

**NU-WORLD HOLDINGS LIMITED**
**Registration No. 1968/002490/06**
**(Incorporated in the Republic of South Africa)**
**JSE share code: NWL ISIN code: ZAE000005070**
**("Nu-World" or "the Group" or "the Company")**
**AUDITED CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 AND A DIVIDEND DECLARATION**

GROUP REVENUE	R 2 590,4 MILLION	+ 20.0%
NET OPERATING INCOME BEFORE BAD DEBT WRITE-OFF	R 204,5 MILLION	+ 53.1%
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS (AFTER BAD DEBT WRITE-OFF)	R 102,1 MILLION	+ 10.4%
EPS (CENTS)	488.4 CENTS	+ 13.6%
DIVIDEND PER SHARE (CENTS)	180.4 CENTS	+ 10.3%
NET ASSET VALUE PER SHARE (CENTS)	4 286.6 CENTS	+ 6.4%
CASH GENERATED FROM OPERATIONS	R 98,3 MILLION	

	Year ended	Year ended	
	31-Aug	31-Aug	
	2016	2015	%
	R000	R000	Change
CONDENSED GROUP STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME			
Revenue	2 590 415	2 159 240	20,0%
Net operating income before bad debt write-off	204 555	133 587	53,1%
Bad debt write-off (*)	(88 466)	0	
Net operating income	116 089	133 587	
Depreciation	2 812	2 437	
Interest paid	14 683	7 180	
Income before taxation	98 594	123 970	
Taxation	18 986	33 457	
Income after taxation	79 608	90 513	
Share of associate company income	36	41	
Net profit for the year	79 644	90 554	
Total profit attributable to:			
Non-controlling interest	(22 484)	(1 990)	
Equity holders of the Company	102 128	92 544	10,4%
	79 644	90 554	
Other comprehensive income:			
Exchange differences on translating foreign operations	15 899	689	
Total comprehensive income for the year	95 543	91 243	
Total comprehensive income attributable to:			
Non-controlling interest	(18 569)	(8 621)	
Equity holders of the Company	114 112	99 864	
	95 543	91 243	

	Year ended	Year ended	
	31-Aug	31-Aug	
	2016	2015	%
	R000	R000	change
Headline earnings reconciliation:			
Determination of attributable earnings and headline earnings:			
Basic and diluted basic earnings	102 128	92 544	10,4%
Less IAS 16 gains on disposal of property, plant and equipment	(9 899)	(437)	
Total tax effects of adjustment	2 255	122	
Total non-controlling interest effects of adjustments			
Headline earnings	94 484	92 229	
OTHER GROUP INFORMATION			
Dividend - proposed / paid	40 851	37 027	10,3%
Earnings per share (cents)	488,4	430,1	13,6%
Headline earnings per share (cents)	451,9	428,6	5,4%
Diluted earnings per share (cents)	455,3	408,7	11,4%
Dividend per share (cents)	180,4	163,5	10,3%
Dividend cover (times)	2,5	2,5	
Shares in issue (total issued)	22 646 465	22 646 465	0,0%
Shares in issue (less treasury shares)	21 268 900	20 905 690	1,7%
Shares in issue - weighted	20 910 415	21 518 864	-2,8%
Shares in issue - diluted	22 428 900	22 645 690	0,0%
Operating income before bad debt write-off as percentage of revenue	7,9%	6,2%	28,2%
(Negative debt)/ Net Debt to equity ratio	(1,0%)	4,6%	
Effective taxation rate	19,3%	27,0%	
Net asset value per share (cents)	4 286,6	4 029,1	6,4%
Intangible assets			
Goodwill and amortization			
Balance at beginning of year	29 978	30 878	
Translation difference	2 780	(900)	
Balance at end of year	32 758	29 978	
Patents and trademarks			
Balance at beginning of year	31 706	31 706	
Amount impaired during year	-	-	
Balance at end of year	31 706	31 706	
Total intangible assets	64 464	61 684	

