

**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 2018 AND A DIVIDEND DECLARATION**

NET OPERATING INCOME BEFORE TAXATION	R	272,5 MILLION	+	12.4%
HEADLINE EARNINGS PER SHARE (CENTS)		869,5 CENTS	+	11.5%
DIVIDEND PER SHARE (CENTS)		327.5 CENTS	+	11.9%
NET ASSET VALUE PER SHARE (CENTS)		5 235,2 CENTS	+	12.0%
CASH GENERATED FROM OPERATIONS	R	55,2 MILLION		

	Year ended	Year ended	
	31-Aug	31-Aug	
	2018	2017	%
	R000	R000	Change
CONDENSED GROUP STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME			
Revenue	3 004 227	2 948 025	
Net operating income	272 486	242 318	12,4%
Depreciation	2 740	4 884	
Interest paid	28 667	18 235	
Income before taxation	241 079	219 199	
Taxation	54 915	48 702	
Income after taxation	186 164	170 497	
Share of associate company income	107	82	
Net profit for the year	186 271	170 579	9,2%
Total profit attributable to:			
Non-controlling interest	858	4 887	
Equity holders of the Company	185 413	165 692	11,9%
	186 271	170 579	
Other comprehensive income:			
Exchange differences on translating foreign operations	26 635	(19 659)	
Total comprehensive income for the year	212 906	150 920	41,1%
Total comprehensive income attributable to:			
Non-controlling interest	1 389	3 876	
Equity holders of the Company	211 517	147 044	43,9%
	212 906	150 920	
Headline earnings reconciliation:			
Determination of attributable earnings and headline earnings:			
Basic earnings	185 413	165 692	
Loss on disposal of property, plant and equipment	147	227	

	Year ended	Year ended	
	31-Aug	31-Aug	
	2018	2017	%
	R000	R000	Change
Total tax effects of adjustment	(41)	(63)	
Headline earnings	185 519	165 856	11,9%
OTHER GROUP INFORMATION			
Dividend - proposed / paid	74 165	66 277	11,9%
Earnings per share (cents)	869,0	779,2	11,5%
Headline earnings per share (cents)	869,5	780,0	11,5%
Diluted earnings per share (cents)	857,8	739,1	16,1%
Dividend per share (cents)	327,5	292,7	11,9%
Dividend cover (times)	2,5	2,5	
Shares in issue (total issued)	22 646 465	22 646 465	
Shares in issue (less treasury shares)	21 615 016	21 340 947	
Shares in issue - weighted	21 335 944	21 263 167	
Shares in issue - diluted	21 615 016	21 920 947	
Operating income as percentage of revenue	9,1%	8,2%	10,3%
Net asset value per share (cents)	5 235,2	4 674,6	12,0%
Intangible assets			
Goodwill and amortization			
Balance at beginning of year	31 522	32 758	
Translation difference during year	538	(1 236)	
Balance at end of year	32 060	31 522	
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	63 766	63 228	

#### SEGMENTAL INFORMATION

	Year ended	Year ended	
	31-Aug	31-Aug	
	2018	2017	%
	R000	R000	Change
Geographical revenue			
South Africa	2 255 369	2 024 484	
Offshore subsidiaries	748 858	923 541	
	3 004 227	2 948 025	1,9%
Geographical income			
South Africa	115 971	90 101	
Offshore subsidiaries	69 442	75 591	
	185 413	165 692	11,9%
Attributable income as percentage of revenue (%)			
South Africa	5,1%	4,4%	15,6%
Offshore subsidiaries	9,3%	8,2%	13,2%
	6,2%	5,6%	9,8%

	Year ended	Year ended
	31-Aug	31-Aug
	2018	2017
	R000	R000
CONDENSED GROUP STATEMENT OF FINANCIAL POSITION		
ASSETS		
Non-current assets		
Property, plant and equipment	22 455	23 188
Intangible assets	63 766	63 228
Investment in associates	375	267
Deferred taxation	20 700	18 369
Current assets		
Inventory	696 793	427 841
Stock in transit	250 143	238 337
Trade and other receivables	394 722	471 423
Cash and cash equivalents	125 659	114 279
Total assets	1 574 613	1 356 932
EQUITY AND LIABILITIES		
Ordinary shareholders' funds	1 131 599	997 606
Non-controlling interest	14 436	16 640
Total shareholders' funds	1 146 035	1 014 246
Current liabilities		
Bank overdraft	133 119	59 263
Trade and other payables	295 459	283 423
Total equity and liabilities	1 574 613	1 356 932

#### CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Year ended	Year ended
	31-Aug	31-Aug
	2018	2017
	R000	R000
Balance as at 1 September	997 606	911 711
Total attributable income for the year	185 413	165 692
Dividend paid	(66 286)	(40 854)
Movement in foreign currency translation reserve	26 104	(18 648)
Treasury share movement	2 682	(6 375)
Redemption of share-based payment awards	(13 920)	(13 920)
Balance as at 31 August	1 131 599	997 606

## CONDENSED GROUP STATEMENT OF CASH FLOWS

	Year ended	Year ended
	31-Aug	31-Aug
	2018	2017
	R000	R000
Cash (utilized)/generated from operating activities	(88 480)	74 264
Cash generated from operations	55 177	176 527
Investment income	367	317
Interest paid	(28 667)	(18 235)
Dividend paid	(66 286)	(40 854)
Normal tax on companies	(49 071)	(43 491)
Cash flows from investing activities	(3 047)	(9 537)
Purchase of tangible fixed assets	(2 230)	(3 651)
Investment in subsidiary	(3 593)	80
Proceeds on disposal of fixed assets	93	409
Issue/(Purchase) of treasury shares	2 683	(6 375)
Net (decrease)/increase in cash and cash equivalents	(91 527)	64 727
Cash and cash equivalents at the beginning of the year	55 016	9 384
Effect on exchange rate changes on the balance of cash held in foreign currencies	29 051	(19 095)
Cash and cash equivalents at end of the year	(7 460)	55 016

## COMMENTARY

### 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.

### Basis of preparation

These audited condensed consolidated annual financial statements for the year ended 31 August 2018 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 2017.

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

This condensed consolidated report is extracted from audited information.

The independent auditors, RSM South Africa Inc., and designated auditor Ms. Jacqueline 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 2018. The audit was conducted in accordance with International Standards on Auditing. The directors take full responsibility for the preparation of this condensed consolidated report and confirm that 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.

## OPERATING RESULTS

The directors are pleased to report satisfactory results for the year ended 31 August 2018 despite the tough economic climate. The Group produced revenue in excess of R3Bn, positive earnings growth attributable to equity holders of the Company of 11.9%

### South Africa

The South African business operation performed well despite the economic environment, increasing revenue by 11,4%, attributable income by 28,7% and income as a percentage of revenue by 15,6%.

Various improvements in efficiencies including consolidated warehousing and distribution has contributed to the improved margins. The Group is fortunate to have dedicated and self-motivated staff to drive the Company forward.

### Sales

#### Consumer electronics

The Company continues to develop latest solutions and product for their customers, by offering devices that are smarter and easier to use, bringing benefits to all. Exciting new range and brands are being offered for the coming sales season.

#### Seasonal products

Winter sales were in line with forecast.

Summer seasonal sales started well and real growth is anticipated.

#### Appliances - Small domestic appliances (SDA) and white goods

SDA - the company launched new top end brand - Ultimium - bringing high end product to the consumer at affordable prices. These ranges are to be extended.

Competitive price point models continue to be released with new improvements in quality and design.

White goods - more comprehensive ranges being offered including one of the largest ranges of cooker hoods. Refrigeration sales continue to increase.

#### Fast Moving Consumer (FMC) Division - Liquor and other

This division has been expanded by the incorporation of locally manufactured exclusively designed cigarettes with option of flavourings, under the brand "Ultimum".

Liquor - additional single malts and Japanese whisky's have been added. Keeping with the latest trends of "a move to Gin", the company has introduced two additional gin brands.

### Offshore operations

#### Australia

The market in Australia experienced tough economic times. One of our operations larger customers exited from direct import programme, as anticipated, and the company is working toward obtaining new opportunities. This has partially been achieved by securing an additional consumer electronic brand and new customer.

Nu-World Middle East / Nu-World Global HK

The companies and the market they service performed adequately.

Middle East experienced some economic turmoil with the previous rapid decrease in the oil price, subsequently now reversing.

