
Directors declare their interests in contracts and other appointments at all Board meetings. Meetings are conducted in accordance with formal agendas, ensuring that all substantive matters are properly addressed. Subcommittees have been appointed while ad hoc subcommittees are created as and

when required. The chairman of the relevant subcommittee sets the agenda for each meeting in consultation with the Group chairman and Group chief executive officer. Any director may request that additional matters be added to the agenda. Board packs are circulated to the directors in advance of the meetings. The non-executive directors take responsibility for ensuring that the chairman reviews all matters requiring the Board's attention. The Board ensures that there is an appropriate balance of power and authority in its make-up, so that no one individual or block of individuals can dominate its decision-making process. All directors are entitled to seek independent professional advice concerning the affairs of the Group, at the Company's expense.

### Board committees

The Board has established several committees on which non-executive directors play an active and pivotal role. All committees operate under Board approved terms of reference, which were reviewed and updated during the period under review to align them further with best practice and to take into consideration the recommendations set out in King III. All Board committees, except the executive committee, are chaired by a non-executive director who attends the annual general meeting in order to respond to shareholder queries.

Membership of each committee are reviewed regularly by the Group chairman and adjusted accordingly. The chairmen of the committees are elected by the members of each committee, unless sound reasons cause the committees and the Board to determine otherwise.



## Corporate Conduct and Performance continued

In terms of the new Companies Act and the recommendations set out in King III, shareholders will be required to elect the members of the audit committee at the Company's 2012 annual general meeting.

### Attendance at Board meetings for the period

1 September 2011 – 31 August 2012:

		Attended	Eligible to attend
M S Goldberg	Chairman	4	4
J A Goldberg		4	4
G R Hindle		4	4
J M Judin		4	4
D Piaray		4	4
R Kinross		4	4

### Audit committee

The audit committee consists of three independent non-executive directors, R Kinross (chairman), D Piaray and J M Judin. G R Hindle and B H Haikney attend meetings by invitation.

The audit committee monitors proposed changes in accounting policy and all published financial information, reviews the external audit function and discusses the accounting implications of major transactions prior to Board approval.

The JSE Limited (the JSE) Listings Requirements were amended with effect from 1 September 2008, requiring all listed companies to have a financial director. The Company has complied with this requirement as at 31 August 2012. G R Hindle has held this position for 19 years and performs the required responsibilities of financial director. The committee has considered and has satisfied itself of the appropriateness of the expertise and experience of the financial director.

The audit committee meets regularly with the Group's external auditors to review accounting controls, disclosure requirements, corporate governance practices, as well as auditing and financial matters and reports to the Board of directors on its findings.

The audit committee performs the following activities:

- Approve the external auditor's terms of engagement, audit approach and audit fees;
- Ensure the independence of the external auditor;
- Approve external auditor's appointment for the ensuing financial year;
- Pre-approve all fees paid to the external auditor for non-audit service;

- Consider and set mandatory term limits on the period the lead partner of the external auditors may serve the Company;
- Review risk areas of the Company's operations to be covered in the scope of external audits;
- Reviewing half-year and annual financial statements before submission to the Board focusing on inter alia;
  - any changes in accounting policies and practices.
  - major judgmental areas.
  - significant adjustments arising from the audit.
  - the going concern statement.
  - compliance with stock exchange and statutory requirements.
  - reliability and accuracy of the financial information provided by management to other users of financial information.
  - satisfying itself regarding the experience and expertise of the financial director.
  - satisfying itself that the external auditor are accredited in terms of the JSE list of accredited auditors.
  - discussing any problems and reservations arising from the year-end audit and any related matters that the external auditors may wish to discuss.

The audit committee chairman and its members confirm their review and approval of the above-mentioned activities.

### Attendance at audit committee meetings for the period

1 September 2011 – 31 August 2012:

		Attended	Eligible to attend
R Kinross	Chairman	4	4
J M Judin	Member	4	4
D Piaray	Member	4	4
G R Hindle	By invitation	4	4
B H Haikney	By invitation	4	4

### Risk management committee

Risk management committee forms an integral component of the Group's governance framework and enables management to limit the impact of business, industry and general risks and protect the interests of all stakeholders.

The Board retains accountability for risk management. The risk committee ensures the Group has adequate risk management and internal control procedures in place.

The focus of the risk management committee is on identifying, assessing, managing and monitoring material forms of risk encompassing strategic performance, trading, investment and



## Corporate Conduct and Performance continued

operational risks. The committee consists of three non-executive directors; J M Judin (chairman), D Piaray and R Kinross, with executive directors attending each meeting, being M S Goldberg, J A Goldberg and G R Hindle, as well as the company secretary, B H Haikney. The committee meets quarterly and is responsible for monitoring key risk areas for which a comprehensive Group risk matrix has been developed, addressing the general business risks, trading conditions, succession planning, credit risk, exchange rate exposure, IT risk, insurable losses, interest rate and liquidity risks.

The risk committee have identified and monitor the following major risks:

- Exchange rate fluctuation
- Loss of major customers
- Loss of major suppliers
- Consumer Protection Act
- Product quality and failure
- Statutory and legal compliance
- IT risk

### Attendance at risk management committee meetings for the period 1 September 2011 – 31 August 2012:

		Attended	Eligible to attend
J M Judin	Chairman	4	4
D Piaray	Member	4	4
R Kinross	Member	4	4
M S Goldberg	By invitation	4	4
J A Goldberg	By invitation	4	4
G R Hindle	By invitation	4	4
B H Haikney	By invitation	4	4

### Social and ethics committee

#### Introduction

The Board during the course of the review period delegated certain of its responsibilities and approved the formation of an additional committee, the social and ethics committee and appointed members as listed below:

J M Judin – Chairman and independent non-executive director  
D Piaray – Independent non-executive director  
R Kinross – Independent non-executive director  
G R Hindle – Financial director  
B H Haikney – Company secretary

#### Social and ethics committee report

The social and ethics committee is constituted as a committee of the Board of NWHL, in terms of Section 72(4) of the Companies Act no 71 of 2008 read with regulation 43 of the Companies Regulations, 2011.

### Responsibilities

The committees mandate, and main functions, are as follows:

- To monitor the Group's activities having regard to any relevant legislation, other legal requirements or existing codes of best practice, relating to:
  - Employment Equity Act.
  - Broad Based Black Economic Empowerment Act.
  - Good corporate citizenship.
- Environment, health and public safety, to include the impact of the Groups activities and of its products and services.
- Consumer relationships, and compliance with consumer protection laws.
- Labour and employment.
- Raising matters of concern and importance within its mandate to the attention of the Board.
- Reporting to the shareholders of the Group at the annual general meeting.

The committee, was constituted during the course of this review period, and consequently will examine its independent role and mandate given, by the Board during the course of the next 12 months and report back to shareholders at the next annual general meeting.

### Remuneration committee

The remuneration committee comprised Messrs D Piaray (Chairman), J M Judin and R Kinross. All members are independent non-executive directors, and the committee satisfied its responsibilities in compliance with its written terms of reference during the year.

### Attendance at remuneration committee meetings for the period 1 September 2011 – 31 August 2012:

		Attended	Eligible to attend
D Piaray	Chairman	2	2
J M Judin	Member	2	2
R Kinross	Member	2	2
G R Hindle	By invitation	2	2
B H Haikney	By invitation	2	2

The financial director and the company secretary attend all meetings of the committee by invitation, unless deemed inappropriate by the committee.

### Strategy and objectives

Our remuneration policies support a culture of effective corporate governance while encouraging innovation and entrepreneurial spirit to ensure the long-term sustainability of the business. In addition, they serve as a guideline for the

## Corporate Conduct and Performance continued

effective governance of remuneration within the Group as a whole. The remuneration philosophy seeks to set criteria that will boost output as well as performance and thereby create long-term stakeholder value.

During deliberations of the remuneration committee, members are informed by way of performance reviews from both an individual and Group perspective as well as reviews of relevant market data.

Remuneration policies are implemented by the remuneration committee with the objective of:

- Motivating sustainable value creation and superior performance.
- Informing stakeholders of remuneration practices and governance processes.
- Complying with all applicable legislative requirements.

The Board carries ultimate responsibility for the Remuneration Policy. The Remuneration Committee operates in accordance with Board approved terms of reference.

In terms of King III recommendations, the Remuneration Policy is submitted to shareholders for their non-binding vote.

The remuneration committee:

- Reviews Group remuneration philosophy and policy.
- Reviews the recommendations of management on fee proposals for the chairman of the Board and the non-executive directors and determines, in conjunction with the Board, the final proposed remuneration.
- Determines all the remuneration and executive directors.
- Agrees the criteria to be adopted for bonus incentives and share option allocations.
- Awards long-term incentives for executive directors and other qualifying members of senior management.
- Evaluates the remuneration policies in relation to the requirements of good corporate governance.

Non-executive directors are appointed in line with nomination committee policies.

Non-executive remuneration is determined on the basis of attracting and retaining non-executive directors of the skill and acumen required to lead and govern the Group. Their remuneration is not linked to the performance of the Group, nor its share performance, and the non-executive directors do not participate in any type of share option scheme.

The Group does not provide pension or medical benefits to non-executive directors. Management review non-executive director fees annually. After discussions with the remuneration committee, recommendations are made to the Board who, in turn, propose

fees for approval by the shareholders at the AGM. Full details of non-executive director fees for the year ended 31 August 2012 are shown on page 27 of the integrated annual report.

