NU-WORLD HOLDINGS LIMITED

INTEGRATED ANNUAL 2019 REPORT

TABLE OF CONTENT

About Nu-World

Nu-World Holdings Brands 5
Financial highlights 6
Group structure 10
History of Nu-World Holdings Limited 12
Board of Directors 14
10 year review 18
Statistical information 19

Performance Review

Chairman's review 22
Combined Chief Executive Officer's and Group Financial Director's Report 24
Value added statement 28
Share performance information 28
Segmental information 29

Corporate Responsibility

Remuneration report 30
Corporate governance and performance 32
Application of principles in King IV code 39

Social & Environmental Responsibility

Social responsibility report 45
Environmental sustainability report 46

Financial Statements

Directors' responsibility statement 50
Certificate of the Company Secretary 50
Report of the Directors' 51
Independent Auditors' Report 53
Report of the Audit Committee 57
Statement of financial position 58
Statement of profit or loss and other comprehensive income 59
Statement of changes in equity 60
Statement of cash flows 61
Notes to the annual financial statements 62

Shareholder Information

Analysis of subsidiaries 93
Analysis of shareholders 94
Notice of annual general meeting 95
Form of Proxy 99
Notes to the form of Proxy 100
Directorate and administration 101

ABOUT NU-WORLD

Index

Nu-World Holdings Brands	5
Financial highlights	6
Group structure	10
History of Nu-World Holdings Limited	12
Board of Directors	14
10 year review	18
Statistical information	19

ABOUT THIS REPORT

"The objective of this integrated report is to provide stakeholders with continuous insight into the Group's performance and the way in which it manages its business. In this report, business reporting focuses on the Group's strategy and its ability to create long-term sustainable value."

In compiling this report the Group was guided by the principles of integrated reporting, which in turn address the needs of its various stakeholders. The integrated report should provide an understanding of the Group's strategy, its business model and its major impact across economic, social and environmental areas. It should also provide insight into how the Group's business is managed. Aligned with its business strategy, it describes the material issues of the Group and shows the approach to addressing these in support of a common strategy.

Aspects of social and environmental sustainability have been part of the Group's strategy and business practices for many years. Continuous progress is being made on the monitoring and reporting of data relevant and material to these matters.

Scope and boundary

The scope of the report includes all operating subsidiaries and covers the reporting period 1 September 2018 to 31 August 2019.

The audited annual financial statements were approved on 25 October 2019. This integrated report was approved for distribution on 29 November 2019 and includes reference to significant events subsequent to year-end, up to the approval date.

All references to NWHL, the Group, the company, the business, our and we refer to Nu-World Holdings Limited and its underlying subsidiaries. These subsidiaries include all businesses in the local South African and international operations. For more detailed information on the Group, refer to our integrated report which is also available on www.nuworld.co.za.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). All financial information is contained in the integrated report.

Management has applied the principles of King IV on integrated reporting and the consultation draft of the International Integrated Reporting Framework in the preparation of this report.

As the concepts and practices of integrated reporting develop, management will aim to enhance disclosures and application as deemed appropriate.

The principle of materiality has been applied in determining the content and extent of disclosure in the integrated report.

Forward-looking information

This integrated report contains certain forward-looking statements which relate to the financial position and results of the operations of the Group. These statements are solely based on the view and considerations of the directors. These statements, by nature, involve risk and uncertainty, relate to events and depend on circumstances that may occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global, national, economic and market conditions, including interest and foreign exchange rates, gross and operating margins achieved, competitive conditions and regulatory factors. These forward-looking statements have not been reviewed or reported on by the Group's external auditors.

External assurance

Assurance as to the contents of the integrated report was considered throughout the process. The Board, assisted by the Audit Committee, is ultimately responsible for overseeing the integrity of the integrated report. This was achieved through setting up appropriate teams and structures to undertake the reporting process and the review and approval of the integrated report by the Board.

Application of principles in King IV code

NWHL is aware of and complies with all regulations relative to its operations. The Board aims to apply the best practice recommendations as set out in the King Report, in a manner that reflects the stature, market position and size of the Group.

A detailed list of the Group's application of King IV principles is detailed on pages 39 to 44 of this integrated annual report.

Approval of the integrated report

The Board acknowledges its responsibility to ensure the integrity of the integrated report. The directors confirm they have reviewed the content of the integrated report and believe it addresses the material issues and is a fair presentation of the integrated performance of the Group.

An electronic version of this report is available online at: www.nuworld.co.za.

A printed copy of the annual financial statements is available on request from:

The Company Secretary

P.O Box 8964, Johannesburg, 2000

Email: bhaikney@nuworld.co.za

NU-WORLD HOLDINGS BRANDS

TELEFUNKEN

Sunbeam

JVC

Prima One&Only

Palsonic

FENICI

iDEAS BY NU-WORLD

Vegas

ideal

CONTI

GOLDAIR

neoniQ

MAGIC LINE

ultimum

NU-TEC

FINANCIAL HIGHLIGHTS

Profit attributable to equity holders
R163,3 million

Dividend per share
288,4 cents

Cash generated from operations
R154,1 million

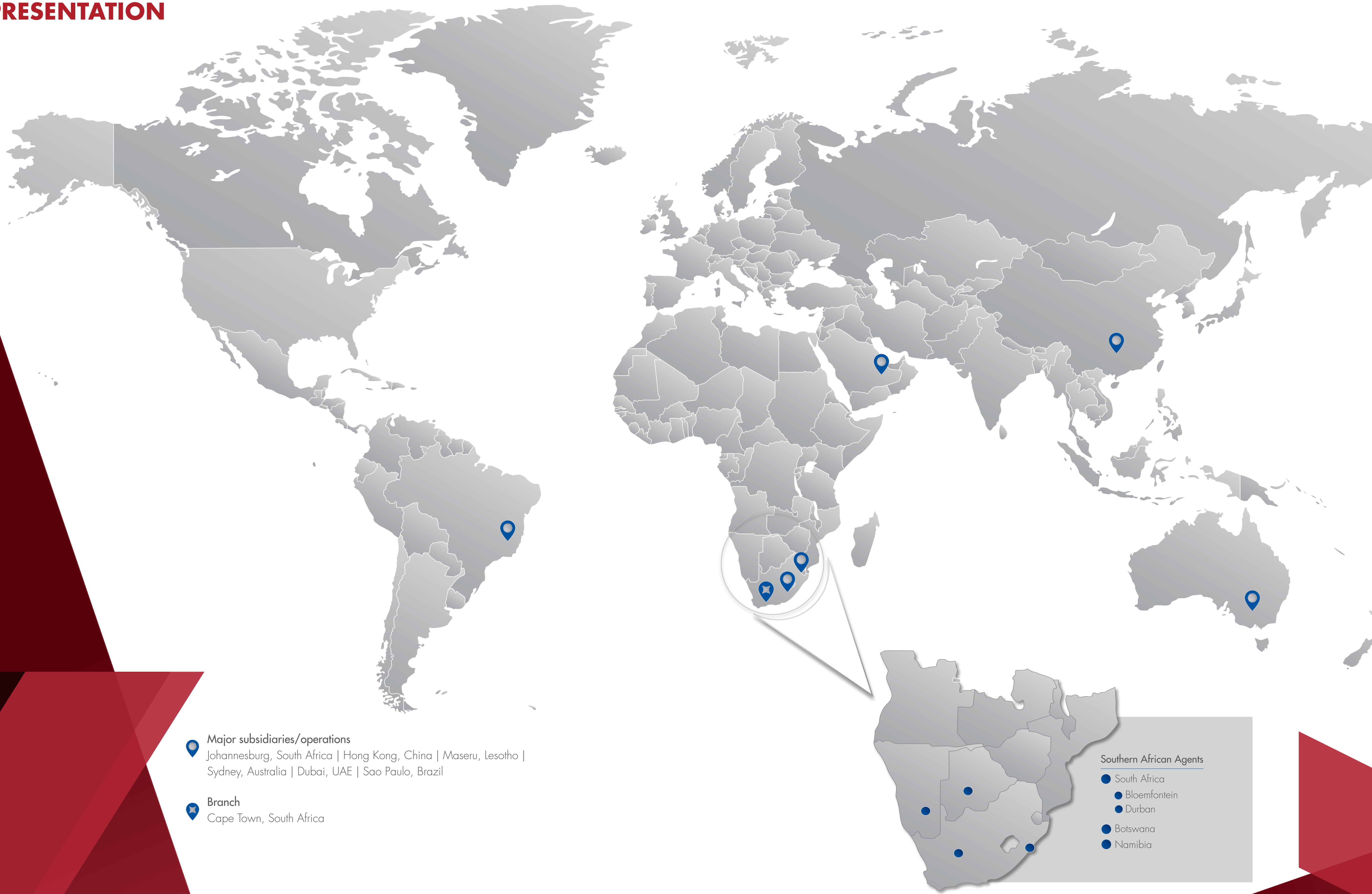
Net operating income before taxation
R226,3 million

Group revenue
R3,0 billion

Headline earnings per share
756,1 cents

Net asset value per share
5 695,9 cents

OPERATIONS/INTERNATIONAL REPRESENTATION



Major subsidiaries/operations
Johannesburg, South Africa | Hong Kong, China | Maseru, Lesotho | Sydney, Australia | Dubai, UAE | Sao Paulo, Brazil

Branch
Cape Town, South Africa

GROUP STRUCTURE

LOCAL

NU-WORLD HOLDINGS LIMITED

- Nu-World Industries Proprietary Limited – 100%
- Nu-World Property Investments Proprietary Limited – 100%
- Nu-World Global Investments Proprietary Limited – 100%
- Conti Industries Proprietary Limited – 100%
- Conti Marketing Proprietary Limited – 100%
- Lefase Lesotho Manufacturing Proprietary Limited – 100%
- Lefase Logistics Proprietary Limited – 49%

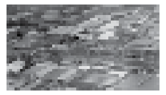
OFF-SHORE

NU-WORLD HOLDINGS LIMITED

- Nu-World Australia Proprietary Limited – 100%
- JAWS System Australia Proprietary Limited – 100%
- CTG Yale Proprietary Limited – 100%
- Prima Akai Proprietary Limited – 100%
- Yale Appliance Group Proprietary Limited – 100%
- Yale Prima Proprietary Limited – 68,1%
- Nu-World Industries Middle East DMCC – 100%
- Nu-World Do Brazil LTDA – 100% (A MEMBER OF THE NU-WORLD HOLDINGS LIMITED GROUP OF COMPANIES)
- Nu-World Global Limited – 100%

HISTORY OF NU-WORLD HOLDINGS LIMITED

1946

Nu-World Industries Proprietary Limited was established and began manufacturing electrical wiring accessories


1952
Manufacturing of small electrical appliances commenced


1980

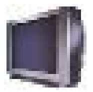
Nu-World began importing and distributing small electrical appliances

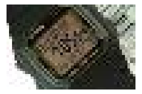
1987
Nu-World Holdings Limited listed on the Johannesburg Stock Exchange

1995

Nu-World appointed as the sole agent for JVC in South Africa and sub-saharan Africa

1996
Exclusive Sunbeam distribution agreement for the South African region


1999
NU-TEC
Nu-Tec consumer electronics introduced


2000
Casio Agency and distribution agreement signed with James Ralph Proprietary Limited

CASIO
JR JAMES RALPH (PTY) LTD

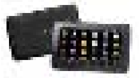
2001

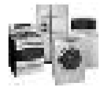
Appointed sole agent for Telefunken in South Africa
TELEFUNKEN

2003
Acquired interest in Conti South Africa

CONTI 100%

2007
yale prima
Investment in 68,1% Yale Prima Proprietary Limited


2009

Introduction of the Hi-Tech and Liquor divisions

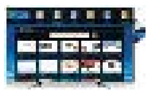
Expansion of White Goods division


2010
Acquired 49% interest in Lefase Logistics Proprietary Limited

2012
Lefase Lesotho Manufacturing Proprietary Limited established

2013
Nu-World Global Limited in Hong Kong established
NU-WORLD GLOBAL
Nu-World's JVC agency agreement extended to include entire Africa, Middle East, Australasia, New Zealand and Brazil

2014
NU-WORLD INDUSTRIES MIDDLE EAST DMCC
Nu-World Industries Middle East DMCC in Dubai established

2017

Nu-World's JVC agency agreement extended to include India, Pakistan and Sri Lanka

2018
aiwa
Appointed as sole agent for Aiwa in South Africa

BOARD OF DIRECTORS

M S Goldberg
Executive chairman
BCom MBA (Wits)

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

G R Hindle
Group financial director
BAcc (Wits) CA(SA)

J M Judin
Lead independent non-executive director
Dip Law (Wits)

R Kinross
Independent non-executive director
BAcc (Unisa) CA(SA)

F J Davidson
Independent non-executive director
BAcc (Wits) CA(SA)

D Piaray
Independent non-executive director
DChem. Eng (Natal) BCom (Unisa) MBA (Wits)

M S Goldberg (67)
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 40 years' experience in manufacturing and the appliance industry.

J A Goldberg (64)
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 40 years' experience in manufacturing and the appliance industry.

BOARD OF DIRECTORS (Continued)

G R Hindle (59)

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 34 years' experience in financial management and information system technology in the manufacturing and electronic environment.

J M Judin (73)

Lead independent non-executive director

Dip Law (Wits)

Currently the senior partner at the Johannesburg based law firm, Judin, Combrinck Inc. Appointed to the Board in 1989 and holds the position of chairman of the Primeserv Group Limited and as a non-executive director to Set Point Group Holdings Limited.

R Kinross (78)

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.

F J Davidson (54)

Independent non-executive director

BAcc (Wits) CA(SA)

Over the past 26 years he has acquired diverse business experience at an executive level, both as an employee and business owner. He continues to act as facilitator and consultant to various individuals and businesses, utilising his considerable business network and expertise. Appointed to the Board in 2016 and is also an independent non-executive director to KayDav Group Limited.

D Piaray (52)

Independent non-executive director

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

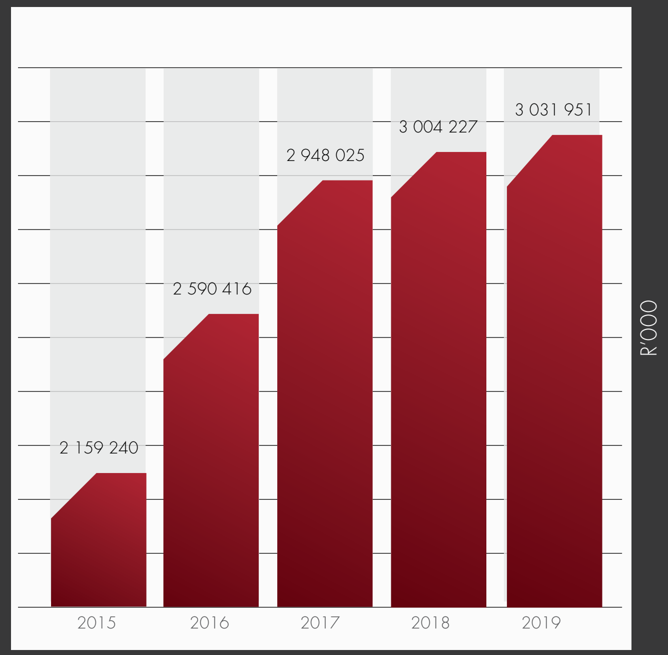
Currently the Group chief executive officer of Xeon Logistics Proprietary Limited. Appointed to the Board in 2002 and holds positions as executive and non-executive director for several listed and non-listed companies.

10-YEAR REVIEW

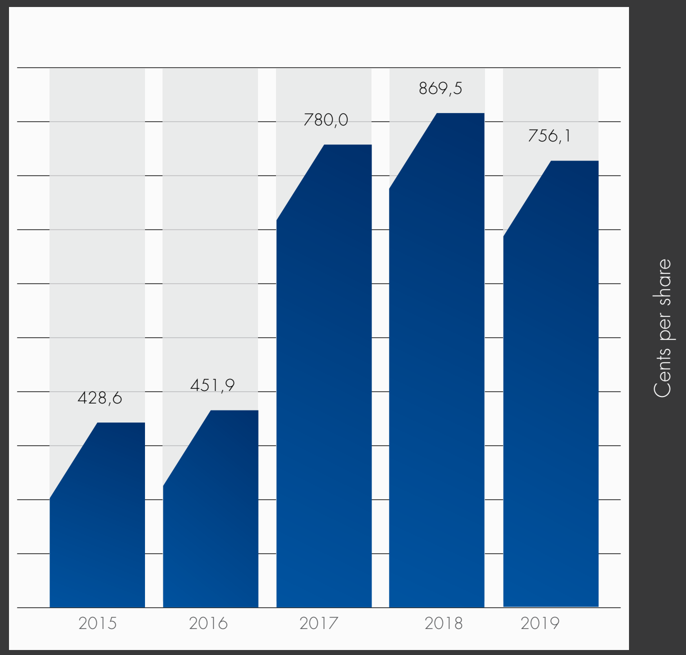
	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012 R'000	2011 R'000	2010 R'000
Statement of comprehensive income										
Revenue	3 031 951	3 004 227	2 948 025	2 590 416	2 159 240	2 108 072	1 942 957	2 123 359	1 665 585	1 821 931
Operating income	223 491	269 746	237 434	113 277	131 150	109 237	55 597	69 525	38 075	105 479
Finance costs	15 472	28 667	18 235	14 683	7 180	4 356	7 225	13 224	8 573	4 811
Income before taxation	208 019	241 079	219 199	98 594	123 970	104 881	48 372	56 301	29 502	100 668
Taxation	46 795	54 915	48 702	18 985	33 457	26 256	12 290	13 678	7 888	26 596
Profit for the year	161 224	186 164	170 497	79 609	90 513	78 625	36 082	42 623	21 614	74 072
Share of profit from associate	129	107	82	36	41	13	24	28	(292)	(183)
Net income for the year	161 353	186 271	170 579	79 645	90 554	78 638	36 106	42 651	21 322	73 889
Attributable to:										
Non-controlling interests	(1 919)	859	4 887	(22 483)	(1 990)	3 475	(351)	4 256	1 278	5 289
Owners of the parent	163 272	185 412	165 692	102 128	92 544	75 163	36 457	38 395	20 044	68 600
Net income for the year	161 353	186 271	170 579	79 645	90 554	78 638	36 106	42 651	21 322	73 889
Statement of financial position										
Goodwill and intangible assets	63 138	63 766	63 228	64 463	61 684	62 584	61 216	61 928	56 666	50 618
Property, plant and equipment	22 656	22 455	23 189	25 120	33 088	34 482	32 625	17 651	16 774	30 942
Deferred taxation	23 199	20 701	18 368	22 195	3 301	9 731	9 563	6 939	10 769	11 583
Other non-current assets	503	375	267	13 292	26 646	107	94	52 290	54 318	54 611
Current assets	1 604 719	1 467 317	1 251 880	1 087 720	1 099 451	940 265	789 685	810 081	714 418	733 754
Total assets	1 714 215	1 574 614	1 356 932	1 212 790	1 224 170	1 047 169	893 183	948 889	852 945	881 508
Total equity	1 225 385	1 131 599	997 606	911 710	842 317	757 713	677 955	652 371	616 138	620 102
Interest bearing debt	192 605	133 120	59 263	71 017	128 873	37 648	12 166	84 725	20 000	20 000
Interest free liabilities	296 225	309 895	300 063	230 063	252 980	251 808	203 062	211 793	216 807	241 406
Total equity and liabilities	1 714 215	1 574 614	1 356 932	1 212 790	1 224 170	1 047 169	893 183	948 889	852 945	881 508
Performance indicators										
Profitability										
Return on total assets	13,6%	18,4%	18,5%	9,1%	11,7%	11,3%	6,0%	7,7%	4,4%	12,9%
Gross margin	20,9%	22,5%	21,2%	20,6%	19,0%	19,4%	17,6%	20,4%	19,6%	22,5%
Operating margin	7,4%	9,0%	8,1%	4,4%	6,1%	5,2%	2,9%	3,3%	2,3%	5,8%
Debt leverage										
Gearing ratio	15,7%	11,8%	(5,5%)	(1,1%)	4,6%	3,1%	1,8%	13,0%	3,2%	3,2%
Borrowing cost cover (times)	14,4	9,4	13,0	13,7	18,3	25,0	7,7	5,3	4,4	21,9
Shareholders returns										
Earnings per share (cents)	756,7	869,0	779,2	488,4	430,1	351,6	170,2	179,2	93,7	324,4
Headline earnings per share (cents)	756,1	869,5	780,0	451,9	428,6	351,1	223,1	179,2	93,7	324,4
Distribution per share (cents)	288,4	327,5	292,7	180,4	163,5	110,6	59,4	56,5	29,5	101,0
Distribution cover (times)	2,5	2,5	2,5	2,5	2,5	3,0	2,7	3,0	3,0	3,0
Net asset value per share (cents)	5 695,9	5 235,2	4 674,6	4 286,6	4 029,1	3 548,2	3 165,4	3 034,2	2 876,4	2 916,7
Effective tax rate	22,5%	22,8%	22,2%	19,3%	27,0%	25,0%	23,0%	24,3%	26,7%	26,4%
Share statistics										
Total shares in issue	22 646	22 646	22 646	22 646	22 646	22 646	22 646	22 646	22 646	22 646
Shares in issue (net of treasury shares)	21 513	21 615	21 341	21 267	20 906	21 354	21 418	21 419	21 421	21 261
Weighted average shares in issue	21 577	21 336	21 263	20 910	21 519	21 377	21 418	21 420	21 400	21 144
Employee statistics										
Number of employees	401	384	370	381	376	353	483	501	665	720
Paid to employees	108 380	98 037	92 959	93 832	87 234	84 062	129 359	118 785	115 593	107 808
Employee cost to revenue	3,6%	3,3%	3,1%	3,6%	4,0%	4,0%	6,7%	5,6%	6,9%	5,9%

