



NU-WORLD HOLDINGS LIMITED
("Nu-World" or "the Group" or "the Company")

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2006

EBITDA OPERATING INCOME	PROFIT BEFORE TAX	ATTRIBUTABLE INCOME	HEADLINE EARNINGS PER SHARE	CASH BALANCES ON HAND	CASH GENERATED FROM OPERATIONS	CAPITAL DISTRIBUTION PER SHARE
UP 26,0%	UP 38,4%	UP 12,0%	UP 11,6%	UP 40,4%	R122,041	120,8
TO R129,061m	TO R120,423m	TO R82,030m	TO 378,3 cents	TO R267,578m	MILLION	CENTS

- Five Year Compound Average Annual Growth rate in Headline Earnings of 19,3%
- Sixteen consecutive years of growth in Turnover, Operating Income, Attributable Income, Headline Earnings per Share and Dividend
- Capitalising on demand for affordable branded consumer durables

ABRIDGED CONSOLIDATED INCOME STATEMENT			
	Audited year ended 31 August 2006 (R000)	Restated year ended 31 August 2005 (R000)	% change
Turnover	1 638 724	1 626 122	0,8
Net operating income	129 061	102 466	26,0
Depreciation	7 415	8 251	
Interest paid	1 223	7 220	
Income before taxation	120 423	86 995	38,4
Taxation	29 613	18 213	
Income after taxation	90 810	68 782	32,0
Share of associate company loss	(6 994)		
Minority interests	(1 786)	4 444	
Attributable income	82 030	73 226	12,0
Dividend declared		20 971	
Dividend per share (cents)		92,6	
Capital distribution	27 357		
Capital distribution from share premium (cents)	120,8		
Headline earnings	82 030	73 226	11,8
Earnings per share (cents)	378,3	339,1	11,6
Headline earnings per share (cents)	378,3	339,1	11,6
Dividend per share (cents)		92,6	30,5
Capital distribution per share (cents)	120,8		
Dividend declared/capital distribution cover	3,0	3,5	
Interest cover	99,5	13,0	
Shares in issue	21 683 890	21 592 490	
Shares in issue – weighted	21 683 890	21 592 490	
Shares in issue – diluted	22 634 890	22 543 490	

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT			
	Audited year ended 31 August 2006 (R000)	Restated year ended 31 August 2005 (R000)	
Cash generated by operating activities	54 659	65 467	
Cash generated from operations	122 041	101 512	
Interest paid	(1 223)	(7 220)	
Dividend paid	(27 820)	(15 252)	
Normal tax on companies	(38 339)	(13 573)	
Cash flows from investing activities	9 996	(26 342)	
Purchase of tangible fixed assets	(4 222)	(5 511)	
Proceeds on disposal of fixed assets	220	145	
Reclassification of associate to subsidiary	(8 471)		
Increase in investment in subsidiary	22 469	(20 884)	
Increase in investment in treasury shares		(92)	
Cash flows from financing activities	12 374	(10 196)	
Repayment of long term borrowing		(10 196)	
Increase in shareholders loans	11 361		
Proceeds from issue of treasury shares	1 013		
Net increase in cash and cash equivalents	77 029	28 929	
Effects of exchange rate changes		(68)	
Cash and cash equivalents at the beginning of the year	190 549	161 688	
Cash and cash equivalents at end of the year	267 578	190 549	

SEGMENTAL INFORMATION			
	Audited year ended 31 August 2006 (R000)	Restated year ended 31 August 2005 (R000)	% change
Geographical revenue			
Republic of South Africa	1 124 014	971 479	15,7
Offshore subsidiaries	514 710	407 039	26,5
Deconsolidated subsidiary	–	247 604	
	1 638 724	1 626 122	0,8
Geographical income			
Republic of South Africa	83 275	76 963	
Offshore subsidiaries	(1 245)	(3 737)	
	82 030	73 226	12,0