India

India, the Group's most recently added territory, showed slow growth initially, however this recovered well in the last quarter of the financial year.

South America - Brazil/Uruguay/Paraguay

This region continues with strong support and the forward book looks promising. These markets are expanding with new ranges and product categories, which benefits should start in the new financial year.

## FINANCIAL OVERVIEW

### STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

Group revenue increased by 1,9% to R 3 004,2 million  
(August 2017 - R 2 948,0 million).

Net operating income (EBITDA) increased by 12,4% to R 272,5 million  
(August 2017 - R 242,3 million)

Total headline earnings per share for year under review increased by 11,5% to 869,5 cents (August 2017 - 780,0 cents).

### STATEMENT OF FINANCIAL POSITION

The balance sheet remains strong with gearing of less than 1%. (August 2017 - negative 5,5%).

Inventory levels, inclusive of stock in transit, of R 946,9 million increased by 42,1% from August 2017 (R 666,2 million). The increase arose mainly from the devaluation of the local currency, the early receipt of peak season stock holding, and the addition of new consumer electronic brands. Directors and management remain focused on improving working capital management, stock turn and rationalising product ranges. Efforts are under way to liquidate the slower moving stock lines.

Trade and other receivables decreased by 16,3% to R 394,7 million (August 2017 - R 471,4 million) mainly due to the collection of outstanding offshore debt and the early receipt of local debtor payments. Net asset value per share has increased by 12,0% to 5 235,2 cents (August 2017 - 4 674,6 cents).

### CASH FLOW

Cash generated from operations amounting to R 55,2 million (August 2017: R 176,5 million) arose from the increased profitability of the Group and stringent credit control.

### SEGMENT REPORTING

The South African business operations contributed 75,0% of the Group's revenue and 62,5% of the Group's attributable income. Offshore operations account for 25,0% of turnover and 37,5% of income. Revenue growth across most business segments, coupled with improved margins from both local and offshore operations, resulted in operating income as a percentage of turnover improving by 9,8% to 6,2%.

#### BOARD OF DIRECTORS

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 subscribes to 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.

#### DECLARATION OF FINAL DIVIDEND

Notice is hereby given that a final gross dividend of 327,5 cents per share (2017: 292,7 cents per share) was declared on 23 October 2018, 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:	Tuesday, 23 October 2018
Last date to trade 'cum' dividend	Tuesday, 5 February 2019
Date trading commences 'ex' dividend	Wednesday, 6 February 2019
Record date	Friday, 8 February 2019
Date of payment	Monday, 11 February 2019

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 6 February 2019 and Friday, 8 February 2019, 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 262,0 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, 11 February 2019.

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

The 2018 Integrated Annual report will be mailed to shareholders prior to 31 December 2018. The annual general meeting will take place at 10h00 on Wednesday, 13 February 2019, at the registered office of the Company.



## PROSPECTS

Improvements in strategic and operational plans are the focus of management 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 projects division continues to explore business opportunities that could increase contributions.

The Group continues to focus its target market on recognized 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.

## CONTINGENT LIABILITY - PENDING TAX LITIGATION

As previously reported in the interim results, on 27<sup>th</sup> March 2018, the South African Revenue Service (SARS) issued revised assessments for Nu-World Global Investments (Pty) Ltd, 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 R7,6M and interest, omissions and penalties until 31<sup>st</sup> August 2018 of R21,4M.

In addition, on 24<sup>th</sup> May 2018, SARS issued a revised VAT assessment for Nu-World Industries (Pty) Ltd, 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 R4,1M and interest and penalties until 31<sup>st</sup> August 2018 of R5,3M.

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.

## SUBSEQUENT EVENTS

No events material to the understanding of this report have occurred during the period between 31 August 2018 and the date of this report.

On behalf of the board of directors

J.A. Goldberg  
Chief Executive Officer  
23 October 2018

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

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Transfer secretaries  
Computershare Investor Services (Pty) Ltd  
Rosebank Towers, 15 Bierman Avenue,  
Rosebank, 2196

Company secretary  
B.H. Haikney

Auditors  
RSM South Africa Inc.

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)

23 October 2018

Sponsor  
Sasfin Capital (a member of the Sasfin Group)