# SEGMENTAL INFORMATION

	Year ended	Year ended	
	31-Aug	31-Aug	
	2016	2015	%
	R000	R000	change
Geographical revenue			
South Africa	1 753 783	1 443 802	21,5%
Offshore subsidiaries	836 632	715 438	16,9%
	2 590 415	2 159 240	20,0%
Geographical income			
South Africa	81 404	59 532	
Offshore subsidiaries	20 724	33 012	
	102 128	92 544	10,4%
Attributable income as percentage of turnover (%)			
South Africa	4,6%	4,1%	12,6%
Offshore subsidiaries	2,5%	4,6%	
	3,9%	4,3%	

	Year ended	Year ended
	31-Aug	31-Aug
	2016	2015
	R000	R000
CONDENSED GROUP STATEMENT OF FINANCIAL POSITION		
ASSETS		
Non-current assets		
Property, plant and equipment	25 119	23 148
Intangible assets	64 464	61 684
Investment in associates	185	149
Deferred taxation	22 195	3 301
Current assets		
Assets classified as held for sale	0	9 940
Inventory	391 860	422 095
Stock in transit	178 422	212 883
Trade and other receivables	500 733	400 893
Cash and cash equivalents	80 401	90 077
Total assets	1 263 379	1 224 170
EQUITY AND LIABILITIES		
Ordinary shareholders' funds	911 711	842 317
Non-controlling interest	12 764	31 333
Total shareholders' funds	924 475	873 650
Current liabilities		
Bank overdraft	71 017	128 873
Trade and other payables	267 887	221 647
Total equity and liabilities	1 263 379	1 224 170

# CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Year ended	Year ended
	31-Aug	31-Aug
	2016	2015
	R000	R000
Balance as at 1 September	842 317	757 713
Total attributable income for the year	102 128	92 544
Dividend paid	(37 027)	(26 206)
Movement in foreign currency translation reserve	11 985	7 320
Treasury share movement	6 228	(15 444)
(Redemption)/issue of share-based payment awards	(13 920)	26 390
Balance as at 31 August	911 711	842 317

# CONDENSED GROUP STATEMENT OF CASH FLOWS

	Year ended	Year ended
	31-Aug	31-Aug
	2016	2015
	R000	R000
Cash generated from/(absorbed by) operating activities	8 679	(94 257)
Cash generated from/(absorbed by) operations	98 289	(28 932)
Investment income	216	197
Interest paid	(14 683)	(7 180)
Dividend paid	(37 027)	(26 205)
Taxation paid	(38 116)	(32 137)
Cash flows from investing activities	21 814	(16 207)
Purchase of tangible fixed assets	(4 724)	(5 719)
Proceeds on disposal of fixed assets	82	76
Increase /(decrease) in investment in treasury shares	6 228	(15 444)
Proceeds on disposal of assets held for sale	20 230	4 880
Net increase/(decrease) in cash and cash equivalents	30 493	(110 464)
Cash and cash equivalents at the beginning of the year	(38 796)	67 948
Effect on exchange rate changes on the balance of cash held in foreign currencies	17 687	3 720
Cash and cash equivalents at end of the year	9 384	(38 796)

## COMMENTARY

### Corporate information

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

### Basis of preparation

These audited condensed consolidated annual financial statements for the year ended 31 August 2016 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Companies Act, No 71 of 2008 (as amended), the JSE Limited Listings Requirements and comply with the disclosure requirements of IAS 34: Interim Financial Reporting.

The condensed consolidated financial statements have been prepared under the historical cost convention.

The accounting policies used in the preparation of these results are in accordance with IFRS and consistent in all material respects with those used in the audited annual financial statements for the year ended 31 August 2015.

The condensed consolidated financial statements are presented in Rand rounded to the nearest thousand ('000).

The annual financial statements have been prepared under the supervision of Graham Hindle CA (SA) in his capacity as Financial Director.

### Auditor's opinion

The independent auditors, RSM South Africa, and designated auditor Ms. Jackie Kitching, have issued their unqualified audit opinion on the Group's annual financial statements and this set of condensed consolidated financial statements for the year ended 31 August 2016. The audit was conducted in accordance with International Standards on Auditing. The directors take full responsibility for the preparation of this condensed report and the financial information has been correctly derived from the Group financial statements and are consistent in all material aspects with the Group financial statements. Their unqualified audit report for this set of condensed consolidated financial information is available for inspection at the Company's registered office.