STATISTICAL INFORMATION

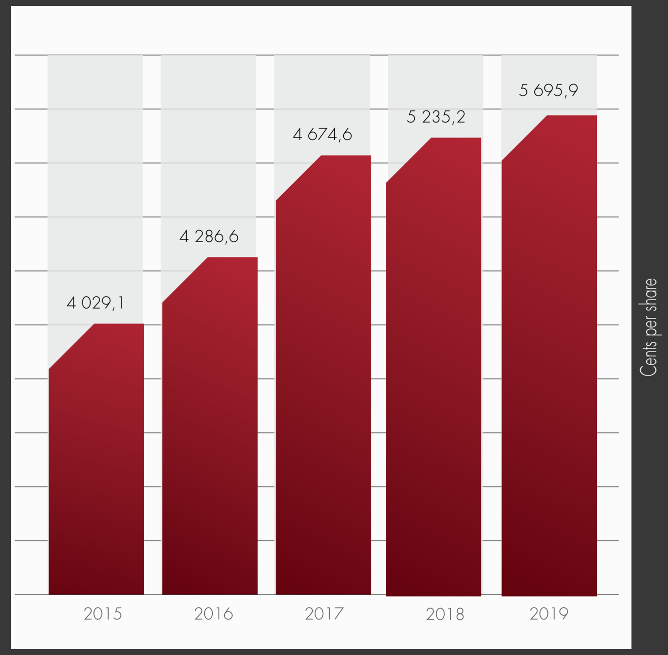
Revenue
Rand thousand: 2015 – 2019



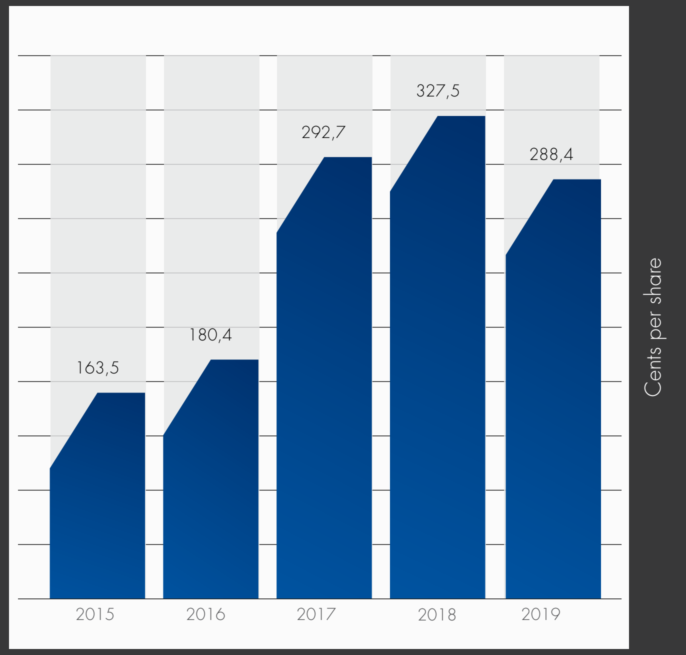
Headline earnings per share
Cents per share: 2015 – 2019



Net asset value per share
Cents per share: 2015 – 2019



Distribution per share
Cents per share: 2015 – 2019



PERFORMANCE REVIEW

Index

Chairman's review	22
Combined Chief Executive Officer's and Group Financial Director's Report	24
Value added statement	28
Share performance information	28
Segmental information	29

CHAIRMAN'S REVIEW

It is once again my pleasure to present the Nu-World Holdings Limited Integrated Annual Report for 2019. Notwithstanding what has been one of the most challenging year over the past number of years, the Group has managed to increase revenue marginally, increase net asset value per share and to generate cash of R154,1 million from operations. The sound improvement in cash generated from operations, facilitated a reduction in average debt levels and funding costs. Profit margins came under intense pressure, but the Group's diversity has satisfactorily mitigated the decline in overall profitability for the year.

As reported last year, trading conditions deteriorated across the entire retail sector, with semi-durable and durable goods retailers posting disappointing results. The propensity for households to spend has been curtailed by insufficient job creation and slower labour income growth. The fragile economic recovery in the second quarter has clearly faded and disconcertingly retailers do not expect conditions to improve materially in 2019Q4.

Consumer demand remains weak on the back of subdued consumers' disposable income, while political uncertainty and the unfortunate re-emergence of load-shedding continues to weigh heavily on consumer confidence levels. Those consumers who have disposable income are delaying their purchases until prices are marked down. It is clear that this tough local retail environment will persist and although the latest Retail Industry Survey results may not inspire confidence, we remain quietly optimistic about the future and await signs of a meaningful turnaround in the economy.

Whilst the macro environment is beyond our control, our directors and management team have worked tirelessly to attend to procedures which we can control and improve. We have introduced a number of procedures to reduce operational costs, improve controls on reverse logistics and pursue new revenue streams.

Our Group remains committed to the ongoing establishment of a non-discriminatory working environment for all within our employ. Nu-World is committed to comply with the latest regulations as set out by the Department of Trade and Industry regarding broad-based black economic empowerment (B-BBEE).

Nu-World School of Excellence

Our Nu-World School of Excellence continues to operate successfully within the guidelines of the Wholesale and Retail sector SETA strategy for career pathing. A top priority for us will always be investing in our people, ensuring that we have motivated and capable staff and equipping them with skills for the future. Since inception we have trained and provided financial support for more than 80 employees. For the 2019 year the school provided training for 24 school-leavers of which 5 have been offered permanent employment. In addition we have provided bursaries to a number of middle and senior managers, in line with our succession planning.

Socio-economic upliftment assistance

We are committed to support charities which serve the disabled, elderly as well as child orphanages and baby crèches. These charities serve people in our surrounding area of Alexandra as we endeavour to improve the lives and bring a new element of hope, most especially to our children, one child at a time.

Governance, Sustainability, Environment

We acknowledge the principles of King IV and the Companies Act 71 of 2008, as amended (the Companies Act). Nu-World's board of directors and entire management team are committed to sound governance and good corporate citizenship. We accept that good governance practices are fundamental to creating, protecting and sustaining shareholder and stakeholder value. Our focus of managing the risks facing the group is based on identifying, assessing, mitigating, managing and monitoring all known forms of identifiable risks.

As a responsible corporate citizen, the Group has always endeavored to apply the highest standard of ethical conduct in dealing with all stakeholders, customers and suppliers. This forms part of the broad mandate of the Group's social and ethics committee, a statutory committee prescribed by the Companies Act. The board of directors and executive management recognize that this policy protects and enhances the Group's reputation as an ethical, profitable and responsible entity.

Nu-World is conscious of its own responsibility to protect the environment and also of the market advantage that sound environmental policies and practices afford us. We strive to ensure that we optimize our consumption of scarce resources.

Appreciation

I would like to extend a word of thanks to our many staff members in South Africa and around the world for your significant contribution. A word of gratitude to our board of directors for your support, guidance and advice, in these trying times. Special thanks to our executive directors and management team who have shown their mettle over the past year under difficult circumstances, working tirelessly to ensure that we achieve our goals and deliver on our promises to our many stakeholders. We appreciate the ongoing support and special relationships that we share with our customers.

The Nu-World Group remains committed to best customer service, the achievement of acceptable operating margins, effective working capital management, and ongoing and sustainable value creation for our shareholders.

M S Goldberg
Executive chairman
25 October 2019

COMBINED CHIEF EXECUTIVE OFFICER'S AND GROUP FINANCIAL DIRECTOR'S REPORT

GROUP FINANCIAL RESULTS

A summary is as follows:

	2019 R'000	2018 R'000
Continuing operations		
Revenue	3 031 951	3 004 227
Operating profit	223 055	269 379
Finance income	436	367
Finance costs	15 472	28 667
Profit before tax	208 019	241 079
Income tax expense	(46 795)	(54 915)
Profit after tax	161 224	186 164
Share of profit attributable to associates	129	107
Profit for the year from continuing operations	161 353	186 271
Non-controlling interest	1 919	(859)
Profit attributable to owners of the Company	163 272	185 412
Basic earnings per share (cents)	756,7	869,0
Dividend per share (cents)	288,4	327,5
Headline earnings per share (cents)	756,1	869,5

Corporate information

Nu-World is a company incorporated and domiciled in South Africa with subsidiaries in Australia, Brazil, Dubai, Hong Kong and Lesotho. The main business of Nu-World and its subsidiaries includes the importing, assembling, marketing and distribution of branded consumer goods including consumer electronics, hi-tech, small electrical appliances, white goods, liquor and furniture.

Operating results

The Board is pleased to report satisfactory results for the year ended 31 August 2019 despite the extremely tough economic climate. Notwithstanding the falling business confidence and business conditions deteriorating in the second half of the year, the Group was able to increase revenue marginally in both local and international markets. General business conditions are extremely challenging with consumer goods, sales volumes and profitability coming under renewed pressure during H2 2019.The Group increased the net asset value per share by 8,8% to R 56,96 and generated cash from operations of R 154,1 million.

South Africa

The South African business operation increased revenue by 1,2%. Attributable income as a percentage of turnover at 4,7%, came under pressure due to the economic environment.

Sales

Consumer electronics

The Company continues to add exciting international brands to its stable of brands. New ranges of models and features keep our brands at the cutting edge of technology innovation. Retaining market share in this competitive environment is crucial.

Seasonal products

Both seasons showed revenue growth. However due to the mild weather, the winter season was slower than expected, although additional seasonal product line-up managed to increase revenue.

Appliances – Small domestic appliances (SDA) and white goods

The Company continues to introduce new cost effective product ranges, with focus on overall improvement in quality and "ease of use". The refrigeration offering has been substantially increased.

Fast Moving Consumer (FMC) Division – Liquor and other

Liquor – the Company continues to increase its offering in the trade, with more gins, specialist whiskeys and vodka being offered.

Offshore operations

Australia

Tough economic conditions persist in the Australian market. Despite these conditions, Yale was able to grow revenue by securing new customers and additional consumer electronic brands. Negative returns resulted mainly from the devaluation of the AUD against the USD in the last quarter of the trading year.

Other offshore markets

The Group is working towards increasing market share and opportunities in these markets.

Additional brands and product categories are being offered to the various distributors.

The opportunities in some of these markets is reaching finalisation, although many markets are experiencing economic slowdown. Nu-World, however, remains positive for future growth.

COMBINED CHIEF EXECUTIVE OFFICERS AND GROUP FINANCIAL DIRECTORS REPORT (Continued)

Financial overview

Statement of profit or loss and other comprehensive income

Group revenue increased by 0,9% to R 3 032,0 million (August 2018 – R 3 004,2 million).

Attributable income to equity holders of the company decreased by 11,9% to R 163,2 million (August 2018 – R 185,4 million).

Statement of financial position

The balance sheet strengthened considerably during the year under review, mainly due to the significant reduction in stock holdings and the resultant generation of cash from operations of R 154,1 million. Inventory levels of R 590,0 million decreased by 15,3% from August 2018 (R 696,8 million). Stock in transit increased due to the early shipping of Black Friday products. Directors and management remain focused on maintaining and improving working capital management and stock turn rates even further.

The increase in trade and other receivable of 37,9% to R 544,4 million (August 2018 – R 394,6 million) arose due to delayed payments from debtors received immediately after yearend. Trade and other payables decreased by 3,8% to R 284,3 million (August 2018 – R 295,4 million). Net asset value per share has increased by 8,8% to 5 695,9 cents (August 2018 – 5 235,2 cents).

Segment reporting

The South African business operations contributed 75,2% of the Group's revenue and 66,0% of the Group's attributable income. Offshore operations account for 24,8% of turnover and 34,0% of income.

Segment reporting

There were no changes during the year under review.

Corporate activities

There were no corporate activities during the year under review.

Environmental, social and governance aspects

The Group complies with the Code on Corporate Governance Practices and Conduct as contained in the King IV Report on Corporate Governance. Nu-World is committed to transparent and integrated reporting in the spirit of King IV and the Global Reporting Initiative (GRI). Nu-World continues its community support and corporate social investment.

Subsequent events

No events material to the understanding of this report have occurred during the period between 31 August 2019 and the date of this report.

Declaration of Final Dividend

Notice is hereby given that a final gross dividend of 288,4 cents per share (2018: 327,5 cents per share) was declared on 25 October 2019, payable to shareholders recorded in the register of Nu-World at the close of business on the record date appearing below. The dividend is payable out of cash reserves.

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

Declaration announcement:	Friday, 25 October 2019
Last date to trade "cum" dividend	Tuesday, 3 March 2020
Date trading commences "ex" dividend	Wednesday, 4 March 2020
Record date	Friday, 6 March 2020
Date of payment	Monday, 9 March 2020

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 4 March 2020 and Friday, 6 March 2020, both days inclusive.

Dividend withholding tax (DWT) of 20% will be withheld in terms of the Income Tax Act for those shareholders who are not exempt from the DWT. Shareholders who are not exempt from the DWT will therefore receive a dividend of 230,7 cents net of DWT. 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 on Monday, 9 March 2020.

Annual Report and Notice of Annual General Meeting

The 2019 Integrated Annual report and the notice of AGM will be mailed on 29 November 2019 to those shareholders that are registered on the share register on Friday, 22 November 2019. The Annual General Meeting will take place at 10h00 on Wednesday, 12 February 2020, at the registered office of the Company.

Prospects

Consumer demand will probably remain constrained and trading conditions challenging, in the immediate future. The Group looks towards maintaining its current market share. The focus of management is to grow both local and offshore market share in the consumer electronics and branded consumer durables sectors. This, coupled with the expanded offshore territories that the Group trades in, should increase the contribution from these businesses in future years. The Groups local project's division continues to explore business opportunities that could increase profitability. The Group is exploring new markets for their products as well as introducing new line-ups into its existing markets.

The Group continues to focus its target market on recognised International brands for consumer electronics and consumer durables, both locally and offshore.