Executive directors receive a remuneration package based on total cost-to-company, including basic remuneration, retirement, medical and other benefits. They, like other employees, also qualify for short and long-term incentives. Executive directors and other members of senior management participate in the Share Option Scheme. The notice period for these directors is three months.

### Share trust

The Group share option scheme, which was approved by the shareholders a number of years ago, is managed by a Share Trust Fund. The trustees of the trust fund are as follows:

J M Judin	Chairman	Non-executive director
D Piaray	Trustee	Non-executive director
R Kinross	Trustee	Non-executive director

The main function of the Share Trust Committee is to award share options on recommendation of Remco to employee participants in terms of the trust deed, and to manage the share option scheme accordingly.

Remco utilises the share option scheme as the basis for long-term incentives to retain key employees, and reward deserving employees on a merit basis.

### Nomination committee

The nomination committee is an independent committee. There is no formal meeting schedule because it will meet as and when required, but this committee meets at least twice a year.

The members of the committee are Messrs D Piaray (chairman), J M Judin and R Kinross. All members are independent non-executive directors in terms of the King III report. The financial director and the company secretary attend by invitation when appropriate.

The appointment of executive and non-executive directors is a transparent and formal procedure governed by the nomination committee's terms of reference. Special emphasis is placed on the development of diverse leadership representation of all race groups. Specific areas of responsibility include:

- Ensuring a balance of skills at Board level.
- Succession planning of executive management.
- Nomination of members to serve on subcommittees.

The desire for additional Board members requires that the nomination committee identify and evaluate suitable candidates

## Corporate Conduct and Performance continued

to the Board. The composition of the various subcommittees were reviewed, and appointments recommended to the Board for approval.

### Management committees

#### Executive committee

The executive committee comprises the executive directors, namely, M S Goldberg (chairman), J A Goldberg (chief executive officer), G R Hindle (financial director) and executive managers, namely, B H Haikney and other senior managers. The committee monitors the operations of the Group giving monthly operational feedback on administrative, treasury and operational issues in order to keep abreast of economic and business trends. The committee meets quarterly.

#### Attendance at executive committee meetings for the period 1 September 2011 – 31 August 2012:

		Attended	Eligible to attend
M S Goldberg	Chairman	4	4
J A Goldberg	Member	4	4
G R Hindle	Member	4	4
B H Haikney	Member	4	4

#### Information technology steering committee

The information technology steering committee comprises G R Hindle (chairman), E Du Plessis, R Kellock and supported by senior management as and when required. The committee meets regularly and ensures that Group strategic business needs and core objects are met. In addition, the committee is tasked to keep up with ongoing technological changes in order to provide management with accurate and meaningful data to run the Group effectively.

A Group information technology disaster recovery plan is in place and is tested regularly to ensure systems continuity at all times.

#### Attendance at information technology steering committee meetings for the period 1 September 2011 – 31 August 2012:

		Attended	Eligible to attend
G R Hindle	Chairman	3	3
E Du Plessis	Member	3	3
R Kellock	Member	3	3

### Other corporate governance issues

#### Internal audit

NWHL do not believe it necessary to appoint separate internal auditors.

#### Internal control

The directors and management are responsible to maintain effective systems of internal control. These systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements, to safeguard, verify and maintain accountability of the Group's assets and to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

Close day-to-day control of operations and procedures are maintained and monitored by senior management, producing monthly performance reports and management accounts for review by management, executive committee and the Board.

No significant internal control problems have come to the attention of the directors to indicate that a material breakdown in the controls within the Group has occurred.

#### Materiality and approval framework

Issues of a material or strategic nature, which can impact on the reputation and performance of the Group, are referred to the Board. Other issues, as mandated by the Board, are dealt with at executive management level.

The minutes of all the committee meetings are circulated to the members of the Board. Issues that require the Board's attention or a Board resolution are highlighted and included as agenda items for the next Board meeting.

#### Financial statements

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 International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa. 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.

#### Company, secretarial and professional advice

To enable the Board to function effectively, all directors have full and timely access to all information that may be relevant to the proper discharge of their duties and obligations. This includes information such as agenda items for Board meetings, corporate announcements, investor communications and any other developments, which may affect NWHL or its operations. The office of the Group company secretary is responsible for facilitating this access.

## Corporate Conduct and Performance continued

The Group company secretary is responsible for the functions specified in section 88 of the Companies Act of 2008 (as amended) (the Act). All meetings of shareholders, directors and Board subcommittees are properly recorded as per the requirements of section 24 of the Act. The appointment and removal of the Group company secretary would be a matter for the Board as a whole.

The Company secretary Mr B H Haikney is required to ensure that the minutes of all shareholders' meetings, directors' meetings and minutes of any committee of the directors are properly recorded.

The directors have unlimited access to the services of the company secretary who is responsible to the Board for ensuring that proper corporate governance principles are adhered to. Board orientation and training are done when appropriate.

### Dealing in securities

In accordance with the Listings Requirements of the JSE, NWHL has adopted a code of conduct for insider trading. During the closed period, directors and designated senior employees are prohibited from dealing in the Company's securities. Directors may only deal in the Company's securities outside the closed period, with the authorisation of the Group chairman and/or the Group chief executive officer. The closed period lasts from the end of the financial reporting period until the publication of financial results for that period. Additional closed periods may be declared from time to time if circumstances warrant.

### Stakeholder communication

NWHL is committed to transparent, timeous and consistent communications with stakeholders and aims to present in all its communications, a balanced and logical assessment of the Group's position. The Group encourages stakeholder attendance at general meetings and, where appropriate, provides full and comprehensive explanations of the effect of resolutions to be proposed at these meetings.

Company announcements are released on SENS and posted on the Company's website. Further results' announcements are posted to shareholders. The chairman and Board are available to answer queries from stakeholders at all times and wherever possible, the Group chief executive officer or Group financial director will engage with the financial media to ensure accurate reporting. Communications with institutional shareholders and investment analysts is maintained through semi-annual presentations of financial results, one-on-one visits, trading statements and press announcements of interim and annual results.

### Fraud and illegal acts

NWHL does not engage in or accept or condone the engaging in of any illegal acts in the conduct of its business. The directors' policy is to actively pursue and prosecute the perpetrators of fraudulent or other illegal activities, should they become aware of any such acts.

### Legal/arbitration

There are no pending or threatened legal or arbitration proceedings which had or may have a material effect on the financial position of the Company or the Group.

### Going concern

The directors confirm, giving due cognisance to the Group's current financial position and cash flows, that the Group is a going concern.



# Sustainability Report

## Introduction

Nu-World Holdings Limited (NWHL), having been in existence and a very successful business for over 65 years, recognises that in order to remain successful, survive and prosper, it is critical that it continually strategise and change, adopting sound business practices to ensure the long-term viability of the Group is in the interests of the stakeholders it serves.

In pursuit of this sustainability objective, the Group embraces the philosophy of the King III Report, and endeavours to implement the principles in all areas. The Board has approved this report and mandated the social and ethics committee to take responsibility for the key sustainability issues contained in this report. The Group's Audit committee has final oversight of the integrated annual report.

The Group's sustainability strategy is based on the acknowledgement of its responsibility to all stakeholders in order to ensure its long term viability. In pursuing this strategy, the Group has to continuously identify and consider the impact of its business on its stakeholders.

NWHL aims to provide a balanced assessment of the Group's strategic position and performance to enable all stakeholders to properly assess its ability to continue creating value sustainability into the future. As part of this, the Board has embraced integrated reporting, seeking to provide financial and non-financial information applicable to a range of stakeholders. The Board has mandated the Company's management to ensure implementation of sustainability principles and periodically report on progress and the reasons for non-compliance, where applicable.

Whilst King III also requires that sustainability reporting should be independently assured, the committee is of the opinion that it would be premature to obtain external assurance until the Group's recording systems are formalised. It is, however, the Group's intention to expand on the qualitative and quantitative information as systems are developed and put in place. The scope of the review currently covers its South African operations and will in time be extended to cover its subsidiaries in other countries.

## Scope of report

This report covers the economic, social and environmental performance of NWHL for the year from 1 September 2011 to 31 August 2012 and is intended to provide this information to a wide range of stakeholders with an interest in its performance. These include existing and prospective shareholders and investment analysts, government (local, provincial and national), industry organisations, trade unions, employees and their families, communities in the vicinity of our operations, contractors, suppliers, customers, business partners and the media.

## Labour relations

The Group subscribes fully to the principle of freedom of association and in consequence thereof, one main trade union (NUMSA) is recognised as being the representative of certain

of our employees. Labour harmony remains the key to our employee relationship, which helps to promote the necessary climate for positive and active employee participation.

## Broad-based black economic empowerment (BBBEE)

The Group recognises the importance of black economic empowerment and is committed to the transformation process. To this end, a BBBEE subcommittee was established in 2003 and continues its engagement with potential partners.

NWHL will proceed with BBBEE 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, had attained a level 6 accreditation in 2012. The Group will endeavour and continues to improve on this level of accreditation.

The Group's BBBEE subcommittee has and continues to address the transformation challenges by focusing on each element separately which are presented below:

## Employment equity

The Group commits itself to non-discrimination and employment equity, whilst maintaining its commitment to quality and service excellence.

The Group 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 Group 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 eleventh 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.

The employee/employer relationship is governed by the customary human resource policies, which are reviewed on a regular basis, ie safety, health, training and development, etc.

## Ownership

Ownership represents the greatest challenge to the Group. The Board of Directors is continually in pursuit and negotiations with various parties in an attempt to find suitable partners that would be of benefit to all stakeholders.

## Sustainability Report continued

### Management control

The Board is in the process of identifying candidates who will add value to the Board and increase the black representation of the Board.