### Bad debt write-off (\*)

Shareholders were advised in the SENS announcement released on 26 February 2016, that one of Nu-World's 59,35% held subsidiaries, Yale Prima Proprietary Limited's ("Yale"), customers, Dick Smith Holdings Limited ("DSH"), a Top 200 Australian Securities Exchange company and its subsidiaries (collectively "DSE"), were placed into liquidation on 25 February 2016.

On 4 January 2016, DSE was placed into Voluntary Administration (with McGrathNicol acting as Voluntary Administrators to DSH ("Administrators")) and shortly thereafter into Receivership (with Ferrier Hodgson acting as Receivers and Managers to DSH ("Receivers")).

The first creditors' meeting was held on 14 January 2016, where the Administrators outlined the following:

- a. The intention of the Receivers was to continue trading as usual and simultaneously run a sale campaign for all or parts of the DSE business.
- b. To allow the Administrators and Receivers to properly assess the state of the business and to run the sale campaign without creditor interference. It was their intention to postpone the second critical creditors' meeting by at least 6 months.

The request for extension of the second creditors' meeting was granted by both the federal courts of Australia and New Zealand until, at the earliest, the first week in August 2016. As a result of the extension and as per the orders of the court, no formal communication regarding either the sales process or DSE's financial position was supplied to the creditors' by either the Administrators or Receivers.

On 25 February 2016, the Receivers and Administrators announced the liquidation of DSE and that the remaining Dick Smith and Move Stores in Australia and New Zealand would close.

Subsequent to this date, all the DSE stores have either been closed or sold. There is no further trading. The liquidators have advised that there is no likelihood of any recovery of debt for any concurrent creditor, and accordingly the entire DSE debt of 8.6 million Australian Dollars ("AUD") has been written off.

#### OPERATING RESULTS

The Group produced satisfactory results for the year ended 31 August 2016 despite the write off of Yale's DSE receivable. Accordingly the directors are pleased to report strong positive top-line growth and positive earnings growth attributable to equity holders of the Company.

#### South Africa

South Africa is the largest hub of the Group, currently into our 70th year of operations.

The South African economy continues to show resilience, although the growth in the Group's categories is slower. Consumers' disposable income has fallen, placing many retailers and others under undue pressure. Notwithstanding this issue, the company in South Africa managed to show positive growth in both sales and profitability. We continue to try and offer our customer base, the best quality products at affordable prices. Operating profit as a percentage of turnover improved by 12,6% mainly due to the completion of the consolidation of warehouses reducing overall warehousing and distribution costs, as a percentage of turnover by in excess of 10%, the reduction of administration costs as a percentage of turnover costs and the sale of non-core assets previously held for sale. The Company enjoyed strong exports into neighboring and other territories.

Our exclusive brands of Ideal, Sunbeam, Goldair, JVC, Telefunken, Nutec and Palsonic increased the opportunity for growth, with expanded ranges, designs and specifications. Due to the climate change and the more extreme weather, seasonal sales, both summer and winter ranges, showed strong sales growth in the year under review.

## Offshore operations

### Africa / Middle East / CIS

Many of these markets are under pressure due to political and economic conditions. In Africa the foreign exchange availability affects the business cycle. Nevertheless, the Group broke through with additional sales to CIS (Commonwealth of Independent States). New distributors for various countries are being finalized, as are different product categories.

### Australia

Our penetration into the Australian market for JVC continues in both Visual and Audio sectors. Yale also experienced additional sales growth through their traditional business, ranging various items for major retail customers.

With the exception of the bad debt write-off, the year under review was reasonable, however Yale continues to review all costs and is committed to reducing costs further wherever possible.

## FINANCIAL OVERVIEW

### STATEMENT OF COMPREHENSIVE INCOME

Group revenue increased by 20,0% to R 2 590,4 million

(August 2015 - R 2 159,2 million).

Net operating income before impairment of receivable increased by 53,1% to R 204,6 million (August 2015 - R 133,6 million)

Total earnings per share for year under review increased by 13,6% to 488,4 cents (August 2015 - 430,1 cents).