STATEMENT OF CHANGES IN EQUITY								
	Share capital R'000	Share premium R'000	Treasury share R'000	Foreign currency translation reserve R'000	Accumulated profit R'000	Shareholders for dividend R'000	Share based compensation reserve R'000	Total R'000
Balance as at 1 September 2004 (audited)	217	115 632	(1 072)	(813)	247 434			361 398
IFRS adjustments								
Restated balance as at 1 September 2004	217	115 632	(1 072)	(813)	247 434	–	–	361 398
Net profit for the year					73 226			73 226
Net profit as previously reported					73 385			73 385
IFRS adjustments					(159)			(159)
Derecognition of negative goodwill (IFRS 3)					2 412			2 412
Dividends					(15 251)	15 251		–
Dividend settled						(15 251)		(15 251)
IFRS adjustments – share based payments							159	159
Fair value movement								627
Net treasury movement			(20 872)	627				(20 872)
Treasury shares issued	9	20 770						20 779
Balance as at 31 August 2005	226	136 402	(21 944)	(186)	307 821	–	159	422 478
Net profit for the year					82 030			82 030
IFRS adjustments – share based payments							380	380
Dividends					(20 971)	20 971		–
Dividend settled						(20 971)		(20 971)
Fair value movement				352				352
Net treasury movement			1 013					1 013
Balance as at 31 August 2006	226	136 402	(20 931)	166	368 880	–	539	485 282

ABRIDGED CONSOLIDATED BALANCE SHEET			
	Audited year ended 31 August 2006 (R000)	Restated year ended 31 August 2005 (R000)	
ASSETS			
Non-current assets			
Fixed assets			44 867
Goodwill	41 673	25 729	18 089
Current assets			
Inventory	179 030		171 341
Trade and other receivables	241 512		227 716
Cash equivalents	267 578		190 549
Total assets	755 522	652 562	
EQUITY AND LIABILITIES			
Ordinary shareholders' funds	485 282		422 478
Minority interests	47 949		28 156
Total shareholders' funds	533 231		450 634
Non-current liabilities	10 607		6 928
Current liabilities			
Trade and other payables	200 323		195 000
Loans payable	11 361		
Total equity and liabilities	755 522	652 562	

SUPPLEMENTARY INFORMATION			
	Audited year ended 31 August 2006 (R000)	Restated year ended 31 August 2005 (R000)	% change
Analysis of Group turnover			
Current consolidated subsidiaries	1 638 724	1 378 518	18,9
Deconsolidated subsidiaries		247 604	(100)
Total Group turnover	1 638 724	1 626 122	0,8
Operating income as percentage of turnover (%)	7,9	6,3	25,0
Net negative debt to equity ratio (%)	(55,1)	(45,1)	
Effective taxation rate (%)	24,6	20,9	17,5
Net asset value per share (cents)	2 238,0	1 956,6	14,4
Capital expenditure			
Expansion	2 815	4 002	
Replacement	1 407	1 509	
	4 222	5 511	
Goodwill and amortisation			
At beginning of year	18 089	5 926	
Net acquisition of subsidiaries	15 978	9 751	
Reclassification of subsidiary	(8 338)		
Derecognition of negative goodwill in terms of IFRS 3	–	2 412	
	25 729	18 089	

Accounting policies
The final report is prepared on the historical cost basis, except financial instruments which have been fair valued.

This is in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), the requirements of the South African Companies Act and the JSE Listings Requirements.

The results are presented in terms of IFRS statements. The Group has adopted and applied IFRS for the first time for the year ended 2006.

The transition date is 1 September 2004. The following new accounting policies were adopted:

Shared-based payments
The Group has applied IFRS 2 – shared based payments. IFRS 2 has been applied to all grants of equity, which were invested as of 1 September 2004.

Reconciliation of Income Statement			
	Audited year ended 31 August 2006 R'000	Restated year ended 31 August 2005 R'000	
Profit attributable to shareholders			
As previously reported under SA GAAP	82 030	73 385	
IFRS adjustment – share based payments		(159)	
As reported under IFRS	82 030	73 226	
		Share based compensation reserve R'000	
			R'000
1 September 2005			
As previously reported	307 980		
IFRS adjustment – share based payments	(159)		159
As reported under IFRS	307 821		159

COMMENTS

FINANCIAL OVERVIEW
The Directors of the Group are pleased to report strong growth for the period ending 31 August 2006. For the sixteenth consecutive year, the Group has produced growth in turnover, operating income, attributable income, headline earnings per share and dividend/capital distribution.