### Skills development

Skills development is viewed as a strategic and business imperative. The Group recognises that diversity will enable management to use differing skills, expertise and cultures to enhance our ability to provide proper employee succession and deliver sustained growth of the Group into the future. Skills development remained static during the restructuring phases of the Group, due to financial constraints, and the need to retain key skills. Both skills development programmes and the related succession planning systems are now back on track.

### Preferential procurement

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 and assist whenever possible to allow key local suppliers to transform their business to achieve BBBEEE status.

### Enterprise development

NWHL has participated successfully in enterprise development and will continue to identify new opportunities in the future.

### Socio-economic development

Nu-World has contributed in excess of 1% of net profit after tax towards socio-economic development, elements of which are included in the corporate social investment review.

### Environment

The Group acknowledges the importance of the communities who may be affected by its operations and the safe guarding of the environment is considered in the normal business decision making processes.

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 and attempts to promote the long term philosophy of continuous environmental 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.

### Social investment

As the Companies head office and main operations are based on the outskirts of Alexandra in Sandton, the Group's socio economic development programs are mainly centered around development programs for the youth, elderly, woman and people with disabilities, living within the Alexandra community. The programs vary from community training, encouraging the skills development of the unemployed; support to the Alexander Police force, clinic and old age home; support for development programs for sport in the area; and programs focusing on conservation, education and waste management.

### Occupational health and safety

The Group is continually in the process of developing and implementing a health and safety management system to improve its occupational health and safety management, in its drive to reduce the risks of/to its operations and services.

Due to regular safety, health and environment committee meetings and inspections by safety and health representatives, management is satisfied that all non-conformances and risks are addressed and managed as required by the safety standards and Occupational and Safety legislation.

Nu-World has a HIV/AIDS wellness policy to address and manage the potential impact of HIV/AIDS on the Group's activities. In 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.

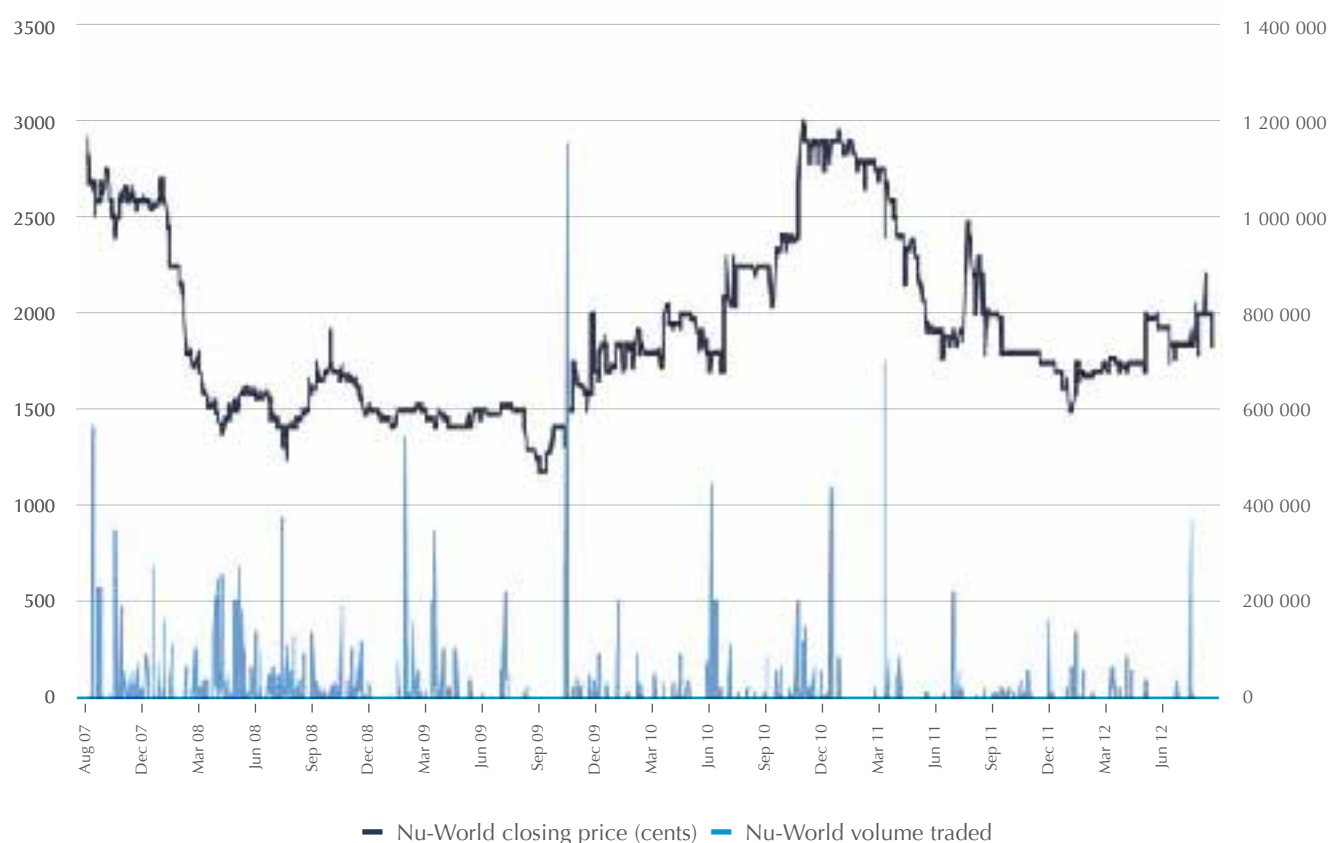
The Company has implemented an intensive communication programme about Nu-World's improved support and care system which is aimed at:

- 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.

## Share Performance

	12 months trade 31 August 2012	12 months trade 31 August 2011
<b>Stock exchange performance</b>		
Market price per share (cents)		
– at year end	<b>1 900</b>	2 020
– highest	<b>2 200</b>	3 000
– lowest	<b>1 503</b>	1 765
Number of shares traded (000)	<b>1 683</b>	1 753
Number of shares in issue (000)	<b>22 646</b>	22 646
Volume traded as a percentage of total shares in issue (%)	<b>7.4</b>	7.7

### Historical share price (cents)



# Shareholder Analysis

	Number of shareholders	%	Number of shares	%
<b>Shareholder spread</b>				
1 to 25 000	594	92.0	817 460	3.6
25 001 to 50 000	14	2.1	479 116	2.1
50 001 to 100 000	7	1.1	531 111	2.4
Over 100 000 shares	31	4.8	20 818 778	91.9
	646	100.0	22 646 465	100.0
<b>Category of shareholders</b>				
<b>Non public shareholders</b>				
Directors and associates	7	1.1	1 260 424	5.6
Trustee of employees share scheme	2	0.3	1 227 770	5.4
Strategic holdings	4	0.6	8 332 200	36.8
<b>Public shareholders</b>	633	98.0	11 826 071	52.2
	646	100.0	22 646 465	100.0
<b>Shareholders spread</b>				
<b>Major shareholders beneficially interested in more than 5% of the Company's listed securities</b>				
Old Mutual Group			7 723 207	34.1
UBS Zurich AG			3 884 838	17.2
Nedbank Group			1 275 467	5.6
Nu-World Share Trust			1 227 770	5.4
<b>Distribution of shareholders</b>				
Banks	12	1.9	5 926 100	26.1
Close corporations	11	1.7	38 321	0.1
Individuals	496	76.8	1 449 979	6.4
Insurance companies	5	0.8	4 544 667	20.0
Medical aid schemes	2	0.3	133 494	0.6
Mutual funds	20	3.1	6 476 956	28.6
Nominees and trusts	48	7.4	654 952	2.9
Other corporations	7	1.0	1 602	0.1
Pension funds	21	3.3	1 759 412	7.7
Private companies	13	2.0	128 043	0.6
Public companies	2	0.3	45	0.1
Share trust	2	0.3	1 227 770	5.4
Investment companies	7	1.1	305 124	1.4
	646	100.0	22 646 465	100.0





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# Directors' Responsibility for and Approval of the Annual Financial Statements

for the year ended 31 August 2012

The annual financial statements, set out on pages 26 to 48 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 auditing and reporting on the Group's annual financial statements and the relevant underlying financial controls.

The audit committee is comprised 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 2012



**J A Goldberg**  
Managing director

## Certificate of the Company Secretary

for the year ended 31 August 2012

I certify, in accordance with Section 88 (2) of the Companies Act No. 71 of 2008 (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 2012. Furthermore, all such returns are true and correct.



**B H Haikney**  
Company secretary

Sandton  
25 October 2012

# Report of the Independent Auditors

## To the members of Nu-World Holdings Limited

We have audited the consolidated and separate financial statements of Nu-World Holdings Limited set out on pages 28 to 48, which comprise the statements of financial position as at 31 August 2012, the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

## Directors' responsibility for the consolidated financial statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Nu-World Holdings Limited as at 31 August 2012, and of 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 the requirements of the Companies Act of South Africa.

## Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 August 2012, we have read the directors' report, the managing director's review and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



**Tuffias Sandberg KSi**

Registered Auditors

Per Shaun Nurick  
Chartered Accountant (SA)  
Registered Auditor  
Partner  
25 October 2012

# Report of the Directors

## Nature of business

The Company is a holding Company listed on the JSE Securities Exchange South Africa. It's subsidiaries, 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

There were no changes in the issued share capital of the Company during the year under review.

### 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, D Piaray and J M Judin. No trustee is a beneficiary of the trust.

Refer to note 25 in the attached financial statements for further details.