Responsibility Statement

We hereby confirm that:-

(a) the annual financial statements set out on pages 58 to 92, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

On behalf of the board of directors

J A GOLDBERG
Chief Executive Officer

G R HINDLE
Group Financial Director

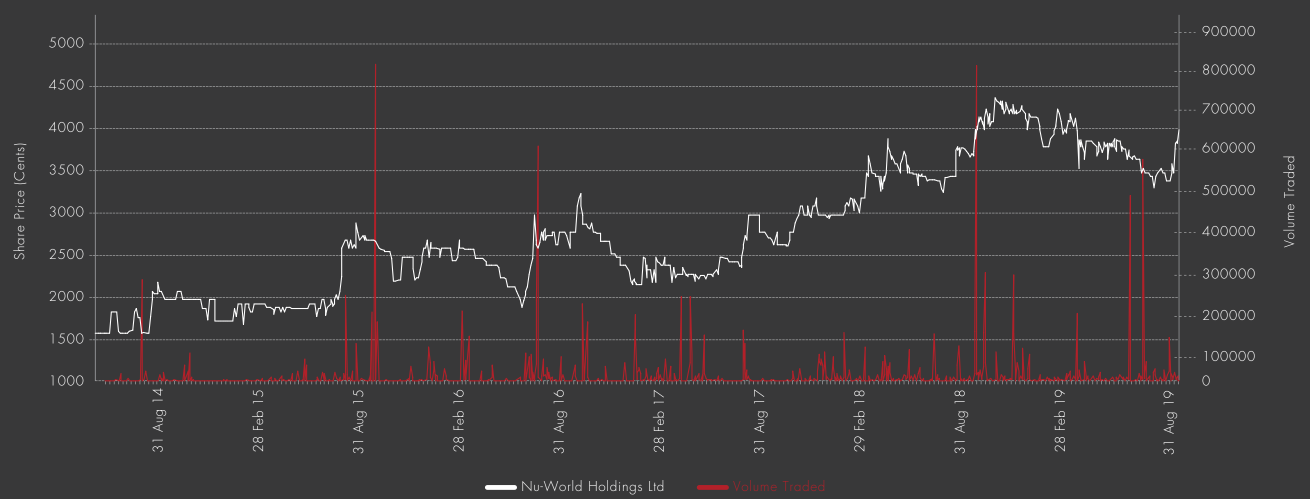
VALUE ADDED STATEMENT

	2019 R'000	2019 %	2018 R'000	2018 %
REVENUE	3 031 951	100.00	3 004 227	100.00
Cost of materials, services and expenses	2 398 400	(79.10)	2 327 165	(77.46)
VALUE ADDED FROM TRADING OPERATIONS	633 551	20.90	677 062	22.54
Interest paid	15 472	(0.51)	28 667	(0.96)
TOTAL VALUE ADDED	618 079	20.39	648 395	21.58
Allocated as follows:				
Employees				
Salaries, wages, commission and other benefits	108 380	3.57	98 037	3.26
Government				
Normal taxation on companies	51 349	1.69	60 218	2.00
Employee tax	15 343	0.51	14 771	0.49
Providers of capital				
Non-controlling interest	(1 919)	(0.06)	859	0.03
Dividends	74 167	2.45	66 286	2.21
Total wealth distributed	247 320	8.16	240 171	7.99
Re-investment in the group				
Depreciation and amortisation	2 821	0.09	2 741	0.09
Retained for future growth	367 938	12.14	405 483	13.50
RE-INVESTMENT IN THE GROUP	618 079	20.39	648 395	21.58

SHARE PERFORMANCE INFORMATION

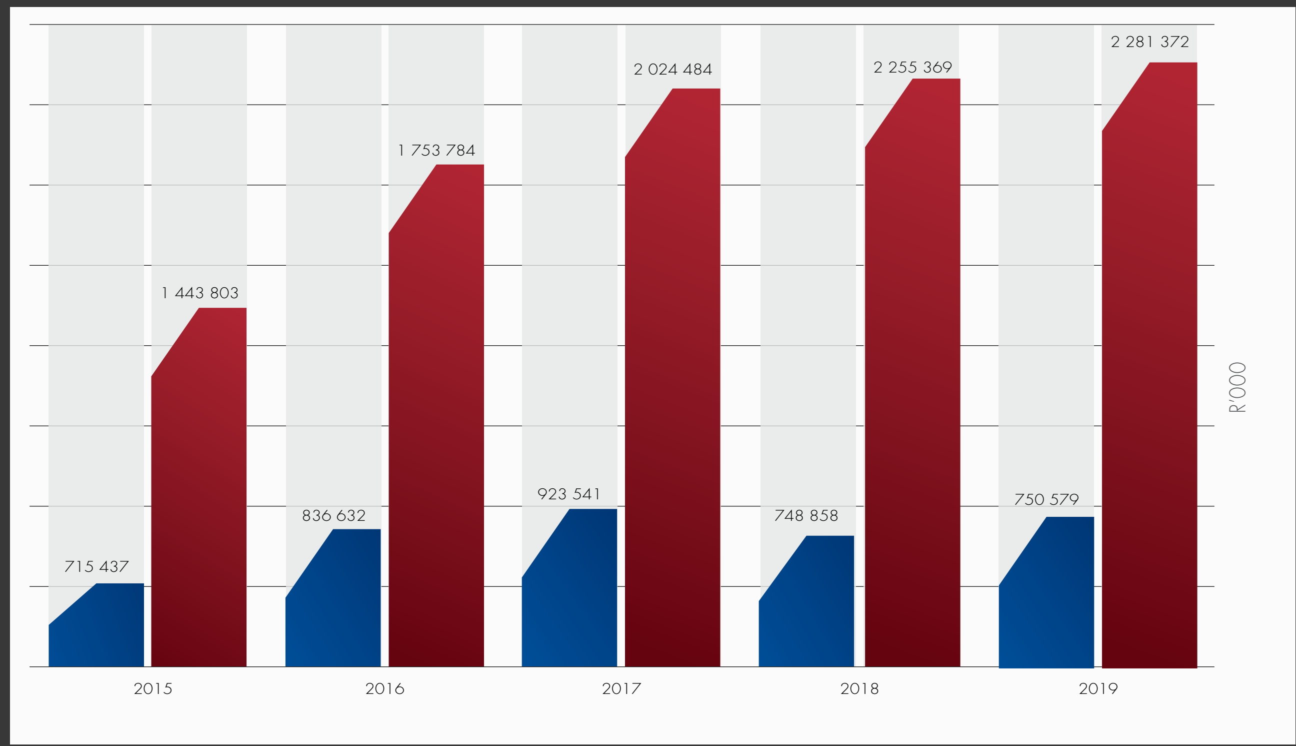
Stock Exchange Performance Market price per share (cents)	12 months trade 31 August 2019	12 months trade 31 August 2018
- at year end	4 000	3 600
- highest	4 700	4 349
- lowest	3 500	3 320
Number of shares traded (000)	1 690	4 373
Number of shares in issue (000)	22 646	22 646
Volume traded as a percentage of total shares in issue (%)	7.5	19.3

Historical Share Price (Cents)

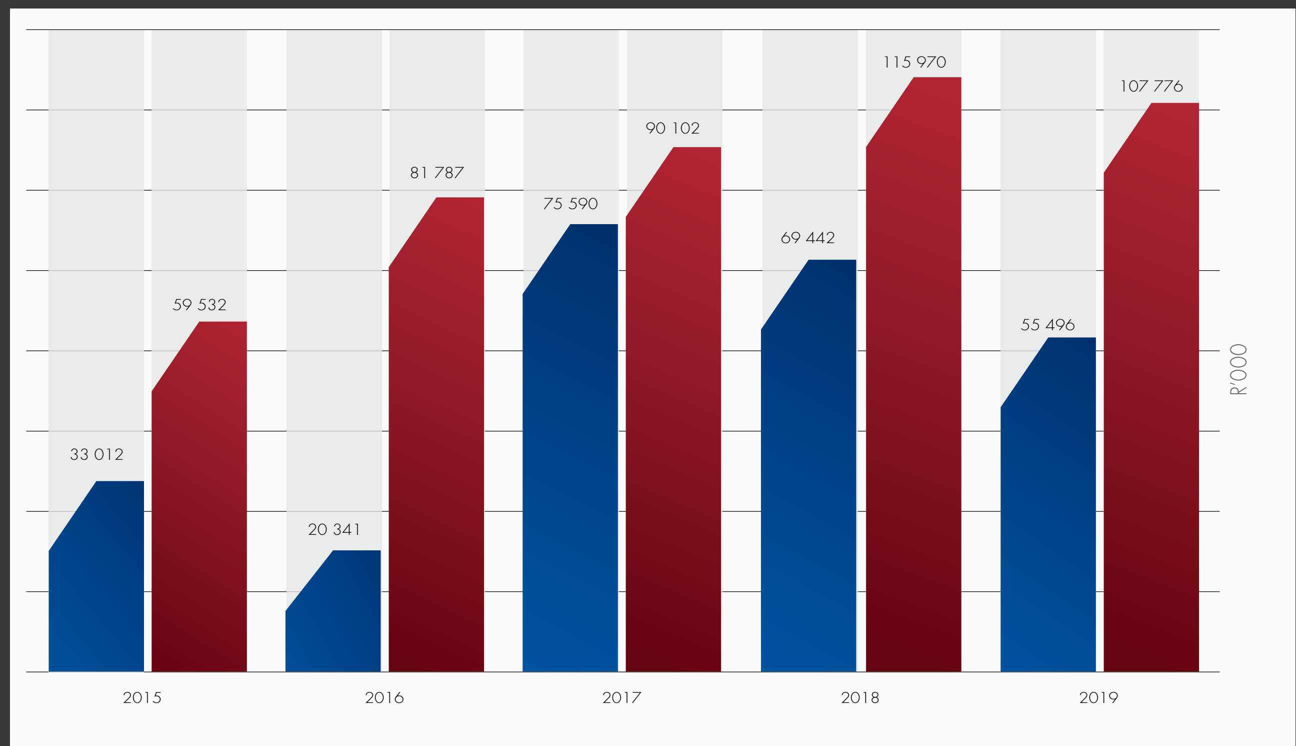


SEGMENTAL INFORMATION

Local vs Offshore - Revenue



Local vs Offshore - Attributable Earnings



Offshore South Africa

REMUNERATION REPORT

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 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.

NWHL remuneration policy dictates that all employees are fairly rewarded for their individual and joint contributions in the execution of the NWHL business strategy and delivery of the Group's operating and financial performance. NWHL remuneration philosophy is to remunerate all employees in a competitive manner to attract, motivate and retain individuals with the necessary skills and acumen.

NWHL is an international business with revenue earned in many countries. As a result, NWHL competes for skills and talent in a global marketplace and its approach to remuneration needs to be flexible and competitive in all of the countries where it operates.

Due to the Group's international structure, the Remuneration Committee has established Group subcommittees with standard terms of reference which are in line with the overseeing committees terms of reference. These Committees are responsible for all employee remuneration matters at subsidiary level.

Executive Directors' remuneration

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.

An element of executives remuneration is performance related. A substantial portion of short-term performance incentives of the executive directors and senior management is directly linked to challenging annual Group performance targets. The balance of these incentives is specifically measured against individual performance objectives which are aligned with the Group's strategic priorities. The targets for long-term incentives are guided by reference to industry and market benchmarked performance targets. Such benchmarks are determined annually by measuring operational performance against those of peer Group companies (in comparable industries and markets) in local currencies.

Refer to note 22 on page 81 for details on the remuneration earned by executive directors for the year ended 31 August 2019.

Non-executive directors' remuneration

The Board, in reviewing non-executive directors' fees, makes recommendations to shareholders in light of, firstly, fees payable to non-executive directors of comparable companies and, secondly, the importance attached to the retention and attraction of high-calibre individuals as non- executive directors. Remuneration is reviewed annually, with reference to competitors and peer companies. Independent advice is also acquired from specialist human resources consultants.

This remuneration is not linked to the Company's share price or performance. Levels of fees are also set by reference to the responsibilities assumed by the non-executive directors in chairing or participation in its committees. The Group does not provide pension or medical benefits to non-executive directors. To avoid a conflict of interest, the Remuneration Committee, which consists entirely of independent non-executive directors, takes no part in the determination of non-executive directors' fees or in the recommendation to the Board and shareholders. Non-executive directors do not qualify for shares in terms of the Group's share incentive scheme. The Board annually recommends remuneration of non-executive directors for approval by shareholders in advance.

Refer to note 22 on page 81 for details on the fees earned by non-executive directors for the year ended 31 August 2019.

Senior management and employee remuneration

Remuneration for middle and junior management is governed and controlled by senior management and the Human Resource departments. A robust remuneration review process is in place which is aligned with business strategy. Employee development is encouraged through processes such as performance appraisals, counseling and career development programs.

Remuneration and other benefits in respect of employees who are subject to bargaining council or other authorities determination are set through a process of collective bargaining with the major labour unions active in the various countries in which the Group operates.

Remuneration policy

The remuneration policy aims to follow the recommendations of King IV and is based on the following principles:

- Remuneration practices are aligned with corporate strategy.
- Total rewards are set at levels that are competitive and relative within the specific market and industry. Incentive-based awards are earned through achieving demanding performance measures and targets with due regard for the sustainable well-being of all stakeholders over the short, medium and long-term.
- Incentive plans, performance measures and targets are structured to operate effectively throughout the business cycle.
- The design of long-term incentives is prudent and does not expose stakeholders to a position where the sustainability of the Group is placed at risk.

Elements of remuneration

The four elements of remuneration consist of a base salary, benefits, annual incentive bonus and long-term incentives. The committee seeks to ensure an appropriate balance between the fixed and performance-related elements of remuneration and between those aspects of the package linked to short-term financial performance and those aspects linked to longer-term sustainable stakeholder value creation. A further consideration is the need to attract and retain critical skills in the Group. The Remuneration Committee considers each element of remuneration relative to the market and takes into account the performance of the Company and the individual executive or senior manager in determining its quantum.

Base salary

The fixed element of remuneration is referred to as a base salary. Its purpose is to provide a competitive level of remuneration for each level of manager or employee. The base salary is subject to annual review. It is set to be competitive at the median level with reference to market practice in companies comparable in size, market sector, business complexity and international scope. Company performance, individual performance and changes in responsibilities are also taken into consideration when determining annual base salaries. In determining the salaries of the executive management, the committee takes into consideration inflation, agreed union and bargaining council increases, and the increased scale of business and corporate activity undertaken during the year.

Benefits

Benefits provide security for employees and their families and include membership of retirement funds and medical aid schemes, to which contributions are made by employees and the employer Company.

Annual bonus

An annual short-term incentive plan provides managers and employees with incentives to achieve the Company's short and medium-term goals. The annual incentive is based upon the achievement of Group and/or individual subsidiary financial, strategic and personal performance objectives agreed by the Remuneration Committee.

The bonus plan is not contractual and the Remuneration Committee retains the discretion to make adjustments to bonuses earned at the end of the financial year, taking into account both Company performance and the overall and specific contribution of individuals to meeting the Group's objectives.

Long-term share-based incentives (LTIs)

LTIs are awarded with the primary aim of retaining key staff members and aligning performance with the interests of investors and stakeholders.

The allocation and target criteria are at the discretion of the Remuneration Committee which comprises only of independent non-executive directors.

The allocation of LTIs is based on the following key eligibility criteria:

- Involving individuals who are key to driving the Group's business strategy.
- Retention of key talent/scarce skills.
- Talent management strategy and succession plans.

Furthermore, scheme rules and the application thereof are evaluated annually to ensure compliance with legislative and regulatory requirements. The targets for long-term incentives are set with reference to industry and market benchmark performance.

For more details on the Group's share-based payment scheme refer to note 24 on page 82.

Service contracts

Executives contracts are generally subject to terms and conditions of employment in the local jurisdiction and there are no executive directors with a notice period of more than one year. In addition, no executive director's service contract includes predetermined compensation as a result of termination of service.

Non-executive directors are subject to regulations on appointment and rotation in terms of the Company's memorandum of incorporation and the South African Companies Act 71 of 2008.

CORPORATE GOVERNANCE AND PERFORMANCE

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 2017, as well as with the spirit and form of the obligations that exist in terms of the Listings Requirements of the JSE Limited. Specifically, the directors report the following:

In terms of the King Report on Governance for South Africa, 2017 (King IV), the Board needs to consider the interests of the Company and shareholders, taking into account the concerns and issues of its wider stakeholders, including suppliers, 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 IV report, and will ensure that appropriate reporting principles are applied.

A detailed list of the Groups application of King IV principles can be viewed on page 39.

Board of Directors

Chairman of the Board of Directors

The roles of the Chairman and the Chief Executive Officer are seperate. 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 is comprised of three executive directors and four non-executive directors chosen for their achievements, business acumen and skills.

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

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

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

No new directors were appointed to the Board of Directors during the year.

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, 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. 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 IV Report on Corporate Governance for South Africa, are applied.

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 non-executive board committees which support the Board of Directors with regard to certain functions, and in 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 IV and all the requirements of the Companies Act. 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.

With the exception of the Audit Committee and Social and Ethics Committee, membership of each committee is 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.

Audit Committee

Subject to shareholder approval and taking into account the recommendations of the Nomination Committee, the Board is responsible for filling vacancies on the Audit Committee. The Board elects the Chairman of the Committee. As the Audit Committee is a statutory committee under the Companies Act 71 of 2008, as amended (the Companies Act), and in terms of the recommendations set out in King IV, shareholders will be requested to elect the members of the committee at the Annual General Meeting to be held on 12 February 2020. Audit Committee members are kept up to date with the developments affecting the skill set required for committee membership. The committee and/or individual members are permitted to consult with specialists in any related field, subject to Board approval.

Diversity and Composition of the Board

In an on-going endeavour to maintain the highest corporate governance standards and in line with the recommendations of the JSE Limited, the Group adopted a race and gender equality policy on the 23 April 2018. The board of directors, with guidance from the nomination committee, have considered and applied the policy of race and gender diversity in the nomination and appointment of directors. Currently the composition of the board is adequate. If circumstances change, any new appointees will be selected based on the underlying requirement to introduce gender and race diversity. The Group undertakes to continually ensure that representation at board level remains optimal by identifying candidates with a diverse collection of skills, expertise and experience to allow the board to effectively lead the business and strategy of the Group, as required.

The actual board composition and voluntary targets set are as follows:

	Race	Gender
Actual	14% BBBEE representation	0% female representation
Target	25% BBBEE representation	12% female representation

CORPORATE GOVERNANCE AND PERFORMANCE (Continued)

Board Committees (Continued)

The Audit Committee consists of four independent non-executive directors, R Kinross (Chairman), D Piaray, J M Judin and F J Davidson. 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 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 specific 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 auditors 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.
- Satisfies itself of the expertise, resources and experience of the companies finance functions;
- Oversees and approves the company's integrated report;
- Ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities; and
- Integral component of risk management process.

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 2018 – 31 August 2019:

		Attended	Eligible to attend
R Kinross	Chairman	5	5
J M Judin	Member	5	5
D Piaray	Member	4	5
F J Davidson	Member	5	5
G R Hindle	By invitation	5	5
B H Haikney	By invitation	5	5

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 operational risks. The Committee consists of four non-executive directors; J M Judin (Chairman), D Piaray. R Kinross and F J Davidson 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.

Attendance at Risk Management Committee meetings for the period 1 September 2018 – 31 August 2019:

		Attended	Eligible to attend
J M Judin	Chairman	3	3
D Piaray	Member	2	3
R Kinross	Member	3	3
F J Davidson	Member	3	3
G R Hindle	By invitation	3	3
B H Haikney	By invitation	3	3

Social and Ethics Committee

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, 2012. The committee comprised Messrs J M Judin (Chairman), R Kinross, D Piaray, F J Davidson, G R Hindle and B H Haikney.

The Committee's 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 Group's 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.

Attendance at Social and Ethics Committee for the period 1 September 2018 – 31 August 2019:

		Attended	Eligible to attend
J M Judin	Chairman	2	2
D Piaray	Member	1	2
R Kinross	Member	2	2
F J Davidson	Member	2	2
G R Hindle	Member	2	2
B H Haikney	Member	2	2

Remuneration Committee

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

Attendance at Remuneration Committee meetings for the period 1 September 2018 – 31 August 2019:

		Attended	Eligible to attend
D Piaray	Chairman	2	3
J M Judin*	Member	3	3
R Kinross	Member	3	3
F J Davidson	Member	3	3
G R Hindle	By invitation	3	3
B H Haikney	By invitation	3	3

* Acted as chairman in the absence of D Piaray

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

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 IV recommendations, the Remuneration Policy is submitted to shareholders for their non-binding vote.

The Remuneration Committee has the responsibility to:

- Determine and approve the Group's general remuneration policy and philosophy, to be presented at each Annual General Meeting for a non-binding advisory vote by shareholders.
- Review and approve the remuneration packages of senior executives annually, including incentive schemes and increases or adjustments, ensuring they are appropriate, and in line with the remuneration policy.
- Review 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.
- Agree 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.
- Appraise the performance of the chief executive officer annually.
- Approve the appointments and promotions of key executives.
- Review incidents (if any) of unethical behaviour by senior managers or executives.
- Review the Remuneration Committees charter annually and recommend amendments thereto as required.
- Approve amendments to the Nu-World share-based incentive plan, after consultation with shareholders and the JSE Limited.
- Fulfill delegated responsibilities on Nu-World share based incentive plans, e.g. appointing trustees and compliance officers, if required.
- Undertake an annual assessment of the effectiveness of the Committee, reporting these findings to the Board and the Committee.
- Review the charters of the Group's significant subsidiaries' remuneration committees annually, and their annual assessment of compliance with these charters to establish if the Nu-World remuneration committee can rely on the work of the subsidiary companies' remuneration committees.
- Evaluate the remuneration policies in relation to the requirements of good corporate governance.
- Prepare an annual remuneration report for inclusion in the company's integrated annual report.