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

Notwithstanding a softening of consumer sentiment, the Nu-World Group has continued to benefit from the current positive economic conditions being experienced in the South African retail industry. In addition, positive factors such as a rebound in confidence of retailers of durable goods due to stronger than expected retail sales in the 3rd quarter, tax cuts and sustained employment growth, continue to support household income and should sustain a gradual easing in retail sales growth, avoiding a sharp contraction.

Group turnover increased by 0,8% to R1,638m (August 2005: R1,626m). South African revenues increased 16% and had the Prima subsidiary not been deconsolidated, overall turnover increase would have been reported as 15,1%. Price deflation was evident in South Africa for most of the financial year and continues in Australia and the United Kingdom.

EBITDA increased 26,0% to R129,061m (August 2005: R102,466m)

Operating margins improved by 25,0% – increasing to 7,9% from the previous year's 6,3%.

Income before tax is up 38,4% to R120,423m (August 2005: R86,995m).

The **tax rate** increased from 20,9% to 24,6%, being more reflective of the expected tax rate going forward.

Attributable income increased by 12,0% to R82,030m. (August 2005: R73,226m).

Headline earnings per share on a weighted basis – H.E.P.S. increased 11,6% to 378,3 cents (August 2005: 339,1 cents).

Cash generated from operations amounted to R122,041m.

Overall net working capital days of 80.2 is an improvement on the previous year's 86,3 days.

The balance sheet is strong and the Group remains **ungeared** with **cash balances on hand** up 40,4% to R267,578m (August 2005: R190,549m).

The **net asset value per share** is up 14,4% to 2 238,0 cents (August 2005: 1 956,6 cents).

OPERATIONAL REVIEW

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

Subsidiaries

Nu-World U.K. Ltd; Yale Prima Pty Ltd; On Corporation USA

Nu-World U.K. Ltd is a 60% held subsidiary. The U.K. retail market continues to experience weak consumer sentiment, with lower disposable income due to increasing energy costs and higher interest rates. We are pleased to report that a new line-up of products and an increasing customer base, has seen the company returning to profitability in the current year. The order book leading up to the Christmas season is healthy.

Yale Prima Pty Ltd. In Australia, Nu-World has consolidated its two operations into a 54,8% shareholding of Yale Prima Pty Ltd, as of 1 August 2006. The Yale Appliance Group performed well for the year under review, with a business model better suited to Australia's difficult trading conditions. Prima Australasia experienced a difficult year in an increasingly competitive and deflationary market.

However, following the merger and the change of the Prima business model in line with Yale, directors are confident that the merged subsidiary will generate profits in the coming year. Since the date of the merger, Yale Prima has been profitable each month and the order book for the festive season is particularly strong. Australia represents the largest of the Group's foreign operations with revenues of R452,369m. The Australian market for consumer electronics, whilst extremely competitive, remains strong with consumers trading up to flat-panel televisions and the latest innovative technologies.

On Corporation USA. With effect from 1 May 2006 , the Group acquired a controlling interest in On Corporation USA, with a Korean partner. Initial revenue contribution for the year under review has been marginal but is forecast to improve significantly in the years ahead.

Consumer Electronics

JVC * Telefunken * Nu-Tec * Palsonic

The Nu-World brands, which in South Africa cover the spectrum of the consumer electronics market, from price entry to top-end, performed well during the period under review. Telefunken improved its rating in the latest Markinor survey.

Flat panel televisions are taking a greater share of the TV market, which is the largest single category of the consumer electronics market. Telefunken and JVC have launched a range of flat panel televisions, both LCD and Plasma. JVC offers the largest rear projection TV in the market. Other latest technology offerings include second generation camcorders with 30GB hard disc drives as well as software to support direct copying to DVD. Car audio is moving into the portable visual entertainment arena, offering 6½" LCD screens and IPOD ready audio. Latest innovations in home theatre, component systems, personal audio, portable multi-media and MP3's, are driving aspirational purchases.

