

**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 2017 AND A DIVIDEND DECLARATION**

GROUP REVENUE	R 2 948,0 MILLION	+ 13.8%
NET OPERATING INCOME BEFORE TAXATION	R 219,2 MILLION	+ 122.3%
HEADLINE EARNINGS PER SHARE (CENTS)	780,0 CENTS	+ 72.6%
DIVIDEND PER SHARE (CENTS)	292,7 CENTS	+ 62.2%
NET ASSET VALUE PER SHARE (CENTS)	4 674,6 CENTS	+ 9.1%
RETURN ON SHAREHOLDERS' FUNDS	16,8 %	+ 95.3%
CASH GENERATED FROM OPERATIONS	R 176,5 MILLION	

	Year ended	Year ended	
	31-Aug	31-Aug	
	2017	2016	%
	R000	R000	Change
<b>CONDENSED GROUP STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME</b>			
Revenue	2 948 025	2 590 415	13,8%
Net operating income	242 318	116 089	108,7%
Depreciation	4 884	2 812	
Interest paid	18 235	14 683	
Income before taxation	219 199	98 594	122,3%
Taxation	48 702	18 986	
Income after taxation	170 497	79 608	
Share of associate company income	82	36	
Net profit for the year	170 579	79 644	
Total profit attributable to:			
Non-controlling interest	4 887	(22 484)	
Equity holders of the Company	165 692	102 128	62,2%
	170 579	79 644	
Other comprehensive income:			
Exchange differences on translating foreign operations	(19 659)	15 899	
Total comprehensive income for the year	150 920	95 543	
Total comprehensive income attributable to:			
Non-controlling interest	3 876	(18 569)	
Equity holders of the Company	147 044	114 112	
	150 920	95 543	
Headline earnings reconciliation:			
Determination of attributable earnings and headline earnings:			
Basic earnings	165 692	102 128	

	Year ended	Year ended	
	31-Aug	31-Aug	
	2017	2016	%
	R000	R000	Change
Loss/(profit) on disposal of property, plant and equipment	227	(9 899)	
Total tax effects of adjustment	(63)	2 255	
Headline earnings	165 856	94 484	75,5%
OTHER GROUP INFORMATION			
Dividend - proposed / paid	66 277	40 851	
Earnings per share (cents)	779,2	488,4	59,5%
Headline earnings per share (cents)	780,0	451,9	72,6%
Dividend per share (cents)	292,7	180,4	62,2%
Dividend cover (times)	2,5	2,5	
Shares in issue (total issued)	22 646 465	22 646 465	
Shares in issue (less treasury shares)	21 340 947	21 268 900	
Shares in issue - weighted	21 263 167	20 910 415	
Shares in issue - diluted	21 920 947	22 428 900	
(Negative debt) to equity ratio	(5,5%)	(1,0%)	
Net asset value per share (cents)	4 674,6	4 286,6	9,1%
Intangible assets			
Goodwill and amortization			
Balance at beginning of year	32 758	29 978	
Translation difference during year	(1 236)	2 780	
Balance at end of year	31 522	32 758	
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	63 228	64 464	

#### SEGMENTAL INFORMATION

	Year ended	Year ended	
	31-Aug	31-Aug	
	2017	2016	%
	R000	R000	Change
Geographical revenue			
South Africa	2 024 484	1 753 783	
Offshore subsidiaries	923 541	836 632	
	2 948 025	2 590 415	13,8%
Geographical income			
South Africa	90 101	81 404	
Offshore subsidiaries	75 591	20 724	
	165 692	102 128	62,2%
Attributable income as percentage of turnover (%)			
South Africa	4,4%	4,6%	
Offshore subsidiaries	8,2%	2,5%	
	5,6%	3,9%	43,5%

	Year ended	Year ended
	31-Aug	31-Aug
	2017	2016
	R000	R000
CONDENSED GROUP STATEMENT OF FINANCIAL POSITION		
ASSETS		
Non-current assets		
Property, plant and equipment	23 188	25 120
Intangible assets	63 228	64 464
Investment in associates	267	185
Deferred taxation	18 369	22 195
Current assets		
Inventory	427 841	391 861
Stock in transit	238 337	178 422
Trade and other receivables	471 423	450 143
Cash and cash equivalents	114 279	80 401
Total assets	1 356 932	1 212 791
EQUITY AND LIABILITIES		
Ordinary shareholders' funds	997 606	911 711
Non-controlling interest	16 640	12 764
Total shareholders' funds	1 014 246	924 475
Current liabilities		
Bank overdraft	59 263	71 017
Trade and other payables	283 423	217 299
Total equity and liabilities	1 356 932	1 212 791

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Year ended	Year ended
	31-Aug	31-Aug
	2017	2016
	R000	R000
Balance as at 1 September	911 711	842 317
Total attributable income for the year	165 692	102 128
Dividend paid	(40 854)	(37 027)
Movement in foreign currency translation reserve	(18 648)	11 985
Treasury share movement	(6 375)	6 228
Redemption of share-based payment awards	(13 920)	(13 920)
Balance as at 31 August	997 606	911 711