CORPORATE GOVERNANCE AND PERFORMANCE (Continued)

Remuneration Committee (Continued)

The Remuneration Committee and divisional subcommittees are supported by established human resource departments at group and subsidiary level responsible for implementation and management of human resource and remuneration strategies, policies and practices.

Key considerations undertaken during the year:

- A review of the pay structures for managerial employees.
- A review of the effectiveness of the share incentive scheme as a long-term incentive plan.
- Annual bonus and incentive scheme awards and the approval of performance targets.
- The range of base salary increases.
- Investigations into an alternate specific long-term incentive scheme for key management and personal.

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 J M Judin (Chairman), D Piaray, R Kinross and F J Davidson. All members are independent non-executive directors in terms of the King IV report. The financial director and the company secretary attend meetings 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 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, G R Hindle 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 2018 – 31 August 2019:

		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), G Smith, 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 2018 – 31 August 2019:

		Attended	Eligible to attend
G R Hindle	Chairman	3	3
B H Haikney	Member	3	3
G Smith	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.

CORPORATE GOVERNANCE AND PERFORMANCE (Continued)

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.

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 Board has considered and is satisfied that the company secretary has the necessary competence, qualifications and experience and regularly ensures that there is an arm's length relationship between the company secretary and Board of directors. 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 bi-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 and accordingly will continue adopting the going concern basis in preparing the annual financial statements.

APPLICATION OF PRINCIPLES IN KING IV CODE

Leadership, ethics and corporate citizenship

Leadership

Principle 1: The Board should lead ethically and effectively

Nu-World Holdings Limited's board of directors (the Board) exercises effective leadership, adhering to the duties of a director. The directors have the necessary competence and act ethically in discharging their responsibility to provide strategic direction and control of the Company as provided for in the Board charter and the Nu-World Holdings Limited Memorandum of Incorporation (MOI).

The Board is committed to driving the strategy and Nu-World's operations, based on an ethical foundation, to support a sustainable business, acting in the best interest of the Company, taking into account Nu-World's short and long-term impact on the economy, society, environment and its stakeholders as well as considering risks and oversees and monitors implementation and execution by management, ensuring accountability for the Company's performance.

The Board exercises control through the governance framework of the Company which includes detailed reporting to the Board and its committees, Board reserved decision-making authority and a system of assurances on internal controls.

Organisational ethics

Principle 2: The Board should govern the ethics of the company in a way that supports the establishment of an ethical culture

The Board determines and sets the tone of Nu-World's values, including principles of ethical business practice, human rights considerations and the requirements of being a responsible corporate citizen and, through the Social and Ethics Committee, who approves Nu-World's code of ethics, based on responsibility, honesty, fairness and respect.

Management has been delegated the responsibility for implementation and execution of the Code of Ethics ("the Code") and the Board, with the assistance of the Social and Ethics Committee, exercises ongoing oversight of the management of ethics, monitoring Nu-World's activities with regard to ethics and ensuring it is integrated in the operations of the Company. The Code guides interaction with all stakeholders of the Group, including employees, and addresses the key ethical risks of the Company.

Responsible corporate citizenship

Principle 3: The Board should ensure that the company is and is seen to be a responsible corporate citizen

In accordance with its role of overseeing the Company's conduct as a good corporate citizen, the Board approves the strategy and priorities of the business, including Nu-World's material matters and, more specifically, those related to sustainability. Through stakeholder engagement and collaboration, Nu-World has committed to understanding and being responsive to the interests and expectations of stakeholders and to partnering with them in finding lasting solutions to sustainability challenges.

The Board, with the support of the Social and Ethics Committee and the Group Executive Committee, oversees and monitors how the operations and activities of the Company affect its status as a responsible corporate citizen.

Strategy, performance and reporting

Strategy and performance

Principle 4: The Board should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process

The Board informs and approves Nu-World's strategy which is aligned with the purpose of the Company, the value drivers of its business and the legitimate expectations of its stakeholders and is aimed at ensuring sustainability; and which takes into account the top risks facing the Group. The Board oversees and monitors, with the support of its Committees, the implementation and execution by management of the policies and priorities and ensures that the Company accounts for its performance by, amongst others, reporting and disclosure.

Reporting

Principle 5: The Board should ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long-term prospects

The Board, through the Audit Committee, ensures that the necessary controls are in place to verify and safeguard the integrity of the annual reports and any other disclosures. The Company complies with all required disclosures. Reporting frameworks and materiality are approved by the Audit Committee to ensure compliance with legal requirements and relevance to stakeholders.

The Audit Committee oversees the integrated reporting process and reviews the audited financial statements.

APPLICATION OF PRINCIPLES IN KING IV CODE (Continued)

Governing structures and delegation

Primary role and responsibilities of the Board

Principle 6: The Board should serve as the focal point and custodian of corporate governance in the company

The Board has an approved charter which it reviews annually. The charter sets out its governance responsibilities, including the role, responsibilities, membership requirements and procedural conduct. Through the Nomination Committee, the Board implements and monitors the governance practices within the Group.

The Board as well as any director or Committee may obtain independent, external professional advice at Nu-World's expense concerning matters within the scope of their duties and the directors may request documentation from and set up meetings with management as and when required.

An appropriate governance framework and the necessary policies and processes are in place to ensure all entities in the Nu-World Group adhere to essential Group requirements and minimum governance standards. As a direct or indirect shareholder, the Company exercises its rights and is involved in the decision-making of its subsidiaries on material matters. Subsidiaries have adopted the governance framework as appropriate and have aligned it to their MOIs and shareholders' agreements as may be required.

Composition of the Board

Principle 7: The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

The capacity of each director is categorised as defined in the JSE listings requirements, also taking into consideration King IV and other factors as outlined in the Board charter. The Board comprises a majority of independent non-executive directors. A detailed review of the independence and performance of independent non-executive directors is undertaken by the Board with the support of the Nomination Committee.

As of 29 November 2019, there are three executive directors on the Board namely the Chairman, Chief Executive Officer and the Group Financial Director. When considering appointment or re-election of directors, the Board, with the support of the Nomination Committee, gives consideration to the knowledge, skills and resources required for conducting the business as well as considering its size, diversity and demographics to ensure its effectiveness.

There is a clear distinction drawn between the roles of the CEO and the Chairman and these positions are occupied by separate individuals. All non-executive directors have been determined by the Board to be independent directors. In accordance with King IV, a lead independent director has been appointed to deal with any perceived issues flowing from the limited area of potential non-independence or conflict of interests.

The Board adopted a policy on the promotion of gender diversity at board level, which was incorporated into its Board charter. The process for appointment and election of directors is set out in the Company's MOI. The Nomination Committee assists with the process of identifying suitable candidates to be proposed for appointment to the Board and election by the shareholders, taking into consideration the annual review of the Board's effectiveness, which includes, amongst others, its composition. All facets of diversity, having regard to the Board's gender diversity policy, are considered in determining the optimal composition of the Board, which should be balanced appropriately and enable the Board to discharge its duties and responsibilities effectively.

Newly appointed directors are inducted in Nu-World's business, board matters, their duties and governance responsibilities as directors under the guidance of the Company Secretary, in accordance with each director's specific needs. The succession plan of directors is reviewed annually by the Nomination Committee and includes the identification, mentorship and development of future candidates.

Committees of the Board

Principle 8: The Board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties

Committees have been established to assist the Board in discharging its responsibilities. The Committees of the Board comprise the Audit, Risk, Nomination, Remuneration and Social and Ethics Committee.

The Committees are appropriately constituted and members are appointed by the Board, with the exception of the Audit Committee whose members are nominated by the Board and elected by shareholders. The Nomination Committee reviews the composition of Board committees and makes recommendations to the Board with regard to their composition, including appointment of the chairman of each committee, taking into account factors such as diversity and skills and the need to create an even spread of power and authority.

External advisors, executive directors and members of management attend Committee meetings by invitation. The Committees play an important role in enhancing high standards of governance and achieving increased effectiveness within the Group. Formal terms of reference are established and approved for each Committee, which are reviewed annually. The terms of reference of the Committees form part of the Board charter.

A delegation by the Board of its responsibilities to a Committee will not by or of itself constitute a discharge of the Board's accountability and the Board applies its collective mind to the information, opinions, recommendations, reports and statements presented by the chairman of a Committee.

Audit Committee

The Board has an Audit Committee comprising of independent directors only and its independence and effectiveness is reviewed on an annual basis. The Audit Committee is constituted as a statutory committee of Nu-World Holdings Limited in respect of its statutory duties in terms of section 94(7) of the Companies Act and a committee of the Board in respect of all other duties assigned to it by the Board.

The Committee performs the functions as set out in the Companies Act. Adequate processes and structures have been implemented to assist the Committee in providing oversight and ensuring the integrity of financial reporting, internal control and other governance matters relating to subsidiaries.

The Audit Committee consists of four independent, non-executive directors. The Chairman of the Board is not a member of the Committee. Members of the Committee are elected by shareholders. All Committee members are financially literate and have extensive Audit Committee experience.

The Committee provides independent oversight of, among others, the effectiveness of the Company's assurance services, with particular focus on combined assurance arrangements, including external assurance service providers, audit and the finance function and the integrity of the AFS and, to the extent delegated by the Board, other external reports issued by the Company. The Committee also considers annually, and satisfies itself of the appropriateness of the expertise and experience of the CFO and the finance function.

Committee responsible for nomination of members of the Board

The Board has delegated oversight of, amongst others, the following to the Nomination Committee (i) the process for nominating, electing and appointing members of the Board, (ii) succession planning of directors and (iii) evaluation of the performance of the Board and its Committees.

Committee responsible for remuneration

The Remuneration Committee is responsible for overseeing remuneration. All members of the Committee are independent, non-executive directors.

Committee responsible for social and ethics matters

The Social and Ethics Committee is responsible to oversee and report on ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. It is also responsible to execute on the statutory duties set out in the Companies Act. All members of the Committee are independent, non-executive directors.

Evaluations of the performance of the Board governing body

Principle 9: The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness

The Nomination Committee evaluates the effectiveness and performance of the Board, its Committees and the individual directors. The Chairman of the Board, through the Committee and assisted by the Company Secretary, leads the evaluation process.

The Board is satisfied that the evaluation process is improving the Board's performance and effectiveness.

The Board, with the support of the Nomination Committee determines the number of external directorships and other positions a director may hold, taking into consideration the relative size and complexity of the other organization. Annually the Nomination Committee considers other commitments of directors and whether the director has sufficient time to fulfil the responsibilities as a director to ensure they can still execute their job effectively and is free from conflicts that cannot be managed satisfactorily. Should the Committee be of the view that a director is over-committed or has an unmanageable conflict, the Chairman will meet with that director to discuss the resolution of the matter to the satisfaction of the Committee.

The role of the Chairman is formalised and an assessment of the Chairman's ability to add value and his performance against what is expected of his role and function is conducted by the Board. The lead independent non-executive director is responsible for ensuring that the performance of the Chairman is regularly evaluated. The Board and the Nomination Committee are responsible for succession planning for the position of the Chairman.

The performance of the Board, its Committees and the directors are disclosed in the integrated report. The role and responsibilities of the Board, its Committees, the Chairman and the directors are outlined in the Board charter.

APPLICATION OF PRINCIPLES IN KING IV CODE (Continued)

Appointment and delegation to management

Principle 10: The Board should ensure that the appointment of, and delegation to management, contribute to role clarity and the effective exercise of authority and responsibilities

Executive Committee

The Chief Executive Officer (CEO) was appointed by the directors on recommendation of the Nomination Committee.

The role and function of the CEO is specified in the Board charter and the performance of the CEO is evaluated by the Board against the criteria specified.

The Board appoints members of the Executive Committee upon recommendation of the CEO and the Nomination Committee and, with the assistance of the Nomination Committee, is responsible for ensuring that succession plans are in place for the position of CEO and other members of the Executive Committee.

The Board approves and regularly reviews the framework and top level delegation of authority in terms of which matters are delegated to the CEO. The CEO is the highest executive decision-making authority of the Group and is delegated with authority from the Board for the successful implementation of the Group strategy and the overall management and performance of the Group, consistent with the primary aim of enhancing long-term shareholder value.

The CEO is not a member of the Remuneration, Audit or Nomination Committees, but attends any meeting, or part thereof, by invitation if needed to contribute pertinent insights and information.

The CEO and the Board will agree on whether the CEO may take up additional professional positions, including membership on other governing bodies outside Nu-World. Time constraints and potential conflicts of interests will be considered and balanced against the opportunity for professional development.

The Board evaluates the performance of the CEO annually against agreed performance measures and targets.

The Company Secretary

The Company Secretary is duly appointed by the Board in accordance with the Companies Act and is not a director of the Company. The Board considers the competence, qualifications and experience of the Company Secretary annually and is satisfied that he is competent and has the appropriate qualifications and experience to serve as the Company Secretary.

The Company Secretary has a direct channel of communication to the Chairman, while maintaining an arm's-length relationship with the Board and the directors as far as reasonably possible. The role and responsibilities of the Company Secretary are described in the Board charter.

Governance functional areas

Risk governance

Principle 11: The Board should govern risk in a way that supports the company in setting and achieving its strategic objectives

The Board has direct responsibility for the governance of risk and approves Nu-World's risk policy that gives effect to its set direction on risk. Nu-World re-affirms that it is committed to effective risk management in pursuit of its strategic objectives, with the ultimate aim to grow value sustainably for all stakeholders by embedding risk management into key decision-making processes. The Board also approves Nu-World's Group top risk profile and financial risk appetite and tolerance levels, ensuring that risks are managed within these levels and considers the risk environment from time to time, as deemed appropriate and based on materiality and changes in the external and internal environments.

To support the Board in ensuring effective risk management oversight, the Board Committees are responsible for ensuring the effective monitoring of relevant Group top risks, in compliance with Nu-World's Risk Management (ERM) framework and risk policy, within the ambit of each Committee's scope. In monitoring and providing oversight on Nu-World's risk, each Committee will consider potential risks and/or opportunities as appropriate.

The Board is provided with assurance that Nu-World's approved ERM framework, process and methodology remain in accordance with best practice and good governance requirements. Nu-World's approach to increasing the probability of anticipating unpredictable risks includes regular monitoring of key developments in the external and internal environment, as well as identifying and monitoring developments associated with risks on its "watch-list" (emerging risks). At a Group level, Nu-World is implementing actions to strengthen its business continuity capabilities including Group crisis management.

Risks are considered at a Group level through the management of Group risks that may potentially impact on Nu-World's ability to achieve its strategic objectives.

Technology and information governance

Principle 12: The Board should govern technology and information in a way that supports the company setting and achieving its strategic objectives

The Board is ultimately accountable for the governance of information and technology management.

The Information Management (IM) function is accountable for the operational governance of IM, which includes IT, in the Nu-World Group.

Assurance is provided that the IM controls in place are effective, information management risks are addressed and the return on major IT investments, aligned to Nu-World's strategy. External auditors perform assessments as part of their audit of IM-related controls. All significant IM-related audit findings are reported to the Audit Committee and the Board and managed accordingly.

The IM risk management framework is aligned to the Group risk management framework, including third-party management and disaster recovery measures. All technology solutions impacting financial reporting are part of the external auditing scope.

Measures to ensure compliance to all relevant laws, information security and the protection of personal information are in place.

Compliance governance

Principle 13: The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen

Nu-World's policy requires all Group companies and their directors and employees to comply with all applicable laws. Legal compliance systems and processes are in place and are continuously improved to mitigate the risk of non-compliance with the laws in the various jurisdictions in which Nu-World does business and also to ensure appropriate responses to changes and developments in the regulatory environment.

The Nomination Committee receives regular reports on compliance matters and oversees the Group's legal compliance programme. To the extent that legal and regulatory matters have an impact on the financial statements, reports are presented to the Audit Committee. Specific areas of law have been identified as key Group legal compliance risk areas and risk mitigation and control steps have been identified for each of these areas.

Competition law, anti-bribery and anti-corruption laws, sanction laws and safety, health and environmental laws, have been identified as key Group legal compliance risk areas, and enjoy management focus.

Remuneration governance

Principle 14: The Board should ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term

Nu-World's Remuneration Committee is tasked by the Board to independently approve and oversee the implementation of a remuneration policy that will encourage the achievement of Nu-World's strategy and grow stakeholder value sustainably.

The remuneration policy aims to enable the attraction and retention of skilled resources and results in rewards aligned with shareholder interests. The policy is designed to achieve the following objectives:

- To attract, motivate, reward and retain human capital;
- To promote the achievement of strategic objectives in a manner which is aligned with the Company's approach to risk management; and
- To promote positive outcomes aligned with short, medium and long term objectives, an ethical culture and responsible corporate citizenship.

In line with the recommended practices in King IV, both the remuneration policy and the implementation report will be tabled for separate non-binding advisory votes by the shareholders at the AGM in February 2020.

APPLICATION OF PRINCIPLES IN KING IV CODE (Continued)

Assurance

Principle 15: The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the company's external reports

The Audit Committee is responsible for the quality and integrity of Nu-World's integrated reporting. The Board, with the support of the Audit Committee, satisfies itself that the combined assurance model is effective and sufficiently robust for the Board to be able to place reliance on the combined assurance underlying the statements that the Board makes concerning the integrity of the Company's external reports.

Based on the results of the review of Nu-World's systems of internal control and risk management, including the design, implementation and effectiveness of internal financial controls, and considering information and explanations provided by management and discussions with the external auditor on the results of the external audit, the Audit Committee concluded that Nu-World's systems of internal control and risk management are effective.

The Group maintains a system of internal financial control that is designed to provide assurances on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication. The system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

A combined assurance approach has been implemented that assists in addressing control over the key risks facing the Group. Such risks and their mitigating controls are identified and controlled by management, within a risk framework determined by the Board.

The Risk Committee is responsible for amongst others, assisting the Board and management in maintaining an effective internal control environment, ensuring the integration of assurance provided and monitoring the adequacy and effectiveness of combined assurance over Nu-World's risk management process.

The Audit Committee has been delegated the responsibility for overseeing that assurance services are executed in line with the charter includes activities that support the achievement of an effective internal control environment, which in turn supports the integrity of information.

The Committee also assesses whether the necessary arrangements are in place to ensure that adequate skills and resources are in place and that assurance services is supplemented as required by specialist, and as applicable, external services.

Stakeholder relationships

Stakeholders

Principle 16: In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the company over time

Nu-World strives to ensure a systematic and integrated approach to stakeholder engagement across the Group, facilitated through engagement programmes aimed at a more systematic and integrated approach to stakeholder engagement across the Group to enable increased assurance to the Board that all stakeholder issues have been identified, prioritised and appropriately addressed.

The Board, through the Social and Ethics Committee, considers issues around stakeholder perceptions. The Committee has oversight of stakeholder engagement and management. Through regular reporting by management to the Social and Ethics Committee and the Chairman of that Committee to the Board, the Board is equipped with the necessary information to enable it to take the legitimate interests and expectations of stakeholders into account in its decision-making.

It is a business imperative that Nu-World understands and is responsive to the needs and interests of our key stakeholder groups which includes: employees and their representatives; government and regulators; shareholders; the communities around our operations; suppliers and customers; and business partners. The individual stakeholders within these groups are highly diverse, with sometimes competing interests. Nu-World is therefore constantly seeking to improve the way in which it engages with its stakeholders to effectively respond to this complexity and diversity.