### STATEMENT OF FINANCIAL POSITION

The balance sheet remains strong with a negative gearing ratio (debt:equity) of (1,0%) (August 2015 - 4,6%).

Inventory levels, inclusive of stock in transit, of R 570,3 million decreased by 10,2% from August 2015 (R 635,0 million). Directors and management remain focused on improving working capital management. Stock levels and ranges are being rationalised and stock turn rates should improve in future.

The increase in trade and other receivable of 24,9% to R 500,7 million (August 2015 - R 400,9 million) arose due to the increase in Group turnover (20,0%) for the year together with the change in the customer sales mix.

Net asset value per share has increased by 6,3% to 4 286,6 cents (August 2015 - 4 029,1 cents).

### CASH FLOW

Cash generated from operations amounted to R 98,3 million (August 2015 : R 28,9 million absorption) arose from higher debtor levels from increased turnover, reduced inventory levels, reduced goods in transit levels and reduced import prepayments.

## SEGMENT REPORTING

The South African business operations contributed 67,7% of the Group's revenue and 79,7% of the Group's attributable income. Offshore operations account for 32,3% of turnover and 20,3% of income. Revenue growth across certain business segments, coupled with improved margins from both local

and offshore operations, resulted in operating income before impairment of receivables improving by 53,1%.

#### BOARD OF DIRECTORS

F.J. Davidson joined the board of directors during the year under review.

#### CORPORATE ACTIVITIES

There were no corporate activities during the year under review.

#### ENVIRONMENTAL, SOCIAL AND GOVERNANCE ASPECTS

The Group subscribes to the Code on Corporate Governance Practices and Conduct as contained in the King III Report on Corporate Governance. Nu-World is committed to transparent and integrated reporting in the spirit of King III and the Global Reporting Initiative (GRI).

Nu-World continues its community support and corporate social investment. The Group has introduced the Nu-World School of Excellence for both employees and surrounding unemployed members of communities.

#### SUBSEQUENT EVENTS

No events material to the understanding of this report have occurred during the period between 31 August 2016 and the date of this report.

#### DECLARATION OF FINAL DIVIDEND

Notice is hereby given that a final gross dividend of 180,4 cents per share (2015: 163,5 cents per share) was declared on 27 October 2016 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:	Thursday, 27 October 2016
Last date to trade 'cum' dividend	Tuesday, 29 November 2016
Date trading commences 'ex' dividend	Wednesday, 30 November 2016
Record date	Friday, 2 December 2016
Date of payment	Monday, 5 December 2016

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 30 November 2016 and Friday, 2 December 2016, both days inclusive.

Dividend withholding tax (DWT) of 15% 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 153,34 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, 5 December 2016.

#### ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

The 2016 Integrated Annual report will be mailed to shareholders prior to the end of December 2016. The annual general meeting will take place at 10h00 on Wednesday, 8 February 2017, at the registered office of the Company.

#### PROSPECTS

Improvements in strategic and operational plans are the focus of management to grow market share in the consumer electronics and branded consumer durables sectors, both locally and offshore. This, coupled with the expanded offshore territories that the Group trades in, should increase the contribution from these businesses in future years. Corrective action has been taken in the Australian operations to ensure the return to profitability.

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

Any reference to the Group's future financial performance contained in this announcement has not been reviewed or reported on by the Company's auditors.

On behalf of the board of directors

J.A. Goldberg  
Chief Executive Officer  
27 October 2016

G.R. Hindle  
Financial Director

#### Administration

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

#### Registered office

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

#### Transfer secretaries

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

#### Company secretary

B.H. Haikney

Auditors

RSM South Africa

Directors

M.S. Goldberg (Executive Chairman),

J.A. Goldberg (Chief Executive),

G.R. Hindle (Financial Director)

Independent Non-executive directors

J.M. Judin (Lead)

D. Piaray

R. Kinross

F.J. Davidson

[www.nuworld.co.za](http://www.nuworld.co.za)

27 October 2016

Sponsor

Sasfin Capital,

(a division of Sasfin Bank Limited)