New product range line-up

Conti Motorsport * Air-Conditioning * White Goods * Power Tools * Cell phones * GPS Guidance Systems

The new ranges of products in terms of motorsport, air-conditioning and white goods etc., represent a small percentage of our business at this time. However, these segments have performed exceedingly well and offer substantial potential for growth. In addition we are marketing a range of cell phones and GPS Guidance systems.

Conti Motorsport

The off-take of Conti Motorsport has been excellent. The range is ever growing and now includes: scooters, road bikes, super bikes, quad bikes, bicycles, generators, go-carts and golf carts.

Conti Motorsport is driven by affordable ownership and fuel efficient transport. With the increase in the cost of fuel, the nature of commuting in South Africa will inevitably change in line with other emerging markets.

Conti Motorsport provides consumers with an ownership opportunity. Ownership offers unlimited mobility, reduced commuting time, and cost-saving fuel efficiency.

Service and support is key, with 76 appointed service agents nationwide providing 24 hour service and spare parts.

AMID, the Association of Motorcycle Importers recently reported that sales of 2-wheelers year-to-date are up more than 50% on the previous year.

MANPOWER AND SOCIAL RESPONSIBILITY

The Group's BEE initiatives are in line with the DTI's BEE Codes of Good Practice on Broad-Based Black Economic Empowerment – in terms of management, employment equity, skills development, preferential procurement, enterprise development and corporate social responsibility. The Group is committed to comply with environmental regulations.

PROSPECTS

The Group has demonstrated its resilience by achieving growth for 16 consecutive years in turnover, operating income, attributable income and headline earnings per share.

South Africa, with a "high street" retail market estimated at R385bn, has been experiencing a period of the best retail environment in many years, notwithstanding the recent dipping of consumer sentiment. Structural changes and cyclical factors have contributed to this strong trading environment. South Africa's medium-term growth prospects are looking good. Urbanization and an emerging middle class support growth in sales of consumer durables, Nu-World's product of trade.

The slight deterioration in consumer sentiment in the third quarter, reflects a change in macroeconomic factors. The effects of higher petrol and food prices, interest rate hikes, the depreciation of the Rand and a slowdown in property increases has started to filter through to consumer sentiment. However, retailer confidence remains relatively high after a third quarter of superb sales growth. Third quarter statistics indicate that business confidence in the wholesale trade is extremely high. It is evident that notwithstanding recent pressures, consumer affordability levels have increased with many consumers upgrading their durables with more expensive, latest technology products.

Infrastructure spending and preparation for the 2010 Soccer World Cup will sustain growth in the medium term. The government has committed to spend R400bn in the medium-term to upgrade the country's electricity, water and transport infrastructure.

Nu-World has provided shareholders with growth generation, with the C.A.G.R over the last five years averaging 19,3%. The Group has demonstrated its ongoing ability to generate cash and shareholders have been rewarded with a steadily appreciating share price. The Group remains well positioned for long term growth in terms of our broad diversification, level of innovation and key customer relationships.

AUDIT REPORT

The consolidated financial statements for the year have been audited by Tuffias Sandberg KSi and their accompanying unqualified audit report as well as their unqualified audit report on this set of summarized financial information are available for inspection at the Company's registered office.

DISTRIBUTION TO SHAREHOLDERS

The Board has resolved to declare a distribution to shareholders by way of a capital distribution out of share premium of 120,8 cents per share. Shareholders will be asked to consider, and if deemed fit, to approve the capital distribution at the annual general meeting of Nu-World to be held on 24 January 2007. Salient dates and times pertaining to the capital distribution will be announced following the annual general meeting.

ANNUAL REPORT

The annual report will be mailed to shareholders in due course. The annual general meeting will take place on Wednesday, 24 January 2007, at the registered office of the Company.

On behalf of the board of directors

M. S. Goldberg
Executive Chairman
24 October 2006

B.H. Haikney
Company Secretary



Administration

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

Registered office

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Transfer secretaries

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

Company secretary

B.H. Haikney

Auditors

Tuffias Sandberg KSi

Joint sponsors

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

Directors

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

Non-executive Director

J.M. Judin

Independent Non-executive Director

D. Piary

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