Interaction with stakeholders happens during the normal course of business at multiple levels across the Nu-World Group and Nu-World strives to resolve disputes with its stakeholders effectively and expeditiously.

To ensure the company communicates with its smaller shareholders and those stakeholders who lack access to electronic media, the Company publishes and reports on details of its corporate actions and performance (including its interim and final financial results) in the main South African daily newspapers. The Company also publishes its most recent financial and operational performance and provides recent historical information, including its annual reports, on its website. The CEO and the CFO conduct regular presentations on the Group's performance and strategy to analysts and institutional investors.

SUSTAINABILITY REPORT

Introduction

In pursuit of this sustainability objective, the Group embraces the philosophy of the King IV Report. 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.

Scope of report

This report covers the economic, social and environmental performance of NWHL for the year from 1 September 2018 to 31 August 2019 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.

NWHL commitment to all employees

Employees are the cornerstone of the Group and employee wellness and development is recognised as key factors that contribute to maintaining and building a sustainable business. Business practices are based on the values of trust, respect, commitment and loyalty. Driven from the top, management aims to create an environment where people are encouraged to act in a responsible way, work hard, build friendships and be part of a working family. The Group employs individuals with passion, who are skilled in their fields, who can contribute in meaningful ways and who can identify with the Group's values. Throughout the Group there are systems in place to incentivise, retain, and manage employees, promoting the necessary climate for positive and active employee participation, whilst benefiting the Group, its shareholders and the individuals.

Broad-based black economic empowerment (B-BBEE)

NWHL endorses the B-BBEE strategy of the Department of Trade and Industry which supports the policy of the South African government towards an "integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of previously disadvantaged individuals that manage, own and control the country's economy, and significant decreases in income inequalities".

The major South African wholly owned subsidiary, Nu-World Industries (Pty) Ltd, has attained a level 8 accreditation in 2018. The Group will endeavour to improve on this level of accreditation.

NWHL will proceed with B-BBEE 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 Group's B-BBEE subcommittee, duly constituted in 2003, has and continues to address the transformation challenges by focusing on each element separately.

SUSTAINABILITY REPORT (Continued)

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 fourteenth 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, i.e. safety, health, training and development, etc.

Ownership

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

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, is considered of key importance and initiatives are currently under way to formalise both internal and external training and development programs. The Nu-World School of Excellence, having been established in 2013, now actively educates selected employees as well as unemployed individuals.

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 B-BBEE status.

Enterprise and supplier development

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

Socio-economic development

NWHL 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.

NWHL 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 Company's 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.

More specifically, the main beneficiaries of NWHL's Socio-Economic Development Initiatives during the 2019 financial year were as follows:

- Africa Tikkun, developing communities in South Africa by providing essential services to these disadvantaged communities.
- Alexandra Health Centre who provide primary healthcare services to the community.
- Phuthaditjaba Qoqizizwe who provide care for the aged.
- Sparrow Ministries who provides care and comfort to adults and children who have been infected or affected by the HIV/AIDS pandemic.
- Down Syndrome Association Gauteng who serve our disabled communities.
- St Mary's Children's Home who provide for the basic needs of children.
- The Haven Care Centre who uplift and educate individuals in our rural communities.
- Cotlands who care for thousands of children in need.
- Community Workshop Centre who uplift and educate the elderly and children in our communities.
- Nkanyezi Stimulation Centre who offer stimulation and development services for children with severe disabilities in Soweto,
- Kids Clinics in Alexandra who care for abused children.
- Liv Lanseria who have a strong focus on child care, community development and skills upliftment through education and mentorship.

Occupational health and safety

Overall responsibility for health and safety across the Group rests with the NWHL board. The Board is supported by human resource managers, health and safety managers as well as occupational health and safety representatives. Health and safety committees are in place to ensure that the guidelines that are set at Group level are complied with. These guidelines require that, as a minimum, all operations adhere to the legislation, regulations and codes of practice and industry standards of each country in which we operate.

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.

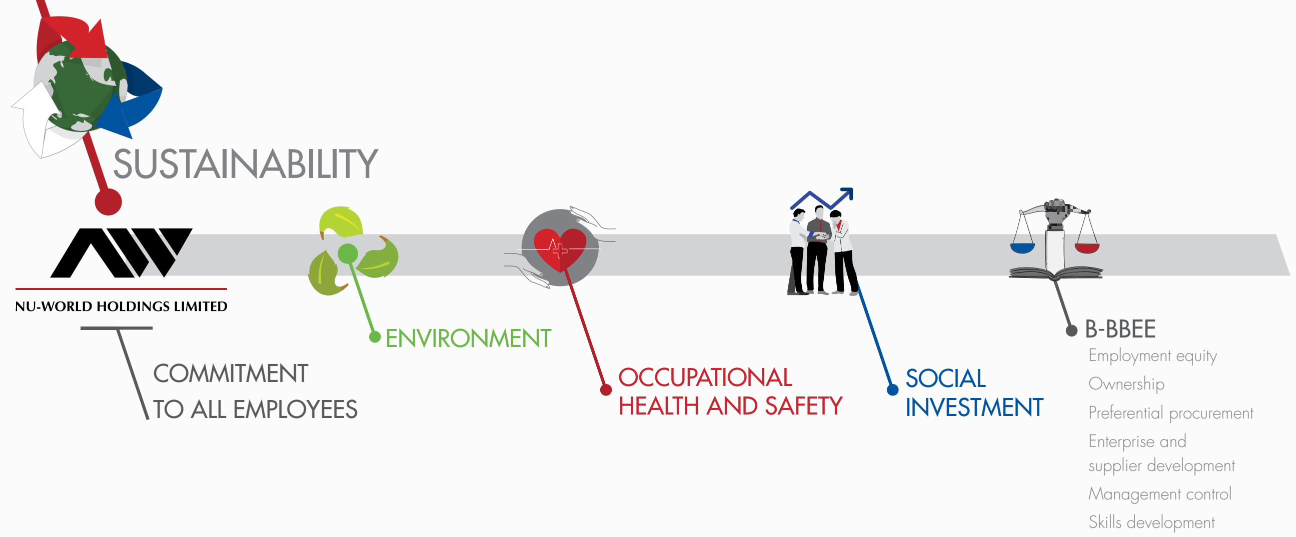
Due to regular safety, health and environment committee meetings and inspections by safety and health representatives, the Board is satisfied that all non-conformances and risks are addressed and managed as required by the safety standards and Occupational and Safety legislation.

NWHL 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, NWHL 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 NWHL'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.



FINANCIAL STATEMENTS

Financial statements

Directors' responsibility statement	50
Certificate of the Company Secretary	50
Report of the directors'	51
Independent Auditors' Report	53
Report of the Audit Committee	57
Statement of financial position	58
Statement of profit or loss and other comprehensive income	59
Statement of changes in equity	60
Statement of cash flows	61
Notes to the annual financial statements	62

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

FOR THE YEAR ENDED 31 AUGUST 2019

The annual financial statements, set out on pages 58 to 94, were prepared by management in conformity with, International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Council, the Companies Act of South Africa and the Listing Requirements of the JSE Limited. They have been approved by the board of directors and have been signed on their behalf by the undermentioned directors.

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements present fairly the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Council, the Companies Act of South Africa and the Listing Requirements of the JSE Limited.

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 Group 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.

The audit committee is comprised of four 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 pages 53 to 56. The auditors are appointed each year based on recommendation by the audit committee.

G R HINDLE
Group Financial Director

J A GOLDBERG
Chief Executive Officer

CERTIFICATE BY COMPANY SECRETARY

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 2019. Furthermore, all such returns are true, correct and up to date.

B H HAIKNEY
Company Secretary

Wynberg

25 October 2019

REPORT OF THE DIRECTORS

NATURE OF BUSINESS

The Company is a holding Company listed on the JSE. Its 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" ordinary shares of 0,1 cent each. There were no changes in the authorised share capital during the year under review.

Issued share capital

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

Repurchase of issued share capital

The Company did not repurchase any of its issued share capital 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 1993. 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 24 in the attached financial statements for further details.

DIVIDEND

The Board has resolved to declare a dividend to shareholders of 288,4 cents per share.

DIRECTORS

The composition of the board of directors during the year under review was as follows:

M S Goldberg (executive chairman), J A Goldberg (chief executive), G R Hindle, J M Judin, D Piaray, R Kinross and F J Davidson.

In terms of the Memorandum of Incorporation at least one third of the Directors are required to retire at the forthcoming annual general meeting, but being eligible, offer themselves for re-election.

SECRETARY

B H Haikney

Business and postal address:

The Secretary

682 Pretoria Main Road, Wynberg, Sandton, 2199

P O Box 8964, Johannesburg, 2000

SUBSIDIARY COMPANIES

Details of your Company's investment in its subsidiaries are set out in appendix A to the annual financial statements.

REPORT OF THE DIRECTORS (Continued)

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 8,9%.

THE DIRECTORS' INTERESTS IN THE ISSUED SHARE CAPITAL OF THE COMPANY WAS AS FOLLOWS:

Name	Direct beneficial No.	Indirect beneficial No.	Total 2019 No.	Total 2018 No.
Executive				
M S Goldberg	384 439	437 000	821 439	821 274
J A Goldberg		1 138 879	1 138 879	1 118 879
G R Hindle	12 477		12 477	212 477
Non-executive				
R Kinross	19 500		19 500	19 500
D Piaray				
J M Judin	26 039		26 039	26 039
F J Davidson				

There has been no change in the above holdings between 31 August 2019 and the date of approval of the financial statements.

DIRECTORS' REMUNERATION

Name	Directors' fees R'000	Basic salary R'000	Performance bonus R'000	Other allowances R'000	Total 2019 R'000	Total 2018 R'000
Executive						
M S Goldberg		4 052		468	4 520	4 520
J A Goldberg		6 163		769	6 932	6 493
G R Hindle		2 278		708	2 986	2 969
Non-executive						
R Kinross	300				300	242
D Piaray	300				300	242
J M Judin	350				350	280
F J Davidson	300				300	242
	1 250	12 493		1 945	15 688	14 988

EVENTS AFTER REPORTING DATE

No material facts or circumstances have occurred between 31 August 2019 and the date of these financial statements.

INDEPENDENT AUDITORS' REPORT

To the shareholders of Nu-World Holdings Limited

Report on the Audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Nu-World Holdings Limited set out on pages 58 to 92 which comprise the statement of financial position as at 31 August 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the group as at 31 August 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual consolidated financial statements section of our report. We are independent of the company in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA codes) and other independence requirements applicable to performing audits of annual consolidated financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Completeness and Valuation of inventories and goods in transit (Refer to note 6 in the consolidated financial statements) Inventories and goods in transit comprise material balances in the consolidated financial statements. Inventories being R590,010 million and goods in transit R273,529 million. The inventory held by the group is imported, resulting in the significant goods in transit balances. Inventories are valued at the lower of cost or net realisable values. Due to the nature of the inventories management is required to apply significant judgement in assessing if inventories are valued appropriately and in writing down the inventory to net realisable value where appropriate.	In considering the completeness of the goods in transit balances, independent confirmations were obtained from the group's shipping agents. Testing was then performed on the valuation of the goods in transit balance to confirm that this was in line with the group's accounting policies. In considering the appropriateness of management's judgement and estimation in terms of determining if inventories are valued at the lower of cost and net realisable value, we performed the following procedures: • Attended the year-end inventory counts for material warehouses, noting the condition of inventories at year-end. • Assessing the reasonableness of the write downs of inventories with reference to the nature of the inventory and the slow-moving inventory reports. • Performing detailed testing on inventory being sold at higher than its cost. • Holding discussions with management with respect to the nature of the inventories and the method applied in writing inventory down to net realisable value.
Valuation of intangible assets (comprising of goodwill and indefinite useful life trademarks) As disclosed in note 3, the consolidated financial statements include goodwill of R31,432 million and indefinite useful life trademarks of R31,706 million. These assets have been recognised in the consolidated statement of financial position as a consequence of acquisitions made by the Group. As required by IAS 36 Impairment of Assets, the directors conduct annual impairment tests to assess recoverability of the carrying value of goodwill and indefinite useful life trademarks. This is performed using discounted cash flow models which involve a number of judgements. These include among others: • Revenue growth; • Operating margins; and • The discount rates applied to the projected future cash flows. The impairment testing of these assets is considered to be a key audit matter due to the value of the assets and the extent of judgement and estimation uncertainty required in performing these tests.	In considering the impairment testing of goodwill and indefinite useful life trademarks, we focused on the key judgements made by the directors. Our audit procedures included: • Assessing the appropriateness of the discount rates used in performing the impairment test; • Subjecting the key assumptions to sensitivity analyses; • Analysing the future projected cash flows used in the models to determine whether they are reasonable and supportable; and • Determining the appropriateness of inputs used in the model. • We found that the assumptions used by the directors were appropriate in the circumstances.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, and other information included in the Annual Report, which we obtained prior to the date of this report. Other information does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITORS' REPORT (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that RSM South Africa Inc. has been the auditor of Nu –World Holdings Limited for five years.

RSM South Africa Inc.

Michael Steenkamp CA (SA) RA
RSM South Africa Inc.

Registered Auditors
Executive City, Cross Street and Charmaine Avenue,
President Ridge, Randburg 2194
PO Box 1734, Randburg 2125

15 November 2019

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 AUGUST 2019

The Board places strong emphasis on achieving the highest level of financial management, accounting and reporting to shareholders. An Audit Committee charter, which supports these principles, has been approved by the Board.

The Audit Committee, which comprises non-executive directors, reviews the scope of the audit and the accounting policies. The Audit Committee identifies key risk areas and evaluates exposure to significant risks and the appropriateness of internal controls.

The scope of the external audit and reliance on internal controls are discussed between the Audit Committee and the external auditors as part of the process of each audit. The external auditors have unrestricted access to the Audit Committee and its chairman.

The Audit Committee, with the auditors present, examines, reviews and discusses the audited annual financial statements and reports to be issued to the public before being submitted to the Board for approval. The Board is provided with regular reports on the committee's activities. The committee recommends the appointment of external auditors, the level of fees payable and the level of non-audit services.

Committee members

The following independent non-executive directors served on the Committee during the year:

R Kinross (Chairman)

J M Judin

D Piaray

F J Davidson

In line with King IV, the composition of the Audit Committee will be presented to the shareholders for approval at the Annual General Meeting.

Appropriateness and experience of the Financial Director

The Committee has satisfied itself that Mr G R Hindle has the appropriate expertise and experience to meet the responsibilities of his appointment as Group Financial Director of the Group.

External audit

RSM South Africa Inc., whose appointment was approved at the company's Annual General Meeting on 13 February 2019, were the external auditors of the Group for the 2019 financial year.

The external auditors provide an independent assessment of systems of internal financial control and express an independent opinion on the annual financial statements. The external audit function offers reasonable, but not absolute assurance on the accuracy of financial disclosures.

Based on processes followed and assurances received, the Audit Committee has no concerns regarding the external auditors independence. In addition, the Committee confirms that its responsibility pursuant to paragraph 22.15 (h) of the JSE Limited Listings Requirements have been met.

The Committee has recommended, for approval at the Annual General Meeting, the re-appointment of RSM South Africa Inc. as external auditors for the 2020 financial year. The Committee has recommended Mr Michael Steenkamp as the registered auditor responsible for the audit.

Terms of reference

For the year under review the Committee is satisfied that it has met its responsibilities in accordance with its terms of reference, as fully set out in the integrated report.

Annual financial statements

The Committee has recommended the annual financial statements for approval to the Board. The Board has subsequently approved the financial statements which will be open for discussion at the forthcoming Annual General Meeting.

On behalf of the Audit Committee

R Kinross

Audit Committee Chairman
25 October 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 AUGUST 2019

	Note	2019 R'000	2018 R'000
ASSETS			
Non-current assets		124 360	122 425
Property, plant and equipment	2	22 656	22 455
Intangible assets	3	63 138	63 766
Investment in associates	4	503	375
Deferred tax	5	38 063	35 829
Current assets		1 604 719	1 467 317
Inventories	6	590 010	696 793
Stock in transit	6	273 529	250 143
Trade and other receivables	7	475 054	320 484
Prepayments	8	59 337	60 501
Current tax receivable			103
Other financial assets	9	10 005	13 634
Cash and bank balances		196 784	125 659
Total assets		1 729 079	1 589 742
EQUITY AND LIABILITIES			
Capital and reserves		1 237 320	1 146 035
Issued share capital	10	19 481	19 481
Treasury share reserve	10	(42 435)	(37 834)
Foreign currency translation reserve	10	59 186	49 904
Retained earnings		1 189 153	1 100 048
Capital and reserves attributed to owners of the Company		1 225 385	1 131 599
Non-controlling interest		11 935	14 436
Non-current liabilities		14 864	15 128
Deferred tax	5	14 864	15 128
Current liabilities		476 895	428 579
Trade and other payables	11	250 127	246 782
Current tax liability		20 490	26 444
Provisions	12	13 673	22 233
Bank overdraft	13	192 605	133 120
Total equity and liabilities		1 729 079	1 589 742

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 R'000	2018 R'000
Revenue	14	3 031 951	3 004 227
Cost of sales		2 398 400	2 327 165
Gross profit		633 551	677 062
Other income	15	31 057	21 916
Selling and distribution costs		261 590	267 253
Operating expenses		93 399	88 791
Administrative expenses		86 564	73 555
Operating profit	16	223 055	269 379
Finance income		436	367
Finance costs	17	15 472	28 667
Profit before tax		208 019	241 079
Income tax expense	18	(46 795)	(54 915)
		161 224	186 164
Share of profit attributable to associates		129	107
Profit for the year		161 353	186 271
Profit for the year attributable to:			
Non-controlling interest		(1 919)	859
Owners of the Company		163 272	185 412
Profit for the year		161 353	186 271
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		8 700	26 634
Gains arising during the year		9 592	30 610
Related tax		(892)	(3 976)
Other comprehensive income for the year, net of tax		8 700	26 634
Total comprehensive income for the year		170 053	212 905
Total comprehensive income for the year attributable to:			
Non-controlling interest		(2 501)	1 389
Owners of the Company		172 554	211 516
		170 053	212 905
Earnings per share			
Basic earnings per share (cents)	19	756,7	869,0
Diluted basic earnings per share (cents)	19	758,9	857,8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2019

	Attributable to owners of the Company							
	Issued share capital R'000	Treasury share reserve R'000	Foreign currency translation reserve R'000	Share-based payment reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
Balance at 31 August 2017	19 481	(40 517)	23 800	13 920	980 922	997 606	16 640	1 014 246
Total comprehensive income for the year			26 104		185 412	211 516	1 389	212 905
Dividend paid					(66 286)	(66 286)		(66 286)
Treasury shares issued		2 683				2 683		2 683
Issue of share-based payment awards				(13 920)		(13 920)		(13 920)
Increase in investment in subsidiary							(3 593)	(3 593)
Balance at 31 August 2018	19 481	(37 834)	49 904		1 100 048	1 131 599	14 436	1 146 035
Total comprehensive income for the year			9 282		163 272	172 554	(2 501)	170 053
Dividend paid					(74 167)	(74 167)		(74 167)
Treasury shares acquired		(4 601)				(4 601)		(4 601)
Balance at 31 August 2019	19 481	(42 435)	59 186		1 189 153	1 225 385	11 935	1 237 320

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 R'000	2018 R'000
Cash flows from operating activities		7 706	(88 480)
Receipts from customers		2 877 381	3 094 027
Paid to suppliers and employees		(2 723 272)	(3 038 850)
Cash generated from operations	21.1	154 109	55 177
Finance income		436	367
Finance costs		(15 472)	(28 667)
Tax paid	21.2	(57 200)	(49 071)
Dividends paid	21.3	(74 167)	(66 286)
Cash flows from investing activities		(2 860)	(5 732)
Acquisition of property, plant and equipment		(3 247)	(2 230)
Proceeds on disposal of property, plant and equipment		387	91
Increased investment in subsidiary			(3 593)
Cash flows from financing activities		(4 601)	2 683
(Increase)/ decrease in investment in treasury shares		(4 601)	2 683
Net increase/ (decrease) in cash and cash equivalents		245	(91 529)
Cash and cash equivalents at the beginning of the year		(7 461)	55 016
Effects of exchange rate changes on the balance of cash held in foreign currencies		11 395	29 052
Cash and cash equivalents at the end of the year		4 179	(7 461)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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 682, Pretoria Main Road, Wynberg, Sandton, 2199.