## Dividend

The Board has resolved to declare a dividend to shareholders of 56,5 cents per share.

## 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.

In terms of the Memorandum of Incorporation, 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, 2000

## Subsidiary companies

Details of the Company's investment in its subsidiaries are set out on page 49 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 5,6%.

There have been no material changes in the directors' interest between 31 August 2012 and the date of this report.

## Post balance sheet events

No material facts or circumstances have occurred between 31 August 2012 and the date of this report.

## Report of the Directors continued

The directors' remuneration in respect of the financial year ended 31 August 2012 was as follows:

Name	Directors' fees R'000	Basic salary R'000	Performance bonus R'000	Other allowances R'000	Total 2012 R'000	Total 2011 R'000
<b>Executive</b>						
M S Goldberg		3 932		120	4 052	3 976
J A Goldberg		3 932		120	4 052	3 976
G R Hindle		2 734		258	2 992	2 918
<b>Non-executive</b>						
R Kinross	145				145	145
D Piaray	145				145	145
J M Judin	175				175	178
	465	10 598	–	498	11 561	11 338

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

Name	Direct beneficial	Indirect beneficial	Total 2012	Total 2011
<b>Executive</b>				
M S Goldberg	142 805	437 000	579 805	578 000
J A Goldberg	637 610		637 610	637 610
G R Hindle	4 470		4 470	4 470
<b>Non-executive</b>				
R Kinross	10 000		10 000	10 000
J M Judin		26 039	26 039	26 039

There have been no changes in the shareholding of the directors between the year-end and the date of this report.



# Statement of Financial Position

as at 31 August 2012

	Note	GROUP		COMPANY	
		2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>Assets</b>					
<b>Non-current assets</b>		<b>101 534</b>	146 997	<b>13 598</b>	21 955
Property, plant and equipment	2	17 651	16 774		
Intangible assets	3	61 928	56 666		
Investment in subsidiaries	4			13 014	19 343
Investment in associates	5	584	2 612	584	2 612
Deferred taxation	6	21 371	19 239		
Investment	7		51 706		
<b>Current assets</b>		<b>861 787</b>	717 587	<b>4 490</b>	3 257
Inventories	8	481 689	372 885		
Non-current assets held for sale	9		12 490		
Trade and other receivables	10	318 285	241 243	4 467	3 218
Cash and cash resources		10 084	87 800		
Taxation prepaid		23	3 169	23	39
Investment	7	51 706			
<b>Total assets</b>		<b>963 321</b>	864 584	<b>18 088</b>	25 212
<b>Equity and liabilities</b>					
<b>Capital and reserves</b>		<b>696 183</b>	651 919	<b>18 088</b>	25 114
Issued capital and premium	11	19 481	26 162	21 369	28 050
Treasury shares		(23 601)	(23 601)		
Foreign currency translation reserve		12 223	7 704		
Accumulated profits/(losses)		641 708	603 313	(5 841)	(5 496)
Share based payment reserve	12	2 560	2 560	2 560	2 560
Capital and reserves attributed to equity holders of the Company		652 371	616 138	18 088	25 114
Non-controlling interest		43 812	35 781		
<b>Non-current liabilities</b>		<b>14 432</b>	28 470	–	–
Deferred taxation	6	14 432	8 470		
Borrowings	13		20 000		
<b>Current liabilities</b>		<b>252 706</b>	184 195	–	98
Borrowings	13	20 000			
Trade and other payables	14	150 980	165 581		98
Provisions	15	12 841	14 340		
Liabilities associated with assets held for sale	9		2 213		
Taxation		4 160	2 061		
Bank overdraft		64 725			
<b>Total equity and liabilities</b>		<b>963 321</b>	864 584	<b>18 088</b>	25 212

# Statement of Comprehensive Income

for the year ended 31 August 2012

	Note	GROUP		COMPANY	
		2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>Continuing operations</b>					
Revenue	16	2 114 501	1 609 921	2 799	4 337
Cost of sales		1 551 422	1 271 913		
Gross profit		563 079	338 008	2 799	4 337
Other income		4 509	4 624		
Operating expenses		477 770	291 427	1 110	1 022
Operating profit before interest	17	89 818	51 205	1 689	3 315
Interest paid		13 224	8 573		
Profit before taxation		76 594	42 632	1 689	3 315
Taxation	18	13 668	7 888	23	
Net profit after taxation		62 926	34 744	1 712	3 315
Share of profit/(loss) attributable to associated companies		28	(292)	28	(292)
Net profit for the year from continuing operations		62 954	34 452	1 740	3 023
<b>Discontinued operations</b>					
Loss for the year from discontinued operations	19	(20 303)	(13 130)	(2 085)	
Net profit/(loss) for the year		42 651	21 322	(345)	3 023
Other comprehensive income:					
Exchange differences on translating foreign operations		10 774	9 229	–	–
Gains arising during the year		15 399	13 176		
Taxation		(4 625)	(3 947)		
Other comprehensive income for the year net of taxation		10 774	9 229	–	–
Total comprehensive income/(loss) for the year		53 425	30 551	(345)	3 023
Net profit attributable to:					
Non-controlling interest		4 256	1 279		
Equity holders of the Company		38 395	20 043	(345)	3 023
		42 651	21 322	(345)	3 023
Total comprehensive income attributable to:					
Non-controlling interest		10 511	6 646		
Equity holders of the Company		42 914	23 905	(345)	3 023
		53 425	30 551	(345)	3 023
Basic earnings per share (cents)	20	179,2	93,7		
Headline earnings per share (cents)	20	179,2	93,7		
Diluted basic and diluted headline earnings per share (cents)	20	171,8	89,7		
Basic earnings per share from continuing operations (cents)	20	274,0	155,0		
Diluted basic earnings per share from continuing operations (cents)	20	262,6	148,4		
Dividend declared per share (cents)	21	56,5	29,5		

# Statements of Changes in Equity

for the year ended 31 August 2012

	Issued share capital R'000	Share premium R'000	Treasury share R'000	Foreign currency trans- lation reserve R'000	Accu- mulated profits R'000	Share- based payment reserve R'000	Total	Non- controlling interest R'000	Total equity R'000
<b>GROUP</b>									
<b>Balance at 31 August 2010</b>	226	48 809	(20 376)	3 842	585 041	2 560	620 102	29 136	649 238
Total comprehensive income for the year				3 862	20 043		23 905	6 645	30 550
Dividend paid		(22 873)			(1 771)		(24 644)		(24 644)
Treasury share movement			(3 225)				(3 225)		(3 225)
<b>Balance at 31 August 2011</b>	226	25 936	(23 601)	7 704	603 313	2 560	616 138	35 781	651 919
Total comprehensive income for the year				4 519	38 395		42 914	10 511	53 425
Dividend paid		(6 681)					(6 681)	(2 480)	(9 161)
<b>Balance at 31 August 2012</b>	226	19 255	(23 601)	12 223	641 708	2 560	652 371	43 812	696 183
	Issued share capital R'000	Share premium R'000			Share- based payment reserve R'000	Issued share capital R'000	Share premium R'000	Accu- mulated losses R'000	Total equity R'000
<b>COMPANY</b>									
<b>Balance at 31 August 2010</b>					2 560	226	50 697	(8 519)	44 964
Total comprehensive income for the year								3 023	3 023
Dividend paid							(22 873)		(22 873)
<b>Balance at 31 August 2011</b>					2 560	226	27 824	(5 496)	25 114
Total comprehensive income for the year								(345)	(345)
Dividend paid							(6 681)		(6 681)
<b>Balance at 31 August 2012</b>					2 560	226	21 143	(5 841)	(18 088)

# Statement of Cash Flows

for the year ended 31 August 2012

	Note	GROUP		COMPANY	
		2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>Cash flows from operating activities</b>		<b>(139 363)</b>	36 559	<b>(6 300)</b>	(21 992)
Receipts from customers		<b>2 033 074)</b>	1 696 104	<b>1 550</b>	1 919
Paid to suppliers and employees		<b>(2 143 340)</b>	(1 614 042)	<b>(1 208)</b>	(1 038)
Cash (absorbed by)/generated from operations	22.1	<b>(110 266)</b>	82 062	<b>342</b>	881
Investment income		<b>1 754</b>	2 396		
Interest paid		<b>(13 224)</b>	(8 573)		
Taxation paid	22.2	<b>(8 466)</b>	(14 682)	<b>39</b>	
Dividends paid	22.3	<b>(9 161)</b>	(24 644)	<b>(6 681)</b>	(22 873)
<b>Cash flows from investing activities</b>		<b>(3 078)</b>	(7 279)	<b>6 300</b>	21 992
Additions to property, plant and equipment		<b>(5 874)</b>	(4 420)		
Proceeds on disposal of property, plant and equipment		<b>113</b>	367		
Loans to associates		<b>(29)</b>		<b>(29)</b>	
Increase in amounts due by subsidiaries				<b>6 329</b>	21 992
Increase in investment in treasury shares			(3 226)		
Proceeds on disposal of assets held for sale		<b>2 712</b>			
<b>Cash flows from financing activities</b>		<b>–</b>	–	<b>–</b>	–
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(142 441)</b>	29 280	<b>–</b>	–
<b>Cash and cash equivalents at the beginning of the year</b>		<b>87 800</b>	58 520		
<b>Cash and cash equivalents at the end of the year</b>		<b>(54 641)</b>	87 800	<b>–</b>	–

# Notes to the Financial Statements

for the year ended 31 August 2012

## 1. Basis of preparation and accounting policies

### 1.1 General information

Nu-World Holdings Limited is a company incorporated in South Africa.

The address of its registered office is 35, 3rd Street, Wynberg, Sandton, 2199.

The principal business of the company is a holding company listed on the JSE Securities Exchange South Africa. Its subsidiaries import and export a diversified range of electrical appliances, consumer electronics and branded consumer durables.

The annual financial statements have been presented in South African Rand, and all amounts have been rounded to the nearest thousand Rand.

The average number of employees for the year under review was 460.

### 1.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with 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.

### 1.3 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.

### 1.4 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.

#### 1.4.1 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.

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

#### 1.4.2 Investment in subsidiaries

Investment in subsidiaries are stated at cost less impairment losses.

#### 1.4.3 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 and 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.

#### 1.4.4 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	7,5% - 30%
Moulds and dies	15%
Computers and software	10% - 50%
Motor vehicles	22,5% - 25%
Equipment	10% - 30%
Furniture, fixtures and fittings	7,5% - 22,5%
Leasehold improvements	2,5% - 30%

#### 1.4.5 Treasury shares

Treasury shares represent the shares in Nu-World Holdings Limited that are held by controlled entities. These shares are held at cost and treated as a deduction against Group reserves.

#### 1.4.6 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.

#### 1.4.7 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.



# Notes to the Financial Statements continued

for the year ended 31 August 2012

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.

## 1.4.8 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.

### *Loans and receivables*

Loans and 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.

### *Held-to-maturity investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method less any impairment.

### *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.

### *Borrowings and trade and other payables*

Borrowings and trade and other 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 financial assets at fair value through profit or loss. 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.

## 1.4.9 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.

## 1.4.10 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.

## 1.4.11 Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the economic entity to an employee superannuation fund and are charged as expenses when incurred. There is no legal obligation to provide benefits to employees on retirement.

## 1.4.12 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

## 1.4.13 Revenue recognition

The sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer.

# Notes to the Financial Statements continued

for the year ended 31 August 2012

Rental income from operating leases is recognised on a straight-line basis over the terms of the lease in profit or loss. Initial direct costs incurred in negotiating and arranging the operating leases are included in the carrying amount of the leased asset and recognised in profit or loss on a straight line basis over the lease terms.

Interest income is recognised on a time proportion basis.

Dividend income is recognised when shareholders are entitled to such dividend.

## **1.4.14 Operating leases**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

## **1.4.15 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.

### *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.

## **1.4.16 Impairment of tangible and intangible assets other than goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible

to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## **1.4.17 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

# Notes to the Financial Statements continued

for the year ended 31 August 2012

## 1.4.18 *Share-based payments*

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value has been calculated using the binomial pricing model. The expected life used in the model has been adjusted, based on management's estimates for the effects of non-transferability, exercise restrictions and behavioural considerations.

## 1.4.19 *Adoption of new and revised 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.

## 1.4.20 *Significant judgements and sources of estimation uncertainty*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### *Provision for doubtful debts of trade debtors*

A provision for impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debtor is impaired. The amount of the provision is the difference between the trade debtor's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

### *Property, plant and equipment*

Property, plant and equipment is depreciated on a reducing balance basis over its useful life to residual value. Residual values and useful lives are based on management's best estimates and actual future outcomes may differ from these estimates.

The Group annually tests whether property, plant and equipment has suffered any impairment. When performing impairment testing, the recoverable amount is determined for the individual asset. If the asset does not generate cash flows that are largely independent from other assets or groups of assets then the recoverable amounts of cash-generating units that those assets belong to are determined based on discounted future cash flows.

### *Impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

### *Contingencies*

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves an exercise of significant judgement and estimates of the outcome of future events.

### *Impairment of intellectual property*

The Group assesses impairment at the end of each reporting year by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

### *Warranty provisioning*

Provision is made in respect of the consolidated Group's estimated liability on all products and services under warranty at balance date. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to the consolidated Group's history of warranty claims.

Warranty provisioning is determined with reference to historical sales, the average period of warranties granted and data available to estimate a return pattern which is likely to occur in the future periods. Allowance is made for the estimated amount to be recovered from inventory that may be salvageable in the future.

Extended warranties are brought to account based on standard and current patterns in industry date re: recognition and deferral criteria.

### *Employee entitlements*

In calculating the present value of future cash flows in respect of provision for long service leave, directors have used their judgement in determining the probability of retention of the employees.

## for the year ended 31 August 2012

Movement summary	Leasehold improvements R'000	Plant and machinery R'000	Other fixed assets R'000	Total R'000
Opening net carrying amount	4 653	3 844	8 277	16 774
Additions	762	922	4 190	5 874
Disposals		(90)	(1)	(91)
Depreciation	(829)	(995)	(3 879)	(5 703)
Translation difference	23	272	231	526
Transfer from non-current assets held for sale		271		271
Closing net carrying amount	4 609	4 224	8 818	17 651

The recoverable amount of both cash-generating units is determined based on a value in use calculation which uses flows projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 8% per annum (2011: 8% per annum).

Cash flow projections during the budgeted period are based on the same expected gross margins and varying price inflation throughout the budgeted period. The Directors believe that any possible change in the key assumptions on which recoverable amount is based would cause the aggregate carrying amounts to exceed the aggregate recoverable amount of the cash-generating units.

# Notes to the Financial Statements continued

for the year ended 31 August 2012

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	201 R'000
<b>4. Investment in subsidiaries</b>				
Shares at valuation			85 556	85 556
Amount owing by subsidiaries			(72 542)	(66 213)
			<b>13 014</b>	19 343
The above loans are unsecured, interest free, with no fixed terms of repayment. Refer to page 49 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	29	29
Amount owing to associate		(29)		(29)
Equity accounted share of retained earnings	41	13	41	13
	<b>70</b>	13	<b>70</b>	13
On 1 September 2009 the Group acquired a 49,9% share of Palsonic China (H.K) Limited				
Share at cost	765	765	765	765
Amount owing by associate	2 323	2 323	2 323	2 323
Fair value adjustment	(2 085)		(2 085)	
Equity accounted share of retained earnings	(489)	(489)	(489)	(489)
	<b>514</b>	2 599	<b>514</b>	2 599
	<b>584</b>	2 612	<b>584</b>	2 612
<b>6. Deferred taxation</b>				
Balance at beginning of year	(10 769)	(11 583)		
Charge to profit or loss	(33)	1 765		
– capital allowances	(897)	(504)		
– other temporary differences	27	13		
– foreign asset	837	2 256		
Transferred to liabilities associated with assets held for sale	2 213	(2 213)		
Charged to other comprehensive income – translation reserve	1 650	1 262		
	<b>(6 939)</b>	(10 769)		
Balance consists of:				
Asset	(21 371)	(19 239)		
Computed tax losses	(21 371)	(19 239)		
Liability	14 432	8 470		
Capital allowances	3 392	2 077		
Other temporary differences	(467)	(494)		
Translation reserve	11 507	6 887		
	<b>(6 939)</b>	(10 769)		
<b>7. Investment</b>				
Unlisted investment at cost				
HY Investments 19 (Proprietary) Limited	51 706	51 706		
Classified as:				
Non-current assets		51 706		
Current assets	51 706			
	<b>51 706</b>	51 706		

2 redeemable cumulative preference shares redeemable on 18 October 2012.

Dividends are receivable at an annual rate of 10,6% nominal, compounded semi-annually.



# Notes to the Financial Statements continued

for the year ended 31 August 2012

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>8. Inventories</b>				
Raw materials	1 136	9 792		
Work in progress		2 245		
Finished goods	480 553	360 848		
	<b>481 689</b>	<b>372 885</b>		
<b>9. Non-current assets held for sale</b>				
The plant and machinery of the Group's manufacturing divisions was presented as assets held for sale.				
This was as a result of a decision by the directors of the Group, reached on the 11 July 2011, to close the various manufacturing divisions with effect from 30 September 2011, and a plan to sell the facilities due to their continued non-profitability. Efforts to sell the assets of these divisions had commenced, and it was expected that the sale would be completed by 31 August 2012.				
Assets classified as held for sale:				
Plant and machinery		12 490		
Liabilities associated with assets classified as held for sale:				
Deferred tax liabilities		2 213		
Certain plant and machinery previously classified as non-current assets held for sale was not sold at year end and no longer meets the criteria for classification as held for sale and therefore was transferred to property, plant and equipment.				
<b>10. Trade and other receivables</b>				
Trade receivables	226 224	182 503		
Other	92 061	58 740	4 467	3 218
	<b>318 285</b>	<b>241 243</b>	<b>4 467</b>	<b>3 218</b>
<b>Ageing of past due but not impaired trade receivables</b>				
Not past due	215 675	178 683		
Past due				
90 – 120 days	2 048	2 506		
+ 120 days	8 501	5 629		
Less: credits		(4 315)		
	<b>226 224</b>	<b>182 503</b>		
The maximum exposure to credit risk for gross trade and other receivables at the reporting date by geographical region was:				
South Africa	280 219	210 728	4 467	3 218
Australasia	36 954	27 490		
Africa	1 218	616		
Asia	(106)	2 409		
	<b>318 285</b>	<b>241 243</b>	<b>4 467</b>	<b>3 218</b>

In line with the Group's accounting policies, total accruals of R31 764 483 (2011: R27 357 510) are held in respect of the Group's total trade receivables. These accruals relate to, *inter alia*, customer returns and claims.