The principal business of the Company is a holding company listed on the JSE. Its subsidiaries import and export a diversified range of Electrical Appliances, Consumer Electronics and Branded Consumer Durables.

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

The consolidated financial statements of Nu-World Holdings Limited for the year ended 31 August 2019 were authorised for issue in accordance with a resolution of the Directors on 25 October 2019.

1.2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the IASB, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and financial pronouncements as issued by the Financial Reporting Council, the JSE Limited's Listing Requirements and the requirements of the Companies Act of South Africa.

1.3. BASIS OF PREPARATION

The consolidated annual financial statements have been prepared on the historical cost basis, unless stated otherwise.

1.4. ACCOUNTING POLICIES

The consolidated financial statements incorporate the following principal accounting policies, which have been applied consistently to all periods presented in these consolidated financial statements unless stated otherwise.

1.4.1. Standards, amendments and interpretations effective in 2019

The Group adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers during the current year. The impact of the adoption of these standards is detailed under note 32.

1.4.2. Basis of consolidation

Subsidiaries and business combinations

Subsidiaries are entities controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

1.4.2. Basis of consolidation

Subsidiaries and business combinations

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income ('SPLOCI') from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ('OCI') are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Transactions eliminated on consolidation

Intra-group balances and unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Impairment losses on transactions are recognised immediately if the loss provides evidence of a reduction in the recoverable amount of current assets.

Non-controlling interest

Non-controlling interest represents the portion of profit or loss and the net identifiable assets not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position, separately from owner shareholders' equity.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in OCI in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting, when applicable, the cost on initial recognition of an investment in an associate.

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

1.4.2. Basis of consolidation (Continued)

Investment in associates

The Group's investment in its associate is accounted for using the equity method and the Company's investment is accounted for at cost, less accumulated impairment losses.

Under the equity method, the investment in associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The SPLOCI reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the SPLOCI outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies into line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as "Share of profit attributable to associates" in the SPLOCI.

Upon loss of significant influence over the associate the Group measures and recognises any retained investment as its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

1.4.3. Property, plant and equipment

Property, plant and equipment items are stated at cost less accumulated depreciation and accumulated impairment losses and are depreciated on the reducing balance basis to reduce their cost to their residual values over their estimated useful lives.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The estimated useful lives are:

Land	Infinite
Buildings	50 years
Computers and software	2 – 10 years
Motor vehicles	4 – 5 years
Equipment	10 – 13 years
Furniture, fixtures and fittings	4 – 13 years
Leasehold improvements	3 – 40 years

Depreciation methods, residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount when the asset's carrying amount is greater than its estimated recoverable amount.

Profits and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.4.4. Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

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 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:

- re-assess 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.

Trademarks

The trademarks carried on the statement of financial position were acquired separately and are recognised as assets at their historical cost. Trademarks which are considered to be well-established growing brands and product lines for which there is no foreseeable limit to the period in which these assets are expected to generate cash flows, are classified as indefinite useful life assets.

1.4.5. Investments in subsidiaries and associates

Investments in subsidiaries and associates are stated at cost less any accumulated impairment losses.

1.4.6. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories 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. Specific allowances are made for slow moving, obsolete and redundant inventories.

1.4.7. Financial instruments

The Group adopted IFRS 9 Financial Instruments in the current year on the Modified Retrospective basis and as such the policies below are described on the basis of IFRS 9 Financial Instruments impacting the current year and IAS 39 Financial Instruments impacting comparatives.

IAS 39 Financial Instrument Accounting Policies (2018 and prior years)

Financial assets and financial liabilities are recognised in 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, and are measured at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

1.4.7. Financial instruments (Continued)

Borrowings, bank overdraft and trade and other payables

Borrowings, bank overdraft 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 exchange contracts are categorised as financial instruments 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 measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of derivative financial instruments are recognised in profit or loss as other income or other expenses in the period in which they arise. The fair value of forward foreign exchange contracts is determined using exchange rates at the reporting date.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets are impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset, has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

IFRS 9 Financial Instruments (2019)

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value Through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets

The Consolidated financial statements have the following financial assets:

- Trade and other receivables and cash and cash equivalents – classified at amortised cost
- Forward exchange contracts classified at FVTPL

The Group recognises a loss allowance for expected credit losses on all financial assets measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective assets.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that asset is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of an asset. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on an asset that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of an asset being credit impaired at the reporting date or of an actual default occurring.

Financial liabilities

The financial liabilities of the Group are classified and measured at amortised cost.

1.4.8. Share capital and other reserves

Issued share capital

Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs.

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.

Share-based payment reserve

The share-based payment reserve represents the fair value of the share-based payment transactions entered into with employees.

1.4.9. Foreign currencies

Foreign operations

The assets and liabilities of the consolidated foreign subsidiaries are translated into South African Rand at rates of exchange ruling at reporting date. The income and expenses are translated at the weighted average rate of exchange for the period as it approximates the exchange rates at the dates of the transactions. Aggregate profits or losses on the translation of the foreign subsidiaries are recognised in OCI and presented in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Foreign currency transactions and balances

Transactions in foreign currencies are translated at the rate of exchange ruling on the transaction dates. Profits and losses on settlement of these amounts are included in profit or loss when they arise.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rates of exchange ruling at the reporting date. Unrealised differences on monetary assets and liabilities are recognised in the SPLOCI in the period in which they occur, except when they relate to cash flow hedging activities in which case these profits and losses for the effective portion are recognised as other comprehensive income.

Foreign currency transactions and balances

Transactions in foreign currencies are translated at the rate of exchange ruling on the transaction dates. Profits and losses on settlement of these amounts are included in profit or loss when they arise.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rates of exchange ruling at the reporting date. Unrealised differences on monetary assets and liabilities are recognised in the SPLOCI in the period in which they occur, except when they relate to cash flow hedging activities in which case these profits and losses for the effective portion are recognised as other comprehensive income.

Non-monetary items carried at fair value, that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

1.4.10. Share-based payments

The Group historically issued equity-settled share-based payments to certain employees. The equity-settled share-based payments were 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 was expensed over the vesting period, based on the Group's estimate of the shares that would have eventually vested and adjusted for the effect of non-market-based vesting conditions. Fair value had been calculated using the Black Scholes Model. The expected life used in the model had been adjusted, based on management's estimates for the effects of non-transferability, exercise restrictions and behavioural considerations. If modification to a scheme results in a non-beneficial modification, the share-based payment expense already recognised is not adjusted.

1.4.11. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

1.4.12. 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.

Warranty provisions

Provision is made in respect of the Group's estimated liability on all products under warranty at reporting 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 Group's history of warranty claims.

Warranty provisions are 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.

1.4.13. 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 of disposal 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.

1.4.14. 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.

Impairment of trade debtors

In 2018 and prior years, an allowance 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 allowance 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.

In 2019, the principles of expected credit loss (ECL) as per the requirements of IFRS 9 were applied which included considering forward-looking information based on economic and statistical significance for adjustment of historic loss rates.

Property, plant and equipment

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

1.4.14. Significant judgements and sources of estimation uncertainty (Continued)

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.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Share-based payments – equity

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant.

Income tax expense

Taxes are a matter of interpretation and subject to changes. The Group makes use of tax experts to advise on all tax matters. Estimations of normal company tax and Capital Gains Tax ("CGT") are based on the advice and management's interpretation thereof.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill, and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Consolidated financial statements

The Group and Company have the majority of the voting rights of the entities classified as subsidiaries. On that basis, it has been determined that there is power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The Group and the Company have determined that there is no power over the investee's exposure to variable returns from its involvement with the investee or their ability to use its power over the investee to affect the amount of the investor's returns with respect to associates. On that basis, it has been determined that there is significant influence based on the voting rights and representation on the Board of Directors for the investees to be classified as Associates.

1.4.14. Significant judgements and sources of estimation uncertainty

Impairment of trademarks

The Group annually tests whether trademarks with an indefinite useful life have 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.

Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable, such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of write-downs to net realisable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the reporting date. Refer to note 6 for impairments and the carrying value of inventories at net realisable value.

Warranty provisions

Provision is made in respect of the Group's estimated liability on all products and services under warranty at reporting 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 Group's history of warranty claims.

1.4.15. Revenue

The Group's revenue arises primarily from the sale of goods being consumer electronics, hi-tech, small electrical appliances, white goods, liquor and furniture.

The primary customers of the Group are major retail chains and independent stores. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

Products are often sold with retrospective volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No significant element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. The obligation for warranties have been determined not to be separate performance obligations and as such, a provision is raised at the end of the reporting period.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

1.4.16. Operating leases

Leases of assets under which substantially all the risks and rewards incidental to ownership are effectively retained by the lessor are classified as 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.

1.4.17. Finance income

Finance income comprises interest income calculated using the effective interest rate method. Finance income is recognised in profit or loss in the period in which it is incurred.

Dividend income is recognised when the Group's rights to receive payment is established.

1.4.18. Finance costs

Finance costs comprises interest paid and payable on borrowings, calculated using the effective interest rate method. Finance costs are recognised in profit or loss in the period in which they are incurred.

1.4.19. Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay.

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.

Bonus provisions

Provision is made in respect of the Group's estimated liability on employee bonuses at reporting date. These bonuses are payable at the sole discretion of the managing director.

The amount of the provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

1.4.20. Earnings per share

Basic

Basic earnings per share has been calculated on the basis of net profit attributable to owners of the Company in relation to the weighted average number of shares in issue during the financial year.

Diluted

Diluted earnings per share is calculated adjusting the weighted average number of shares outstanding, which assumes conversion of all dilutive potential shares. The Group has only one category of dilutive potential shares: share options.

The calculation is performed for the share options to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscriptions rights attached to outstanding share options.

Headline earnings per share

The presentation of headline earnings per share as an alternative measure to earnings per share is required under the JSE Listings Requirements.

1.4.21. Cost of sales

When inventories are sold, the carrying amount of these inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value is recognised as a reduction in the amount of the inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

		2019 R'000	2018 R'000
2.	PROPERTY, PLANT AND EQUIPMENT		
	Cost		
	Land	4 000	4 000
	Buildings	7 055	7 055
	Plant and machinery	10 856	11 130
	Motor vehicles	10 792	9 068
	Office equipment and furniture	9 635	10 311
	Leasehold improvements	3 922	3 998
		46 260	45 562
	Accumulated depreciation and accumulated impairment losses		
	Buildings	826	699
	Plant and machinery	5 299	4 578
	Motor vehicles	6 626	6 446
	Office equipment and furniture	7 432	7 896
	Leasehold improvements	3 421	3 488
		23 604	23 107
	Net carrying amount		
	Land	4 000	4 000
	Buildings	6 229	6 356
	Plant and machinery	5 557	6 552
	Motor vehicles	4 166	2 622
	Office equipment and furniture	2 203	2 415
	Leasehold improvements	501	510
		22 656	22 455

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

2. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movement summary

2019	Land R'000	Buildings R'000	Plant and machinery R'000	Motor vehicles R'000	Office equipment and furniture R'000	Leasehold improvements R'000	Total R'000
Opening net carrying amount	4 000	6 356	6 552	2 622	2 415	510	22 455
Additions			58	2 698	447	44	3 247
Disposals			(124)	(55)	(36)		(215)
Depreciation		(127)	(928)	(1 096)	(618)	(52)	(2 821)
Exchange rate translation difference			(1)	(3)	(5)	(1)	(10)
Closing net carrying amount	4 000	6 229	5 557	4 166	2 203	501	22 656
2018							
Opening net carrying amount	4 000	6 486	6 967	2 744	2 781	211	23 189
Additions			671	805	432	322	2 230
Disposals			(78)	(12)	(148)		(238)
Depreciation		(130)	(1 011)	(903)	(673)	(24)	(2 741)
Exchange rate translation difference			3	(12)	23	1	15
Closing net carrying amount	4 000	6 356	6 552	2 622	2 415	510	22 455

3. INTANGIBLE ASSETS

	2019 R'000	2018 R'000
Goodwill		
Carrying amount at beginning of year	32 060	31 522
Exchange rate translation difference	(628)	538
Carrying amount at end of year	31 432	32 060

The carrying amount of goodwill is attributable to the following cash-generating unit:

Consumer goods – direct wholesale business

The recoverable amount of the cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 8% per annum (2018: 8% per annum). Growth rates ranging between 7% and 15% were used.

Cash flow projections during the budgeted period are based on historical results adjusted for expected future growth throughout the budgeted period. These assumptions are a reflection of past experience in the operating market of the cash generating unit. The directors believe that any possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. If the estimated pre-tax discount rate applied to the discounted cashflows had been 1% less favourable than management's estimates, the Group would need to reduce the carrying value of the goodwill by Rnil (2018: Rnil)

	2019 R'000	2018 R'000
3. INTANGIBLE ASSETS		
Trademarks		
Carrying amount at beginning of year	31 706	31 706
Acquired during the year		
Carrying amount at end of year	31 706	31 706
	63 138	63 766

The carrying amount of intangible assets is attributable to the following cash generating unit: Consumer goods – direct wholesale business

No impairment losses on intangible assets were recognised.

The recoverable amount of the cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, with an annuity calculation thereafter and a discount rate of 12.94% per annum (2018: 12.94% per annum). Growth rates ranging between 7% and 15% were used.

Cash flow projections during the budgeted period are based on historical results adjusted for expected future growth throughout the budgeted period. These assumptions are a reflection of past experience in the respective markets of these units. The directors believe that any possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. If the estimated growth in the actual cash flows had been 5% less favourable than management's estimates and the estimated pre-tax discount rate applied to the discounted cash flow had been 1% less favourable than management's estimates, the Group would need to reduce the carrying value of the trademarks by Rnil (2018:Rnil).

Indefinite life trademarks are assessed as such, as management believes there is no foreseeable limit over which the group will continue to generate revenues from their continued use.

Supporting this assumption is the fact that the trademarks held are established, well known, and can reasonably be expected to generate revenues beyond the Group's strategic planning horizon. In addition, the Group can continue to renew legal rights attached to such trademarks without significant costs, and intends to do so beyond the foreseeable future.

	2019 R'000	2018 R'000
4. INVESTMENT IN ASSOCIATES		
On 1 September 2009 the Group acquired a 49% share of Lefase Logistics Proprietary Limited.		
Shares at cost	29	29
Equity-accounted share of profit or loss	474	346
	503	375
5. DEFERRED TAX		
Net deferred tax asset at the beginning of the year	(20 701)	(18 368)
Recognised in profit or loss		
Deferred tax income related to the origination and reversal of temporary differences	(4 554)	(5 303)
Exchange rate translation difference	1 164	(1 006)
Recognised in other comprehensive income – translation reserve	892	3 976
Net deferred tax (asset)/ liability at the end of the year	(23 199)	(20 701)
Comprises:		
Asset	(38 063)	(35 829)
Computed tax losses	(33 398)	(31 665)
Property, plant and equipment	966	780
Provisions and accruals	(5 631)	(4 944)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

		2019 R'000	2018 R'000
5.	DEFERRED TAX (Continued)		
	Liability	14 864	15 128
	Translation reserve	14 864	15 128
		(23 199)	(20 701)
6.	INVENTORIES		
	Finished goods	590 010	696 793
	Stock in transit	273 529	250 143
	The amount of the write-up of inventories recognised in the cost of sales line item is R 4,4 million (2018: write-down of R 3,4 million).		
	Cost of goods sold during the year amounted to R2 398,4 million (2018: R2 327,2 million).		
7.	TRADE AND OTHER RECEIVABLES		
	Trade receivables	524 274	376 557
	Provision for rebates and trade discounts	(49 624)	(57 104)
	Others (aggregate of immaterial items)	7 063	7 636
	Allowance for impairment – under IFRS 9 ECL model in 2019 and under IAS 39 Incurred Loss model in 2018	(6 659)	(6 605)
		475 054	320 484
	Non-Current		
	Current	475 054	320 484
		475 054	320 484
	Set out below is the movement in the allowance for expected credit losses of trade receivables:		
	As at beginning of the year	6 605	6 860
	Allowance for losses	3 612	(243)
	Write - offs	(3 558)	(12)
	As at the end of the year	6 659	6 605

In line with the Group's accounting policies, total accruals of R49,6 million (2018: R57,1 million are held in respect of the Group's total trade receivables. These accruals relate to, inter alia, customer returns and claims.

The Group has used the practical expedient allowed by IFRS 9 to measure Expected Credit Losses (ECL) using a provision matrix. The ECL calculation took forward-looking information and time value of money into account. The entity has considered balances 90 days past due to be in default and a historic recovery rate of 90% within a further 90 days was applied. Assumptions applied were that payments occurred on average midway through the month and that the prevailing prime rate of lending in South Africa (currently 10.25%) is an appropriate discount rate. Forecast macroeconomic information considered included GDP, annual growth rate, inflation and employment rates. An ultimate loss rate of 1.18% for independents and 0.66% for major retailers was calculated as the proportion of trade debtors at inception that is lost.