# Notes to the Financial Statements continued

for the year ended 31 August 2012

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>11. Share capital and premium</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
	320	320	320	320
<b>Issued</b>				
22 646 465 (2011: 22 646 465) ordinary shares of 1 cent each	226	226	226	226
<b>Share premium</b>	19 255	25 936	21 143	27 824
Capital distribution	(108 589)	(101 908)	(108 589)	(101 908)
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)		
	19 481	26 162	21 369	28 050
<b>12. Share-based payment reserve</b>				
Equity arising on share-based payment transactions	2 560	2 560	2 560	2 560
<b>13. Borrowings</b>	20 000	20 000		
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.				
Classified as:				
Non-current liabilities		20 000		
Current liabilities	20 000			
	20 000	20 000		
<b>14. Trade and other payables</b>				
Trade payables	120 908	106 591		
Accrued expenses	15 001	37 269		
Value added tax	10 598	8 855		
Other payables	4 473	12 866		98
	150 980	165 581	–	98
The directors consider the carrying amount of trade and other payables to approximate their fair value. The credit period of trade payables ranges between 30 and 90 days.				
<b>15. Provisions</b>				
Warranty provisions	10 097	11 307		
Employee bonus provisions	2 744	3 033		
	12 841	14 340		
<b>Analysis of movement:</b>				
<b>Warranty provisions</b>				
Opening balance	11 307	11 749		
Additional provision raised for the year	2 727	1 931		
Utilisation of provision	(3 937)	(2 373)		
Closing balance	10 097	11 307		
<b>Employees bonus provisions</b>				
Opening balance	3 033	3 243		
Additional provision raised for the year	3 755	5 114		
Utilisation of provision	(4 044)	(5 324)		
Closing balance	2 744	3 033		

# Notes to the Financial Statements continued

for the year ended 31 August 2012

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>15. Provisions (continued)</b>				
<b>Employees bonus provisions</b>				
These bonuses are due to be paid in December each year. These bonuses were approved the remuneration committee, and are payable at the discretion of the managing director.				
<b>Warranty provisions</b>				
The warranty provisions represent management's best estimate of the Group's liability under the 12 month warranties granted on household domestic products and electronics and based on prior experience, industry averages for defective products and new legislation.				
<b>16. Revenue</b>				
<b>16.1 Group</b>				
Continuing operations	2 114 501	1 609 921		
Discontinued operations	8 858	55 664		
	2 123 359	1 665 585		
Consolidated revenue comprises the net invoiced value of goods supplied to customers, less trade discounts and rebates where applicable.				
<b>16.2 Company</b>				
Revenue comprises dividends and interest received from subsidiary companies.			2 799	4 337
<b>17. Operating profit</b>				
Operating profit is arrived at after taking into account:				
<b>From continuing operations:</b>				
<b>Income</b>				
Foreign exchange profits	15 348			
Investment income	1 754	2 396		
Profit on disposal of property, plant and equipment	22			
<b>Expenditure</b>				
Auditors' remuneration	1 643	1 099	23	4
Audit fees	1 247	802	18	
Fees for other services	396	297	5	4
Depreciation of property, plant and equipment	5 703	4 677		
Plant and machinery	995	746		
Leasehold improvements	829	743		
Motor vehicles	527	609		
Office equipment and furniture	3 352	2 579		
Directors' executive emoluments				
Paid by company	465	468	465	468
Paid by subsidiary	23 583	21 709		
Foreign exchange losses		3 254		
Loss on disposal of property, plant and equipment		4		
Operating lease rentals				
Property	20 213	13 139		
Staff costs	117 393	107 634		

# Notes to the Financial Statements continued

for the year ended 31 August 2012

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>17. Operating profit (continued)</b>				
<b>From discontinued operations:</b>				
<b>Expenditure</b>				
Depreciation of property, plant and equipment	–	1 703		
Plant and machinery		1 703		
Fair value adjustment to assets held for sale	8 329			
Fair value adjustment to investment in associated company	2 085		2 085	
Loss on disposal of assets held for sale	1 179			
Operating lease rentals				
Property	359	2 180		
Staff costs	1 391	7 959		
<b>18. Taxation</b>				
<b>18.1 From continuing operations:</b>				
<b>Charge to profit or loss</b>				
South African normal taxation	12 030	5 061	23	
– current year	15 492	5 061	23	
– prior year	(3 462)			
South African deferred taxation	(870)	(490)		
– current year	(870)	(490)		
Foreign taxation	1 671	1 061		
– current year	1 671	1 061		
Foreign deferred taxation	837	2 256		
– current year	837	2 256		
	13 668	7 888	23	
<b>18.2 From discontinued operations:</b>				
South African normal taxation				
Current	10	–		
– current year	10			
	10	–		
<b>18.3 Reconciliation of rates of taxation</b>				
Statutory tax rate	28.00%	28.00%		
Adjusted for:	(3.71%)	(1.27%)		
Permanent differences	2.36%	(8.33%)		
Foreign taxation	(0.08%)	7.04%		
Disallowable expenditure	0.16%	0.02%		
Prior period adjustment	(6.15%)			
Effective tax rate	24.29%	26.73%		

## 19. Discontinued operations

### 19.1 Plan to dispose of the Groups manufacturing operations

On 11 July 2011, the Board of directors announced a plan to dispose of the Group's manufacturing operations. Efforts to sell the assets commenced and were completed by 31 August 2012. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal are disclosed in note 9 and 17. The Group initially did not recognise any impairment losses in respect of these assets, neither when the assets were reclassified as held for sale nor at the end of the initial reporting period, but has recognised impairment losses on all remaining assets that are viewed by the directors as unsaleable.

# Notes to the Financial Statements continued

for the year ended 31 August 2012

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>19. Discontinued operations (continued)</b>				
<b>19.2 Plan to discontinue Chinese wholesale operations</b>				
– Palsonic China (H.K) Limited				
On 1 March 2012 the board of directors agreed to discontinue the Company's Chinese wholesale operation within Palsonic China (H.K) Limited, as a result of its continued non profitability. The Group has recognised impairment losses on its investment as disclosed in note 5.				
<b>19.3 Analysis of loss for the year from discontinued operations</b>				
The results of the discontinued operations, included in the consolidated statement of comprehensive income, are set out below.				
<b>Loss for the year from discontinued operations</b>				
Revenue	8 858	55 664		
Cost of sales	15 402	46 739		
Gross (loss)/profit	(6 544)	8 925		
Operating expenses	(3 335)	22 055		
Operating loss before taxation	(9 879)	(13 130)		
Taxation	10			
Loss from discontinued operations	(9 889)	(13 130)		
Loss on remeasurement of assets held for sale to fair value less costs to sell	(8 329)			
Fair value adjustment to investment in associated company	(2 085)		(2 085)	
<b>Loss for the year from discontinued operations</b>	<b>(20 303)</b>	<b>(13 130)</b>	<b>(2 085)</b>	–
<b>20. Earnings per share</b>				
Basic earnings and headline earnings per share are based on:				
Weighted average number of shares (000)	21 420	21 400		
Basic and headline earnings	38 395	20 043		
Diluted basic and headline earnings per share are based on:				
Diluted weighted average number of shares (000)	22 350	22 352		
Diluted earnings	38 395	20 043		
Basic earnings per share from continuing operations are based on:				
Weighted average number of shares (000)	21 420	21 400		
Basic earnings from continuing operations	58 698	33 173		
Diluted basic earnings per share from continuing operations are based on:				
Diluted weighted average number of shares (000)	22 350	22 355		
Diluted basic earnings from continuing operations	58 698	33 173		
<b>21. Dividend/capital distribution</b>	<b>12 795</b>	<b>6 681</b>	<b>12 795</b>	<b>6 681</b>
It is the Company's policy to declare only one dividend per year. The Board has resolved to declare a dividend of 56,5 cents (2011: 29,5 cents) per share in respect of the year ended 31 August 2012.				

## Notes to the Financial Statements continued

for the year ended 31 August 2012

	GROUP		COMPANY	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>22. Cash flow information</b>				
<b>22.1 Cash generated from/(absorbed by) operations</b>				
Net profit/(loss) before interest and taxation	69 526	38 075	(396)	3 315
Adjustments for:				
Fair value adjustment of assets held for sale	8 329			
Depreciation	5 703	6 380		
Fair value adjustment of investment in associate	2 085		2 085	
(Profit)/loss on disposal of property, plant and equipment	(22)	4		
Investment income	(1 754)	(2 396)		
Translation difference	6 636	2 887		
Loss on disposal of assets held for sale	1 179			
Amortisation of intangible assets		902		
Operating profit before working capital changes	91 682	45 852	1 689	3 315
Working capital changes	(201 948)	36 210	(1 347)	(2 434)
(Increase)/decrease in inventories	(108 804)	34 399		
(Increase)/decrease in trade and other receivables	(77 043)	26 707	(1 249)	(2 418)
Decrease in trade and other payables	(16 101)	(24 896)	(98)	(16)
	(110 266)	82 062	342	881
<b>22.2 Taxation paid</b>				
Amount (unpaid)/prepaid at beginning of year	1 108	(7 452)	39	39
Amounts charged to the income statement	(13 711)	(6 122)	(23)	
Amounts (prepaid)/unpaid at end of year	4 137	(1 108)	23	(39)
	(8 466)	(14 682)	39	–
<b>22.3 Dividends paid</b>				
Amounts unpaid at beginning of year				
Amounts charged to the income statement	(2 480)	(1 771)		
Capital distribution	(6 681)	(22 873)	(6 681)	(22 873)
Amounts unpaid at end of year				
	(9 161)	24 644	(6 681)	(22 873)

## 23. 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

Nu-World Industries (Proprietary) Limited is a wholly-owned subsidiary and the main 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.