		2019 R'000	2018 R'000
8.	PREPAYMENTS		
	Foreign suppliers	59 337	59 232
	Other		1 269
		59 337	60 501

		2019 R'000	2018 R'000
9.	OTHER FINANCIAL ASSETS		
	Financial instruments at fair value through profit or loss		
	Derivatives not designated as hedges:		
	Foreign exchange contracts	10 005	13 634
	Total current	10 005	13 634
	Foreign Exchange Contracts are also disclosed in Note 26.2		
10.	CAPITAL AND RESERVES		
10.1	Issued share capital		
	Authorised		
	30 000 000 ordinary shares of 1 cent each	300	300
	20 000 000 "N" ordinary shares of 0,1 cent each	20	20
		320	320
	Issued		
	22 646 465 ordinary shares of 1 cent each	226	226
	Share premium	19 255	19 255
		19 481	19 481
	There has been no change in the issued share capital during the year.		
10.2	Nature and purpose of reserves		
	Treasury share reserve		
	The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group. At 31 August 2019, the Group held 1 133 099 of the Company's shares (2018: 1 031 449).		
	Foreign currency translation reserve		
	The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.		
11.	TRADE AND OTHER PAYABLES		
	Trade payables	173 373	174 258
	Accrued expenses	49 195	48 154
	Value added tax	15 453	16 836
	Others (aggregate of immaterial items)	12 106	7 534
		250 127	246 782
	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.		
12.	PROVISIONS		
	Warranty provisions	13 673	22 233
	Analysis of movement:		
	Opening balance	22 233	27 121
	Reduction in provision recognised for the year	(3 309)	(1 525)
	Utilisation of provision	(4 941)	(3 311)
	Exchange rate translation difference	(310)	(52)
	Closing balance	13 673	22 233
	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 and industry averages for defective products and new legislation.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

		2019 R'000	2018 R'000
13.	BANK OVERDRAFT		
	Secured	31 265	38 044
	Unsecured	161 340	95 076
	The banking facilities of Yale Prima Proprietary Limited are secured by a registered fixed and floating charge over the assets of Yale Prima Proprietary Limited. Nu-World Holdings Limited has guaranteed the banking facilities of its wholly owned subsidiary, Nu-World Industries Proprietary Limited.		
	Both the secured and unsecured facilities are repayable on demand. The outstanding amount is repayable within one year.		
		192 605	133 120
14.	REVENUE FROM CONTRACTS WITH CUSTOMERS		
	Sale of goods	3 269 844	3 245 233
	Rebates and trade discounts	(237 893)	(241 006)
		3 031 951	3 004 227
	Region		
	Africa	2 514 000	2 493 973
	Asia	146 968	172 214
	Australasia	566 483	504 845
	South America	42 393	74 201
		3 269 844	3 245 233
	Categories		
	Consumer Electronics	2 322 614	2 290 506
	Home Electrical Appliance	722 407	716 117
	Other Consumer Durables	224 823	238 610
		3 269 844	3 245 233
	The Group has no contract assets arising from revenue from contracts with customers.		
	There are no unsatisfied performance obligations relating to contracts with customers at year end.		
	The Group has determined that no material costs are incurred to fulfil contracts and as such no costs have been capitalised in this regard.		
	The Group has determined that it is the principal in all its contracts with customers.		
15.	OTHER INCOME		
	Net exchange differences on financial assets measured at fair value through profit or loss		13 056
	Net foreign exchange gains	22 126	7 523
	Profit on disposal of property, plant and equipment	171	
	Fair value adjustment of financial assets		273
	Royalty income	6 487	
	Others (aggregate of immaterial items)	2 273	1 064
		31 057	21 916

		2019 R'000	2018 R'000
16.	OPERATING PROFIT		
	Operating profit is arrived at after taking into account:		
	Expenditure		
	Auditors' remuneration	1 718	1 546
	Audit fees	1 680	1 559
	Over/(under) provision prior year	10	(25)
	Fees for other services	28	12
	Depreciation of property, plant and equipment	2 821	2 741
	Buildings	127	130
	Plant and machinery	928	1 011
	Leasehold improvements	52	24
	Motor vehicles	1 096	903
	Office equipment and furniture	618	673
	Loss on disposal of property, plant and equipment		147
	Operating lease rentals Property	21 972	17 376
	Short-term employee benefits	108 380	98 037
17.	FINANCE COSTS		
	Interest on bank overdrafts and loans	15 472	28 667
18.	INCOME TAX EXPENSE		
18.1	Recognised in profit or loss		
	South African normal tax		
	Current tax	(43 049)	(50 881)
	Deferred tax	1 459	6 467
	Foreign tax		
	Current tax	(8 300)	(9 337)
	Deferred tax	3 095	(1 164)
		(46 795)	(54 915)
18.2	Reconciliation of rates of tax		
	Statutory tax rate	28,00%	28,00%
	Adjusted for:	(5,50%)	(5,22%)
	Foreign tax	(3,29%)	(5,38%)
	Permanent differences	(2,21%)	0,16%
	Effective tax rate	22,50%	22,78%
19.	EARNINGS AND HEADLINE EARNINGS PER SHARE		
	Basic earnings and headline earnings per share are based on:		
	Weighted average number of shares	21 577	21 336
	Basic earnings and diluted basic earnings	163 272	185 412
	Adjusted for:		
	Add: Loss on disposal of property, plant and equipment	(171)	147
	Total tax effects of adjustments	48	(41)
	Basic headline earnings and diluted headline earnings	163 149	185 518
	Basic earnings per share (cents)	756,7	869,0
	Headline earnings per share (cents)	756,1	869,5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

		2019 R'000	2018 R'000
19.	EARNINGS AND HEADLINE EARNINGS PER SHARE (Continued)		
	Diluted basic and earnings per share are based on:		
	Diluted weighted average number of shares	21 513	21 615
	Basic earnings	163 272	185 412
	Diluted headline earnings per share are based on:		
	Diluted weighted average number of shares	21 513	21 615
	Diluted headline earnings	163 149	185 518
	Diluted earnings per share (cents)	758,9	857,8
	Diluted headline earnings per share (cents)	758,4	858,3
20.	DIVIDEND		
	It is the Company's policy to declare only one dividend per year. The Board has resolved to declare a dividend of 288,4 (2018: 327,5) cents per share in respect of the year ended 31 August 2019.	65 309	74 167
	Dividends declared per share (cents)	288,4	327,5
21.	CASH FLOW INFORMATION		
21.1	Cash generated from operations		
	Net profit for the year before tax	208 019	241 079
	Adjustments for:		
	Depreciation	2 821	2 741
	(Profit)/ Loss on disposal of property, plant and equipment	(171)	147
	Unrealised (profit)/loss on exchange differences on financial instruments measured at fair value through profit or loss	(10 005)	(13 634)
	Finance income	(436)	(367)
	Finance costs	15 472	28 667
	Operating profit before working capital changes	215 700	258 633
	Working capital changes	(61 591)	(203 456)
	Decrease/ (increase) in inventories	83 397	(280 758)
	(Increase)/ decrease in trade and other receivables	(139 772)	75 954
	(Decrease)/ increase in trade and other payables and provisions	(5 216)	1 348
		154 109	55 177
21.2	Tax paid		
	Amount unpaid at beginning of year	(26 341)	(15 193)
	Amounts recognised in profit or loss	(51 349)	(60 219)
	Amounts unpaid at end of year	20 490	26 341
		(57 200)	(49 071)
21.3	Dividends paid		
	Amounts unpaid at beginning of year		
	Dividend paid	(74 167)	(66 286)
	Amounts unpaid at end of year		
		(74 167)	(66 286)

22. RELATED PARTY TRANSACTIONS

Transactions with group companies

Transactions with related parties are made at market related prices.

Nu-World Industries Proprietary Limited, Nu-World Global Investments Proprietary Limited, Conti Marketing Proprietary Limited, Conti Industries Proprietary Limited, Yale Prima Proprietary Limited and Lefase Lesotho Manufacturing Proprietary Limited are subsidiaries of Nu-World Holdings Limited.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note. Details of transactions between related parties are disclosed below:

	2019 Services (from) to related parties R'000	2018 Services (from) to related parties R'000	2019 Amount payable to related parties R'000	2018 Amounts payable to related parties R'000
Lefase Logistics Proprietary Limited - associate	(6 119)	(5 900)	1 099	961

Key management personnel

Name	Directors' fees R'000	Basic salary R'000	Performance bonus R'000	Other allowances R'000	Total 2019 R'000	Total 2018 R'000
Executive directors						
M S Goldberg		4 052		468	4 520	4 520
J A Goldberg		6 163		769	6 932	6 493
G R Hindle		2 278		708	2 986	2 969
Non-executive directors						
R Kinross	300				300	242
D Piaray	300				300	242
J M Judin	350				350	280
F J Davidson	300				300	242
Key management personnel						
B H Haikney		3 611		773	4 384	3 655
	1 250	16 104		2 718	20 072	18 643

Summary of compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	2019 R'000	2018 R'000
Short-term benefits	18 423	17 117
Post employment benefits	1 649	1 526
	20 072	18 643

The remuneration of directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

23. RETIREMENT BENEFITS

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.

	2019 R'000	2018 R'000
Defined contribution expense	9 437	9 026

24. SHARE-BASED PAYMENT

Employee share purchase plan (ESPP)

Description of share-based payment arrangement

A share incentive scheme for key executives was approved by the board to incentivise individuals on a share based plan, The intention is to promote the effective participation in the Group of key employees and to incentivise and retain such employees, as of 31 August 2019, no shares had been allocated or issued by the trust.

Total number of shares available to be utilised for the ESPP:	2019 Shares	Weighted average exercise price	2018 Shares	Weighted average exercise price
Opening balance-unissued shares	1 031 449	36,69	1 305 518	31,02
Shares purchased during the year	101 650	45,26	305 931	36,80
Shares issued during the year			(580 000)	24,00
Closing balance – unissued shares	1 133 099	37,45	1 031 449	36,69

The above mentioned shares are under the control of the Company's non-executive directors.

25. OPERATING LEASE COMMITMENTS

	2019 R'000	2018 R'000
Property		
Due within one year	20 433	20 329
Due within 2 to 5 years	3 881	23 395
	24 314	43 724

The above lease commitments are based on annual escalations of 8%. The Company has the option to extend the leases for additional periods.

Other commitments

At the reporting date the Group had established letters of credit for the equivalent of R222,5 million (2018: R273,3 million) in respect of future stock commitments.

26. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

– interest rate risk

– foreign currency risk

– credit risk

– liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these group financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Committee, is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive controlled environment in which all employees understand their roles and obligations. Management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Risk Committee.

26.1 Interest rate risk management

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing borrowings with variable rates.

	2019 R'000	2018 R'000
At the reporting date the interest rate profile of the Group's interest-bearing financial instrument was:		
Variable-rate instruments	192 605	133 120

Interest rate sensitivity

An increase/decrease of 100 basis points (2018: 100 basis points) in interest rates at the reporting date would have affected profit before tax, by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the prior year.

	2019	2018
Increase of 100 basis points		
Decrease in profit before tax	(1 926)	(1 331)
Decrease of 100 basis points		
Increase in profit before tax	1 926	1 331

The sensitivity analysis disclosed above is unrepresentative of the risk inherent because the year end exposure does not reflect the exposure during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

26.2 Foreign currency management

Foreign currency exposure

The Group's exposure to foreign currency risk at reporting date was:

	2019 R'000	2018 R'000
Trade payables	122 487	116 064
Equity in foreign subsidiaries	293 755	236 079
Forward exchange contracts	145 015	184 480

The Group's policy is to cover trade commitments within an agreed treasury management policy which has 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.

Details of these contracts are as follows:

Currency	Forward exchange contract		Foreign currency		Market value		Fair value adjustment	
	2019 R'000	2018 R'000	2019 $'000	2018 $'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000
US Dollars	135 010	170 847	9 550	13 429	145 015	184 480	10 005	13 634

The fair value of forward exchange contracts is determined based on the forward exchange rates as at reporting date.

Foreign exchange sensitivity analysis

The Group is primarily exposed to 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 R14,501 million (2018: R17,629 million). A 10% weakening of the Rand versus the Dollar would result in a profit of the same amount.

26.3 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 2019, the Group did not consider that any significant concentration of credit risk existed which had not been adequately provided for.

	2019 R'000	2018 R'000
Exposure to credit risk		
The carrying amount of financial assets represents the maximum exposure to credit risk.		
Financial assets per class		
Trade receivables	467 991	312 848
Other receivables	7 063	7 636
Cash and bank balances	196 784	125 659
Other financial asset	10 005	13 634
	681 843	459 777

26.3 Credit risk management

	2019 R'000	2018 R'000
Trade receivables		
The maximum exposure to credit risk for trade receivables at the reporting date by geographical location was as follows:		
Africa	397 931	258 302
Australia	92 541	69 860
India	3 578	4 678
Middle East	20 682	42 011
South America	9 542	1 706
	524 274	376 557
Ageing of trade receivables by category		
Major retailers		
Current	251 347	189 645
30 days	119 804	65 297
60 days	40 609	29 345
+ 90 days	6 764	9 390
	418 524	293 677
Independents		
Current	49 049	15 100
30 days	20 635	17 714
60 days	17 969	28 472
+ 90 days	18 097	21 594
	105 750	82 880
	524 274	376 557

26.4 Liquidity risk

The Group manages liquidity risk by the proper management of working capital and the continual monitoring of forecasts and actual cash flows. It is further managed by ensuring adequate banking facilities are available at all times to meet cash requirements.

Liquidity risk profile

The maturity profile of the financial liabilities is summarised as follows:

	2019 R'000	2018 R'000
0 – 12 months		
Non-derivative		
Guarantees	23 624	25 639
Bank overdraft	192 605	133 120
Trade and other payables (ex VAT)	234 674	229 946
	450 903	388 705
Derivative		
Forward exchange contracts	145 015	184 480
	595 918	573 185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

26.5 Fair value and risk management

Accounting classifications and fair value

The following fair value hierarchy reflects the significance of the inputs used to make the measurements related to the classes below. Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets. Level 2 applies inputs other than quoted market prices that are observable for the assets either directly (as prices) or indirectly (derived from prices). Level 3 applies inputs which are not based on observable market data.

Level 2 Forward exchange contracts linked to quoted market rates.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
31 August 2019	Note	Fair value through profit or loss R'000	Amortised cost R'000	Financial liabilities at amortised cost R'000	Total R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets measured at fair value									
Forward exchange contracts	9	10 005			10 005		10 005		10 005
Financial assets not measured at fair value									
Trade and other receivables	7		475 054		475 054				
Cash and cash equivalents			196 784		196 784				
			671 838		671 838				
Financial liabilities not measured at fair value									
Bank overdrafts	13			192 605	192 605				
Trade and other payables	11			234 674	234 674				
				427 279	427 279				
31 August 2018									
Financial assets measured at fair value									
Forward exchange contracts	9	13 634			13 634		13 634		13 634
Financial assets not measured at fair value									
Trade and other receivables	7		320 484		320 484				
Cash and cash equivalents			125 659		125 659				
			446 143		446 143				
Financial liabilities not measured at fair value									
Bank overdrafts	13			133 120	133 120				
Trade and other payables	11			229 946	229 946				
				363 066	363 066				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

27. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantage and security afforded by a sound capital position. The Group's return on capital was 13,3 % (2018:16,4 %).

The Group monitors capital using a ratio of net debt to equity. For this purpose, net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash and cash equivalents. Equity comprises all components of equity, net of non-controlling interest.

The Group's policy is to keep the ratio below 0,33 times. The Group's net debt to equity ratio was as follows:

	2019 R'000	2018 R'000
Total borrowings	192 605	133 120
Less: cash and cash equivalents	(196 784)	(125 659)
Net debt	(4 179)	7 461
Total equity	1 225 385	1 131 599
Net debt to equity ratio(%)	(0,3)	0,7

From time to time, the Group purchases its own shares on the market; the timing of which depends on the market prices. The shares are primarily intended to be used for issuing shares under the Group's share option programme. Buy and sell decisions are made on a specific transaction basis by the Risk Committee. The Group does not have a defined share buy-back plan.

28. SEGMENT 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

Hong Kong

Australia

United Arab Emirates (UAE)

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

	Segment revenue		Segment income		Segment non-current assets	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000
South Africa	2 281 372	2 255 369	107 776	115 970	58 742	57 726
Hong Kong	228 377	279 785	40 360	47 253		
Australia	522 202	469 073	(4 103)	1 835	65 618	64 699
UAE			19 239	20 354		
Total	3 031 951	3 004 227	163 272	185 412	124 360	122 425

28. SEGMENT INFORMATION

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales in the current year (2018: Nil).

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

Segment income represents the profit after tax 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.

Non-current assets exclude those non-current assets classified as held for sale.

Information about major customers

The Group has three customer groups (2018: three customer groups) that individually account for at least 10% or more of the Group's South African operations revenue comprising 37,8 %, 15,5 % and 12,1 % respectively (2018: 34,7 %, 18,0 % and 12,9 %).

No other single customer group contributed 10% or more to the Group's South African operation nor the Offshore Subsidiaries for both 2019 and 2018.

29. COMPOSITION OF THE GROUP

29.1 Information about the composition of the Group at the end of the reporting period

Principal activity	Place of incorporation and operation	Number of wholly owned subsidiaries	Number of non-wholly owned subsidiaries
Sales of a diversified range of electrical appliances, consumer electronics and branded consumer durables	South Africa	6	0
Sales of a diversified range of electrical appliances, consumer electronics and branded consumer durables	Australia	0	6
Sales of a diversified range of branded consumer electronics	Hong Kong	1	0
Share purchase trust	South Africa	1	0
Sales of a diversified range of branded consumer electronics	UAE	1	0

Details of non-wholly owned subsidiaries that have material non-controlling interest to the Group are disclosed below.

29.2 Details on non-wholly owned subsidiaries that have material non-controlling interests

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Yale Prima Proprietary Limited	Australia	31.87%	31.87%	(1 919)	859	11 935	14 436

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

29. COMPOSITION OF THE GROUP (Continued)

29.2 Details on non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intergroup eliminations.

Yale Prima Proprietary Limited	2019 R'000	2018 R'000
Non-current assets	51 041	50 053
Current assets	148 048	135 363
Non-current liabilities		
Current liabilities	161 641	140 481
Equity attributable to owners of the Company	25 513	30 499
Non-controlling interests	11 935	14 436
Revenue	522 203	469 073
(Loss)/ profit for the year	(6 022)	2 694
(Loss)/ profit attributable to owners of the Company	(4 103)	1 835
(Loss)/ profit attributable to the non-controlling interests	(1 919)	859
(Loss)/ profit for the year	(6 022)	2 694
Other comprehensive income attributable to owners of the Company		
Other comprehensive income attributable to the non-controlling interests		
Total other comprehensive income for the year		
Total comprehensive (loss)/ income attributable to owners of the Company	(4 103)	1 835
Total comprehensive (loss)/ income attributable to the non-controlling interests	(1 919)	859
Total comprehensive (loss) income for the year	(6 022)	2 694
Net cash inflow from operating activities	17 065	6 894
Net cash outflow from investing activities		(23)
Net cash outflow from financing activities	(5 114)	(3 809)
Net cash inflow	11 951	3 062

30. CONTINGENT LIABILITIES

The Company has signed guarantee's and unlimited suretyships 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 R1 513,0 million (2018: R1 513,0 million) in respect of available facilities and R23,6 million (2018: R25,6 million) in respect of bank guarantees.

On 27 March 2018, the South African Revenue Service (SARS) issued revised assessments for Nu-World Global Investments Proprietary Limited, a wholly owned subsidiary of Nu-World Holdings Limited, relating to a dispute on a Royalty Financing transaction for the 2008 to 2012 tax years, resulting in a potential tax liability of R7,6 million and interest, omissions and penalties until 31 August 2019 of R21,4 million.

In addition, on 24 May 2018, SARS issued a revised VAT assessment for Nu-World Industries Proprietary Limited, a wholly owned subsidiary of Nu-World Holdings Limited, relating to a dispute on the zero-rating of a transaction for the 2007/8 tax year, resulting in a potential VAT liability of R4,1 million and interest and penalties until 31August 2019 of R5,8 million.