# Notes to the Financial Statements continued

for the year ended 31 August 2012

		GROUP		COMPANY	
		2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>24. 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		6 645	6 174		
				2012 Shares	2011 Shares
<b>25. Share incentive and option scheme</b>					
The Group has an equity-settled share based payment scheme for executive and senior employees of the Group. In accordance with the provisions of the scheme, it provides for share options as approved by the remuneration committee.					
Total number of shares available to be utilised for the share incentive and option scheme:					
Opening balance – unissued shares				1 225 670	1 385 547
Shares purchased during the year				2 100	308 123
Shares issued during the year					(468 000)
Closing balance – unissued shares				1 227 770	1 225 670
The above mentioned shares are under the control of the Company's executive directors.					
	Number of shares	Expiry date	Allocation price (cents)	Exercise price (cents)	Fair value at grant date (cents)
Share options granted					
Allocation November 2009		465 750	Sept 2012	1 650	1 650
Allocation November 2009		465 750	Aug 2013	1 650	1 650
		GROUP		COMPANY	
		2012 R'000	2011 R'000	2012 R'000	2011 R'000
<b>26. Commitments</b>					
<b>Operating lease commitments</b>					
Property					
Due within one year		13 882	15 408		
Due within two to five years		19 920	19 796		
		33 802	35 204		
<b>Other commitments</b>					
At year end the Group had established letters of credit for the equivalent of R298 020 324 (2011: R319 793 230) in respect of future stock commitments.					

# Notes to the Financial Statements continued

for the year ended 31 August 2012

## 27. Financial risk management

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.

### 27.1 Interest rate management

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.

### 27.2 Foreign currency management

#### Trade exposure

The Group's policy is to cover trade commitments within an agreed treasury management policy which have been approved by the Board of Directors. The Group has entered into forward exchange contracts to cover foreign commitments not yet due.

The majority of forward cover is established to mature within a period of 90 days from the date the cover is taken and the commitments are always firm and ascertainable.

The Group does not speculate in trading of derivative instruments.

Details of these contracts are as follows:

Currency	Foreign exchange contract		Foreign currency		Market value		Fair value adjustment	
	2012	2011	2012	2011	2012	2011	2012	2011
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
US Dollars	138 746	92 107	16 800	13 450	142 065	94 671	3 319	2 564
Euro		1 209		125		1 288		79

#### Foreign exchange sensitivity analysis

The Group is primarily exposed to the exchange rate fluctuations in relation to the US Dollar. An assessment of the Group's sensitivity to the Rand : Dollar exchange rate shows that should the Rand strengthen by 10% against the Dollar, the Group's profit before tax would decrease by R14 206 426. A 10% weakening of the Rand versus the Dollar would result in a profit of the same amount.

### 27.3 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 2012, the Group did not consider that any significant concentration of credit risk existed which had not been adequately provided for.

### 27.4 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.

## 28. Segmental information

### Geographical areas from which reportable segments derive their revenue

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the geographic location of services delivered or provided.

The Group's reportable segments under IFRS 8 are therefore as follows:

South Africa	–	continuing operation.
South Africa	–	discontinued operation.
Offshore Subsidiaries	–	all operated from Australia.

## Notes to the Financial Statements continued

for the year ended 31 August 2012

### 28. Segmental information (continued)

The following is an analysis of the Group's revenue and results from operations by reportable segment.

	Segment revenue		Segment income	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
South Africa – continuing operation	1 353 710	938 561	56 349	31 422
South Africa – discontinued operation	8 858	55 664	(20 302)	(13 130)
Offshore Subsidiaries – Australia based	760 791	671 360	2 348	1 752
<b>Total</b>	<b>2 123 359</b>	<b>1 665 585</b>	<b>38 395</b>	<b>20 044</b>

Segment revenue reported above presents revenue generated from external customers. There were no inter-segment sales in the current year (2011: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment income represents the profit earned by each segment. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

	August 2012 R'000	August 2011 R'000
<b>Segment assets and liabilities</b>		
South Africa – continuing operation	806 493	699 609
South Africa – discontinued operation		17 490
Offshore Subsidiaries – Australia based	156 829	147 485
<b>Consolidated total assets</b>	<b>963 322</b>	<b>864 584</b>
South Africa – continuing operation	213 977	146 866
South Africa – discontinued operation		2 504
Offshore Subsidiaries – Australia based	53 162	63 295
<b>Consolidated total liabilities</b>	<b>267 139</b>	<b>212 665</b>

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets including goodwill are allocated to reportable segments. No assets are used jointly by reportable segments.
- All liabilities including borrowings are allocated to reportable segments. No liabilities are jointly liable by reportable segments.

#### Information about major customers

The Group has two customer groups (2011: two customer groups) that individually account for at least 10% or more of the Group's South African continuing operations revenue comprising 35.8% and 11.2% respectively (2011: 29.3% and 10.5%).

No other single customer group contributed 10% or more to the Group's South African discontinued operation nor the Offshore Subsidiaries Australian operation for both 2012 and 2011.

### 29. 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 R574 million (2011: R466 million).

## Notes to the Financial Statements continued

for the year ended 31 August 2012

### 30. 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 add an exception to the retrospective application of IFRSs to require that first-time adopters apply the requirements in IFRS 9 Financial instruments and IAS 20 Accounting for government grants and disclosure of government assistance prospectively to government loans existing at the date of transition to IFRSs.</li> </ul>	1 January 2013
	<ul style="list-style-type: none"> <li>Annual Improvements 2009-2011 Cycle amendments clarify the options available to users when repeated application of IFRS 1 is required and to add relevant disclosure requirements.</li> </ul>	1 January 2013
	<ul style="list-style-type: none"> <li>Annual improvements 2009-2011 Cycle amendments to borrowing costs.</li> </ul>	1 January 2013
IFRS 7, Financial instruments: disclosures	<ul style="list-style-type: none"> <li>Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.</li> </ul>	1 January 2013
IFRS 9, Financial instruments	<ul style="list-style-type: none"> <li>New standard that forms part of a three-part project to replace IAS 39 Financial instruments: recognition and measurement.</li> </ul>	1 January 2015
IFRS 10, Consolidated financial statements	<ul style="list-style-type: none"> <li>New standard that replaces the consolidation requirements in SIC-12 Consolidation-special purpose entities and IAS 27 consolidated and separate financial statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.</li> </ul>	1 January 2013
IFRS 11, Joint arrangements	<ul style="list-style-type: none"> <li>New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities.</li> </ul>	1 January 2013
IFRS 12, Disclosure of interests in other entities	<ul style="list-style-type: none"> <li>New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.</li> </ul>	1 January 2013
IFRS 13, Fair value measurement	<ul style="list-style-type: none"> <li>New guidance on fair value measurement and disclosure requirements.</li> </ul>	1 January 2013
IAS 1, Presentation of financial statements	<ul style="list-style-type: none"> <li>Annual improvements 2009-2011 Cycle: Amendments clarifying the requirements for comparative information including minimum and additional comparative information required.</li> </ul>	1 January 2013

# Notes to the Financial Statements continued

for the year ended 31 August 2012

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

Standard	Details of amendment	Annual periods beginning on or after
IAS 16 Property, plant and equipment	<ul style="list-style-type: none"> <li>Annual Improvements 2009-2011 Cycle: Amendments to the recognition and classification of servicing equipment.</li> </ul>	1 January 2013
IAS 19, Employee benefits	<ul style="list-style-type: none"> <li>Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans.</li> </ul>	1 January 2013
IAS 27, Consolidated and separate financial statements	<ul style="list-style-type: none"> <li>Consequential amendments resulting from the issue of IFRS 10, 11 and 12.</li> </ul>	1 January 2013
IAS 28, Investments in associates	<ul style="list-style-type: none"> <li>Consequential amendments resulting from the issue of IFRS 10, 11 and 12.</li> </ul>	1 January 2013
IAS 32, Financial instruments: presentation	<ul style="list-style-type: none"> <li>Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet the effects of rights of set-off on the entity's rights and obligations.</li> <li>Annual Improvements 2009-2011 Cycle: Amendments to clarify the tax effect of distribution to holders of equity instruments.</li> </ul>	1 January 2013
IAS 34, Interim financial reporting	<ul style="list-style-type: none"> <li>Annual Improvements 2009-2011 Cycle: Amendments to improve the disclosures for interim financial reporting and segment information for total assets and liabilities</li> </ul>	1 January 2013
	<b>Interpretations</b>	
IFRIC 20 Stripping costs in the production phase of a surface mine.		1 January 2013

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

## Interest in Subsidiaries

as at 31 August 2012

	Issued share capital		Effective shareholding		Shares at valuation		Loans receivable/ (payable)	
	2012	2011	2012	2011	2012	2011	2012	2011
	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	(110 354)	(109 506)
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	10 006
Nu-World Global Investments (Proprietary) Limited	100	100	100,0	100,0			27 806	33 287
Urent Then Own (Proprietary) Limited		100		100,0				
Nu World Property Investments (Proprietary) Ltd	100		100,0					
The aggregate net profit after taxation of subsidiaries attributable to the company amounted to R38 394 825 (2011: R20 043 497).								
					85 556	85 556	(72 542)	(66 213)

### Indirect interest

Prima Akai Proprietary Limited  
Yale Appliance Group Proprietary Limited  
CTG Yale Proprietary Limited  
OO Australasia Proprietary Limited  
Golf and Sports Proprietary Limited  
Jaws Systems Australia Proprietary Limited

## Shareholders Calender

Declaration of dividend	25 October 2012
Announcement of 2012 results	Published 25 October 2012
2012 annual financial statement to shareholders	Published November 2012
Record date	7 December 2012
Payment of dividend	10 December 2012
Annual general meeting	13 February 2013
Announcement of 2013 interim results	To be published April 2013



# Notice of Annual General Meeting

Notice is given that the annual general meeting of shareholders in respect of the year ended 31 August 2012 will be held in the boardroom of Nu-World Holdings Limited at 35 Third Street, Wynberg, Sandton at 10h00 on Wednesday, 13 February 2013 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, 2008 (Act 71 of 2008), as amended ("the Act"); and subject to the Listings Requirements of the JSE Limited ("JSE").

Record date to receive the notice of annual general meeting is Friday, 23 November 2012. Last date to trade to be eligible to vote is Friday, 1 February 2013. Record date to be eligible to vote is Friday, 8 February 2013. Last date for lodging forms of proxy is Monday, 11 February 2013.

Until the Act came into effect on 1 May 2011, the memorandum of incorporation ("MOI") of the Company comprised its memorandum and articles of association. On the date that the Companies Act came into effect, the memorandum and articles of association of the Company automatically converted into the Company's MOI. Accordingly, for consistency of reference in this notice of annual general meeting, the term "MOI" is used throughout to refer to the Company's memorandum of incorporation (which comprised the Company's memorandum and its articles of association, as aforesaid).

## 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 2012 be approved."

## Ordinary resolution number 2

In terms of the Company's MOI, 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 2012 appear on page 6 of the annual report.

Accordingly, shareholders are requested to consider and, if deemed fit, to re-elect the directors named below by way of passing the separate ordinary resolutions set out below:

- 2.1 "Resolved that G R Hindle be and is hereby re-elected as a director of the Company."
- 2.2 "Resolved that J M Judin be and is hereby re-elected as a director of the Company."
- 2.3 "Resolved that D Piaray be and is hereby re-elected as a director of the Company."
- 2.4 "Resolved that R Kinross be and is hereby re-elected as a director of the Company."

## Ordinary resolution number 3

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

1. J M Judin
2. D Piaray
3. R Kinross

Curriculum vitae in respect of each director as at 31 August 2012 appear on page 6 of the annual report."

## Ordinary resolution number 4

"Resolved that the directors be and are hereby authorised to re-appoint Tuffias Sandberg KSi as auditors and Ashley Muller 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 2012 be approved."

## Ordinary resolution number 5

"Resolved to elect, each by separate vote, the following independent non-executive directors as board members of the Nu-World Holdings Limited social and ethics committee for the ensuing year:

- 5.1 J M Judin
- 5.2 D Piaray
- 5.3 R Kinross

Curriculum vitae in respect of each director as at 31 August 2012 appear on page 6 of the annual report."

## Ordinary resolution number 6

"Resolved that subject to 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;

## Notice of Annual General Meeting continued

- That issues in the aggregate in any one financial year may not exceed 5% (five percent) of the number of shares of that class of the Company's issued share capital (including instruments which are compulsorily convertible into shares of that class) at the date of application less any shares of that class issued, or to be issued in future arising from option/convertible securities issued during the current financial year, plus any shares to be issued pursuant to an announced, irrevocable and fully underwritten rights offer or to be issued pursuant to any acquisition for which final terms have been announced; and
- That, in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average trading price of the shares in question, as determined over the 30 (thirty) business days prior to the date that the price of the issue is determined or was agreed 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.

### Ordinary resolution number 7

"Resolved to endorse, through a non-binding advisory vote, recommended by the King Code of Governance for South Africa 2009 (King III) to ascertain the shareholders' views on the Company's remuneration policy and its implementation. The Company's remuneration report is set out on page 15 of this report."

### Special resolution number 1

"Resolved that in terms of section 66(8) and 66(9) of the Act, the Company be authorised to pay remuneration to its non-executive directors for their services as non-executive directors in accordance with a special resolution approved by shareholders within the previous two years as listed below."

	Fees year ended 31 August 2012	Fees year ended 31 August 2013
Lead non-executive board member	R175 000	R200 000
Non-executive board member	R145 000	R160 000

### Special resolution number 2

"Resolved that the Company hereby approves, as a general approval contemplated in section 48 of the Act, and in terms of the Company's MOI, 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 MOI 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 share 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;
- A resolution has been passed by the Board of Directors, that the Board has authorised the repurchase, that the Company has satisfied the solvency and liquidity tests contemplated in Section 4 of the Companies Act, and that since the test was done there had been no material changes to the financial position of the Group; and

## Notice of Annual General Meeting continued

- 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 special resolution number 2, granting a general authority to the Company to repurchase securities, appears on the pages of the annual financial statements to which this notice of general meeting is annexed, namely:

Directors of the Company	page 6
Major shareholders	page 22
Directors' interests in securities	page 27
Share capital of the Company	page 39

### 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 2012 and the date of this report.

### Directors' responsibility statement

The directors, whose names are given on page 6 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 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;
- 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;
- 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;
- 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
- That the Company will provide its sponsor 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.

## Notice of Annual General Meeting continued

### Special resolution number 3

"Resolved that in terms of section 45 of the Act that the shareholders hereby approve of the Group providing, at any time and from time to time during the period of 2 (two) years commencing on the date of approval of this special resolution, any direct or indirect financial assistance as contemplated in such section of the Act to any 1 (one) or more related or inter-related companies or corporations of Nu-World provided:

- That the recipient or recipients of such financial assistance; the form, nature and extent of such financial assistance, and the terms and conditions under which such financial assistance is provided, are determined by the Board from time to time;
- That the Board may not authorise the Group to provide any financial assistance pursuant to this special resolution unless the Board meets all those requirements of section 45 of the Act which it is required to meet in order to authorise the Group to provide such financial assistance;
- That the Board is satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and
- That such financial assistance to a recipient thereof is, in the opinion of the Board, required for the purpose of meeting all or any such recipient's operating expenses (including capital expenditure), and/or funding the growth, expansion, reorganisation or restructuring of the businesses or operations of such recipient, and/or funding such recipient for any other purpose which in the opinion of the Board is directly or indirectly in the interests of the Group."

The reason for and effect of this special resolution is to allow the Group to grant direct or indirect financial assistance to any company or corporation forming part of the Group, including in the form of loans or the guaranteeing of their debts. This authority will be in place for a period of two years from the date of adoption of this special resolution.

### Ordinary resolution number 8

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

In terms of section 63(1) of the Companies Act, before any person may attend or participate in a shareholders meeting such as the meeting convened in terms of this notice of annual general meeting, that person must present reasonably satisfactory identification and the person presiding at the

meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified. The company will regard presentation of an original of a meeting participants' valid license, identity document or passport to be satisfactory identification.

Each shareholder who, being a natural person is present in person or by proxy, or, being a company, is present by representative proxy at the annual general meeting is entitled to one vote on a show of hands. On a poll, each shareholder, whether present in person or by proxy, or by representation, is entitled to one vote for each share held.

Equity securities held by a share purchase trust or scheme will not have their votes at the annual general meeting taken into account for the purposes of resolutions proposed in terms of the JSE Listing Requirements. Unlisted securities and shares held as treasury shares may not vote.

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, 11 February 2013) 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  
23 November 2012

## 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>Company 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>External auditors</b>	Tuffias Sandberg KSi Chartered Accountants (SA) Registered Auditors Building 8 Greenstone Hill Office Park Emerald Boulevard Greenstone Hill Extension 22 Edenvale, 1609
<b>Transfer secretaries</b>	Computershare Investor Services (Proprietary) Limited 70 Marshall Street Johannesburg, 2001
<b>Bankers</b>	ABSA Bank Limited China Construction Bank Citibank, N.A. First National Bank, a division of First Rand Bank Limited Investec Bank Limited Standard Bank of South Africa
<b>Attorneys</b>	Adams Attorney Unit 2, Cnr Minis Northlands Business Park New Market Road North Riding, 2030
<b>Company registration number</b>	1968/002490/06
<b>Sponsor</b>	Sasfin Capital Sasfin Place, 29 Scott Street Waverley, 2090

# Form of Proxy

## NU-WORLD HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(REGISTRATION NUMBER 1968/002490/06)

Share Code: NWL ISIN code: ZAE000005070

(‘Nu-World’ or ‘the Company’)

For use only by certificated shareholders and own name dematerialised shareholders at the annual general meeting of the Company to be held at the Company's registered office, 35 Third Street, Wynberg, Sandton on Wednesday, 13 February 2013 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: re-appointment of auditors and individual designated auditor			
Ordinary resolution 5: appointment of social and ethics committee			
5.1 J M Judin			
5.2 D Piaray			
5.3 R Kinross			
Ordinary resolution 6: general authority to issue shares for cash			
Ordinary resolution 7: endorsement of remuneration policy			
Special resolution 1: approval to pay remuneration to non-executive directors			
Special resolution 2: general approval to repurchase shares			
Special resolution 3: approval to providing direct or indirect financial assistance			
Ordinary resolution 8: 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, 11 February 2013) 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'.

Please note that in terms of section 58(3):

- the appointment of a proxy is revocable unless the proxy appointment expressly states otherwise. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy; and delivering a copy of the revocation instrument to the proxy, and to the Company. The revocation will take effect on the later (i) the date stated in the revocation instrument; or (ii) the date on which the revocation instrument was delivered to the proxy and the Company;
- a proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this proxy form;
- a proxy must be delivered to the Company, or to the transfer secretary of the Company, namely Computershare Investor Services (Pty) Limited, before your proxy exercises any of your rights as a shareholder at the general meeting.

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, 11 February 2013, 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.

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