Nu-World have opposed these revised assessments and submitted Notice of Objections and Notice of Appeals to SARS on the advice of their tax advisors and senior legal council, and has requested suspension of payment of these disputed taxes.

31. ACCOUNTING STATEMENTS ISSUED, NOT YET EFFECTIVE

The Group has considered the following standards and interpretation that are effective in future periods and has decided not to early adopt any in the current year:

Standard	Details of Amendment	Annual periods beginning on or after
IFRS 16 Leases	• IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. • IFRS 16 contains expanded disclosure requirements for lessees. • IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. • IFRS 16 supersedes the following Standards and Interpretations: (a) IAS 17 Leases; (b) IFRIC 4 Determining whether an Arrangement contains a Lease; (c) SIC-15 Operating Leases—Incentives; and (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.	1 January 2019
IAS 12 Income Taxes	• Annual improvements 2015 – 2017 Cycle: Clarification that all income tax consequences of dividends should be recognized in profit or loss, regardless how the tax arises	1 January 2019

It is unlikely that the above amendments will have a material impact on the Group's annual financial statements, apart from changes to IFRS 16.

Under the new IFRS 16, the Group will recognise the right of use of its warehouses which are currently held and accounted for as operating leases.

The impact of the application of IFRS 16 would result in the recognition of an estimated lease liability to the amount of R39 971 612, a right of use asset in the amount of R33 488 522 and an adjustment to retained earnings in the amount of R6 483 090.

All other new Standards and Interpretations were considered and noted not to be applicable to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019 (Continued)

32. ACCOUNTING STATEMENTS ISSUED DURING THE YEAR

IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 from 1 September 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies above. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The adoption of this standard has had no impact on the quantitative accounting for the revenue of the Group. However, certain additional disclosures have been made as required by IFRS 15 as illustrated in the accounting policies and on note 14 – Revenue from Contracts with Customers.

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 from 1 September 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Changes in accounting policies resulting from IFRS 9 have been applied as at 1 September 2018, with no restatement of comparative information for prior year. Consequently, any difference between the carrying amount of financial instruments under IAS 39 and the carrying amount under IFRS 9 has been recognised in the opening retained earnings as at date of initial application as detailed below.

The company has applied the exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment). Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 September 2018. Accordingly, the information presented for the year ended 31 August 2018 does not reflect the requirements of IFRS 9 but rather those of IAS 39. The quantitative impact of retained earnings adjustments at 1 September 2018 resulting from the adoption of IFRS 9 was immaterial.

33. PRIOR PERIOD ERROR

In accounting for the Group's Share Based Payment Scheme referred to in note 24, the Group incorrectly accounted for the transaction as a sale of shares and the granting of loans to employees rather than the granting of share options. Accordingly, employee loans should not have been raised and a share based payment expense, based on a valuation of the Employee Share Based Payment Scheme at the grant date, should have been recognised over the vesting period of the options. As the valuation at the grant date was not performed, the share based payment expense that should have been recognised in the statement of profit and loss and other comprehensive income for the 2016, 2017 and 2018 financial years, was not determined and expensed. As this particular Share Based Payment Scheme was finalised during the 2018 financial period, the statement of financial position as at 31 August 2018 would remain unchanged.

ANALYSIS OF SUBSIDIARIES – APPENDIX A

AT 31 AUGUST 2019

	Place of operations	Interests of Nu-World Holdings Limited – Issued share capital 2019 R'000	Issued share capital 2018 R'000	Effective shareholding 2019 %	Effective shareholding 2018 %	Shares at cost 2019 R'000	Shares at cost 2018 R'000
Direct interest							
Nu-World Industries Proprietary Limited	South Africa	5 725	5 725	100,0	100,0	38 929	38 929
Conti Industries Proprietary Limited	South Africa	35 401	35 401	100,0	100,0	15	15
Conti Marketing Proprietary Limited	South Africa	4 781	4 781	100,0	100,0	15	15
Yale Prima Proprietary Limited	Australia	58 267 140	58 267 140	68,1	68,1	50 187	50 187
Nu-World Global Investments Proprietary Limited	South Africa	100	100	100,0	100,0	1	1
Nu-World Property Investments Proprietary Limited	South Africa	100	100	100,0	100,0	1	1
Nu-World Global Limited	Hong Kong	12 500	12 500	100,0	100,0	13	13
Nu-World Industries Middle East DMCC	Dubai	144 090	144 090	100,0	100,0	144	144
Nu-World Do Brazil LTDA	Brazil	1 000	1 000	100,0	100,0	1	1
Lefase Lesotho Manufacturing Proprietary Limited	Lesotho	1 000	1 000	100,0	100,0	49	49
						89 355	89 355

The aggregate net profit after taxation of subsidiaries attributable to the owners of the Company amounted to R163,2 million (2018: R185,4 million).

Indirect interest

Prima Akai Proprietary Limited

Yale Appliance Group Proprietary Limited

CTG Yale Proprietary Limited

Nu-World Australia Proprietary Limited

Jaws Systems Australia Proprietary Limited

ANALYSIS OF SHAREHOLDERS – APPENDIX B

AT 31 AUGUST 2019

	Number of shareholders	%	Number of shares	%
HOLDINGS				
1 to 25 000	1 174	96,6	1 931 715	8,5
25 001 to 50 000	15	1,2	576 471	2,5
50 001 to 100 000	7	0,6	440 957	2,0
Over 100 001 shares	19	1,6	19 697 322	87,0
	1 215	100,0	22 646 465	100,0
CATEGORY OF SHAREHOLDERS				
Non Public				
- Directors and Associates	5	0,4	2 018 334	8,9
- Trustee of Employees Share Scheme	2	0,2	1 133 099	5,0
- Strategic Holdings	2	0,2	10 633 272	47,0
Public shareholders	1 206	99,2	8 861 760	39,1
	1 215	100,0	22 646 465	100,0

SHAREHOLDERS SPREAD

Major shareholders (excluding directors) beneficially interested in more than 5% of the Company's listed securities:

Inhlanhla Ventures Proprietary Limited	5 939 497	26,2
UBS Zurich AG	4 693 775	20,7
Nu-World Share Trust	1 133 099	5,0

DISTRIBUTION OF SHAREHOLDERS				
Banks	11	0,9	8 022 265	35,4
Close Corporations	23	1,9	459 857	2,0
Individuals	1 053	86,6	3 486 837	15,4
Investment Companies	2	0,1	140 000	0,6
Mutual Funds	10	0,8	652 689	2,9
Trusts	64	5,3	210 820	0,9
Other Corporations	11	0,9	187 455	0,8
Pension Funds	3	0,3	1 117 741	4,9
Private Companies	34	2,8	7 235 657	32,0
Public Companies	2	0,2	45	0,1
Share Trusts	2	0,2	1 133 099	5,0
	1 215	100,0	22 646 465	100,0

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Nu-World Holdings Limited ("Nu-World" or "the Company") in respect of the year ended 31 August 2019 will be held in the boardroom of Nu-World at 682 Pretoria Main Road,Wynberg, Sandton at 10h00 on Wednesday, 12 February 2020 ("the Annual General Meeting").

Purpose

The purpose of the Annual General Meeting is to transact the business set out in the agenda below.

Agenda

1. Presentation of the audited annual financial statements of the Company, including the Report of the Directors and the Audit Committee for the year ended 31 August 2019. The annual report of which this notice forms part, contains the group financial statements and the aforementioned reports. The annual financial statements, including the unmodified audit opinion, is available on Nu-World's website at www.nuworld.co.za, or may be requested and obtained in person at no charge, at the registered office of Nu-World during office hours.
2. To consider 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"), the JSE Limited ("JSE") Listings Requirements and the provisions of the Company's memorandum of incorporation ("MOI").

Note:

For any of the ordinary resolution numbers 1 to 6 to be adopted, more than 50% of the voting rights exercised on each such resolution must be exercised in favour thereof.

Ordinary resolution number 1

In terms of the Company's MOI, at least one third of the directors are required to retire from office at every Annual General Meeting and, being eligible, may offer themselves for re-election as directors.

Curriculum vitae in respect of each director as at 31 August 2019 appear on pages 15 to 16 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:

1.1 "Resolved that J M Judin, who retires by rotation in terms of the MOI of the Company and, being eligible and offering himself for re-election, be and is hereby re-elected as a director of the Company."

1.2 "Resolved that D Piaray, who retires by rotation in terms of the MOI of the Company and, being eligible and offering himself for re-election, be and is hereby re-elected as a director of the Company."

1.3 "Resolved that R Kinross, who retires by rotation in terms of the MOI of the Company and, being eligible and offering himself for re-election, be and is hereby re-elected as a director of the Company."

Ordinary resolution number 2

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

2.1 "Resolved that J M Judin, subject to the passing of ordinary resolution 1.1, being eligible, be and is hereby re-appointed as member of the Audit Committee of the Company, as recommended by the Board of Directors of the Company."

2.2 "Resolved that D Piaray, subject to the passing of ordinary resolution number 1.2, being eligible, be and is hereby re-appointed as member of the Audit Committee of the Company, as recommended by the Board of Directors of the Company."

2.3 "Resolved that R Kinross, subject to the passing of ordinary resolution 1.3, being eligible, be and is hereby re-appointed as member of the Audit Committee of the Company, as recommended by the Board of Directors of the Company."

2.4 "Resolved that F J Davidson, being eligible, be and is hereby re-appointed as member of the Audit Committee of the Company, as recommended by the Board of Directors of the Company."

Curriculum vitae in respect of each director as at 31 August 2019 appear on pages 15 to 16 of the Intergrated Annual Report.

Ordinary resolution number 3

"Resolved that RSM South Africa Inc. be and is hereby re-appointed as independent auditors of the Company (the designated auditor being Mr Michael Steenkamp) for the year ending 31 August 2020, such auditors having been nominated by the Company's Audit Committee."

Ordinary resolution number 4

Endorsement of the Remuneration Policy by way of a non-binding advisory vote.

"Resolved that by a non-binding advisory vote, the Company's remuneration policy as set out in the remuneration report on page 30 of this annual report for 2019 be and is hereby endorsed."

Reason for and effect

The King IV Report on Corporate Governance for South Africa 2017 ("King IV") recommends, and the JSE Limited Listings Requirements ("Listings Requirements") require that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM.

This enables shareholders to express their views on the remuneration policies adopted. Ordinary Resolution 4 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements.

The Board will engage with dissenting shareholders in good faith in the event that a vote of 25% or more is recorded against the remuneration policy, to ascertain with best reasonable effort, the reasons for the dissenting votes, and to address legitimate and reasonable objections which may include amending the remuneration policy, or clarifying or adjusting remuneration governance and/or processes. Dissenting shareholders are also invited to engage with the Company to communicate their concerns to the Company Secretary, Bruce Haikney, at bhaikney@nu-world.co.za within a reasonable period after the Annual General Meeting.

However, the Board will take the outcome of the vote, and any subsequent engagement with dissenting shareholders, into consideration when considering amendments to the Company's remuneration policy.

NOTICE OF ANNUAL GENERAL MEETING
(Continued)

Ordinary resolution number 5

Endorsement of the Remuneration Implementation Report by way of a non-binding advisory vote.

"Resolved that by a non-binding advisory vote, the Company's remuneration implementation report as set out on page 30 of this annual report for 2019 be and is hereby endorsed."

Reason for and effect

King IV Report on Corporate Governance for South Africa recommends, and the Listings Requirements require, that the implementation of a Company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each AGM.

This enables shareholders to express their views on the implementation of the Company's remuneration policies. Ordinary Resolution 5 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements.

The Board will engage with dissenting shareholders in good faith in the event that a vote of 25% or more is recorded against the remuneration policy, to ascertain with best reasonable effort, the reasons for the dissenting votes, and to address legitimate and reasonable objections which may include amending the remuneration policy, or clarifying or adjusting remuneration governance and/or processes. Dissenting shareholders are also invited to engage with the Company to communicate their concerns to the Company Secretary, Bruce Haikney, at bhaikney@nu-world.co.za within a reasonable period after the Annual General Meeting.

However, the Board will take the outcome of the vote and any subsequent engagement with dissenting shareholders into consideration when considering amendments to the Company's remuneration policy.

Ordinary resolution number 6

"Resolved that any of the directors of the Company and/or the company secretary 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."

To consider and, if deemed fit, pass, with or without modification the following special resolutions:

Note:

For the special resolutions numbers 1 to 3 to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

Special resolution number 1

"Resolved that in terms of section 66(9) of the Act, the Company be and is hereby authorised to pay remuneration to its non-executive directors for their services as non-executive directors as listed below."

	Fees for the year ending 31 August 2020	Fees paid for the year ended 31 August 2019
Lead independent non-executive board member	R378 000	R350 000
Non-executive board member	R324 000	R300 000

Reason for and effect

The reason for special resolution number 1 is to request shareholders to approve the Non-Executive Directors' fees payable for the 2020 financial year and hereafter until shareholders are again approached for subsequent approvals. The effect of this is that the remuneration of Non-Executive Directors will be approved.

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 (or the directors of the subsidiary company as the case may be) 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 or 15 (fifteen) months from the date of passing of this special resolution, whichever period is shorter;
- that a 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 business 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 as at the date of passing 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 test contemplated in Section 4 of the Act, and that since the test was applied there had been no material changes to the financial position of the Company and its subsidiaries; and
- that the Company may not repurchase securities during a prohibited period, as defined in the JSE Listings Requirements, unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to variation) and full details of the programme have been disclosed in writing to the JSE prior to the commencement of the prohibited period."

Special resolution number 2

Reason for and effect

The reason for special resolution number 2 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 of this special resolution will have the effect of authorising the Company or any of its subsidiaries to acquire shares issued by the Company.

Disclosures required in terms of paragraph 11.26 of the JSE Listings Requirements:

The following additional information, some of which may appear elsewhere in this annual report, is provided in terms of the JSE Listings Requirements for purposes of the special resolution:

Major shareholders	page 94
Share capital of the Company	page 77

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 2019 and the date of this report.

Directors' responsibility statement

The directors, whose names are given on pages 15 to 16 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.

Special resolution number 3

"Resolved that in terms of section 45 of the Act, 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."

Reason for and effect

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.

NOTICE OF ANNUAL GENERAL MEETING
(Continued)

Identification, Voting and Proxies

In terms of section 63(1) of the Act, before any person may attend or participate in a shareholders meeting such as the Annual General Meeting convened in terms of this notice of Annual General Meeting, that person must present reasonably satisfactory identification and the person presiding at the Annual General 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 the presentation of a participants' original valid drivers license, identity document or passport as 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 Listings 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.

All shareholders are entitled to attend and vote at the annual general meeting. Shareholders who hold their shares in certificated form or who are own name registered dematerialised shareholders who are unable to attend the annual general meeting but who wish to be represented thereat, are requested to complete and return the attached form of proxy so as to be received by the company any time prior to the annual general meeting and also at the annual general meeting, or with the company's transfer secretaries 48 hours prior to the annual general meeting being Monday, 10 February 2020. Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, other than by own name registration, who wish to attend the annual general meeting, should instruct their CSDP or broker to issue them with the necessary authority, being a letter of representation, to attend the meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration who wish to vote by way of proxy, should provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

Forms of proxy and/or letters of representation may be presented at any time prior to the annual general meeting and also at the annual general meeting, but to enable the company to ensure prior to the annual general meeting that a quorum will be present at the annual general meeting, it would be helpful if proxy forms and/or letters of representation could be delivered to the company or the company's transfer secretaries.

Salient Dates

Posting of Annual Financial Statements and notice of Annual General Meeting	Friday, 29 November 2019
Record date to receive the notice of Annual General Meeting	Friday, 22 November 2019
Last date to trade to be eligible to vote	Tuesday, 4 February 2020
Record date to be eligible to vote	Friday, 7 February 2020
Annual General Meeting	10h00 Wednesday, 12 February 2020
Results of Annual General Meeting published on SENS	Wednesday, 12 February 2020

By order of the Board

B H Haikney
Company Secretary
Sandton
29 November 2019

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, 682 Pretoria Main Road, Wynberg, Sandton on Wednesday, 12 February 2020 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 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: re-appointment of directors			
1.1 J M Judin			
1.2 D Piaray			
1.3 R Kinross			
Ordinary resolution 2: re-appointment of the Audit Committee members			
2.1 J M Judin			
2.2 D Piaray			
2.3 R Kinross			
2.4 F J Davidson			
Ordinary resolution 3: re-appointment of auditors and individual designated auditor			
Ordinary resolution 4: endorsement of Remuneration Policy			
Ordinary resolution 5: endorsement of the Remuneration Implementation Report			
Ordinary resolution 6: authority to sign documents			
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			

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, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (P O Box 61051, Marshalltown, 2107), 48 hours (being 10h00 on Monday, 10 February 2020) before the scheduled time of the Annual General 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:

- holding shares in certificated form; or
- 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; and
- a proxy must be delivered to the Company, or to the transfer secretary of the Company, namely Computershare Investor Services Proprietary Limited, before your proxy exercises any of your rights as a shareholder at the Annual General Meeting.

All other beneficial owners who have dematerialised their shares through a 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, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (P O Box 61051, Marshalltown, 2107) to be received by not later than 10h00 on Monday, 10 February 2020, in accordance with the instructions thereon.

The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting, speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

Documentary proof establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the Chairman of the Annual General Meeting.

Any alterations to the form of proxy must be initialled by the signatories.

DIRECTORATE AND ADMINISTRATION

Directors	Mr Michael Stanley Goldberg B.Com M.B.A. (Rand)
	Mr Jeffrey Alan Goldberg B.Sc (Eng) (Rand)
	Mr John Michael Judin Dip.Law. (Rand)
	Mr Graham Rodney Hindle B.Acc (Wits) CA (SA)
	Mr Desmond Piaray Chem Eng (Natal) B.Com (Unisa) M.B.A. (Wits)
	Mr Richard Kinross B.Acc (Unisa) CA (SA)
	Mr Frank Joel Davidson B.Acc (Wits) CA (SA)
Secretary	Mr Bruce Hall Haikney CA (SA)
	682 Pretoria Main Road
	Wynberg
	Sandton
	2199
Registered office	682 Pretoria Main Road
	Wynberg
	Sandton
	2199
Auditors	RSM South Africa Inc.
	Registered Auditors
	Executive City
	Cross Street & Charmaine Avenue
	President Ridge
	Randburg
	2194
Transfer secretary	Computershare Investor Services Proprietary Limited
	Rosebank Towers,
	15 Biermann Avenue,
	Rosebank, 2196
Bankers	ABSA Bank Limited
	Bank of China 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 Limited
Attorney	Adams Attorney
	Unit 7, 77 Park Drive
	Northcliff
Company registration number	1968/002490/06
Sponsor	Sasfin Capital, a member of Sasfin Bank Limited
	Sasfin Place, 29 Scott Street
	Waverley
	2090

NU-WORLD HOLDINGS LIMITED

CONTACT

682 Pretoria Main Road
Wynberg, Sandton
Johannesburg, 2199
South Africa

Tel: +27 (0)11 321 2111
Fax: +27 (0)11 440 9920

www.nuworld.co.za