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Year ended	Year ended
	31-Aug	31-Aug
	2017	2016
	R000	R000
Cash generated from operating activities	74 264	8 679
Cash generated from operations	176 527	98 289
Investment income	317	216
Interest paid	(18 235)	(14 683)
Dividend paid	(40 854)	(37 027)
Normal tax on companies	(43 491)	(38 116)
Cash flows from investing activities	(9 537)	21 814
Purchase of tangible fixed assets	(3 651)	(4 724)
Investment in subsidiary	80	
Proceeds on disposal of fixed assets	409	80
(Purchase)/issue of treasury shares	(6 375)	6 228
Proceeds on disposal of assets held for sale		20 230
Net increase in cash and cash equivalents	64 727	30 493
Cash and cash equivalents at the beginning of the year	9 384	(38 796)
Effect on exchange rate changes on the balance of cash held in foreign currencies	(19 095)	17 687
Cash and cash equivalents at end of the year	55 016	9 384

## 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 2017 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 2016.

### Restatement of 2016 comparatives

The directors wish to inform shareholders that trade and other receivables and trade and other payables disclosed in the Company's annual financial statements for the year ended 31 August 2016 have been restated by R53 086 607 as a result of the elimination of an inter-company balance between two of the group's offshore subsidiaries. The restatement had no effect on either the Group's statement of profit or loss and other comprehensive income, equity statement or cash generated from operating activities for the current or prior year.

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 but is not itself audited.

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 2017. 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 strong positive top-line growth and positive earnings growth attributable to equity holders of the Company for the year ended 31 August 2017.

#### South Africa

The South African business operation, now in its 71<sup>st</sup> year of operation, has survived economic, political and financial hurdles, by adapting to market conditions. The past year has been no exception. The company has managed to increase sales by offering the market product and services at affordable pricing. The consumer is continually under pressure as disposable income becomes increasingly limited. Nu-World brings product to the market which makes one's daily life easier, better and more affordable.

The local operations contribute 54,4% of the Group's attributable income. The EBITDA of the local operation has been maintained at 6,3% of the turnover. The further consolidation of warehousing and distribution has reduced overall warehousing and distribution costs by 3,7% of turnover. Other selling and administration costs have increased in line with the increase in revenue.

#### Sales

##### Consumer electronics

Our consumer electronics local division, spearheaded by the JVC and Telefunken brands, continues to gain momentum and gain market share in a competitive market space. Smart TV, that allows streaming of latest movies, documentaries and series, allowing the consumer choice in what they watch and when. The audio division expanded its range and offering, designs and specifications, which allowed for strong growth. Bluetooth audio, allowing playing of latest music and live streaming from mobile devices, as well as playing direct from your playlists. Telefunken car audio offers bluetooth as well as movie streaming, GPS, touch screen and latest technology, at affordable pricing.

##### Hi-Tech

Brands include Telefunken, Neon IQ and various house brands. The company offers a range of tablets, inclusive of the latest 10.1" 3G tablet, being the largest 3G tablet, at the best price.

##### Seasonal products

The seasonal product offering, branded under the Sunbeam, Goldair and Ideal brands, plus certain house brands, has increased during the year under review. The company has recently introduced the latest inverter air conditioners which utilize less power and are quieter and more energy efficient. Further innovative product offerings include rechargeable fans with built-in batteries allowing operation without AC power and patio infrared heaters offering immediate "high heat" with wall mountable or stand options.

Appliances - Small domestic appliances and white goods

Brands include Ideal, Ideas, Sunbeam, Prima One & Only, Telefunken, Goldair and other house brands. New innovative products launched in the current year include the latest glass kettle design incorporating LED lights, electricity efficient induction cookers, filtrated water dispensers offering consumers affordable safe hot and cold drinking water, gas cookers and ovens utilising LPG gas for continuous efficient cooking, plus a new range of laundry products.

Liquor

Sales of liquor product to our existing customer base, grew in excess of 20%, assisted by the introduction of new international Spirit brands inclusive of Muirhead and Highland Queen Scottish whiskey, Murphys Law and Clan Cullen Irish whiskey, Flirt vodkas plus a full range of single malt whiskey. Our offerings also includes an extensive range of fully imported UK beers.

Offshore operations

The Group managed to grow revenue in double digits through adding additional product categories, offerings and increasing its' distributors and territories.

Saudi Arabia

Sales to Saudi Arabia continue with positive prospects of strong sales in 2018.

India

India is the Group's most recently added territory, with the first shipments to this territory being despatched in August 2017. Substantial growth to this region is expected over the next 12 months.

Uruguay/Paraguay

The order book for this region was very strong in the last quarter and future orders look very promising.

Georgia

A strong distribution base has now been established in this territory.

Australia

The continued support of the JVC brand in this region continues to gain momentum. Further major retailers are stocking the full range of consumer electronics. The gross margins and profitability in this region improved arising from the cost cutting initiatives introduced in 2016. The traditional business offering was also supported by major retailers during the year under review. Inroads in both quality and range has been set up by the sales team in Australia.

## FINANCIAL OVERVIEW

### STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

Group revenue increased by 13,8% to R 2 948,0 million  
(August 2016 - R 2 590,4 million).

Net income before taxation increased by 122,3% to R 219,2 million  
(August 2016 - R 98,6 million)

Total headline earnings per share for year under review increased by 72,6% to 780,0 cents (August 2016 - 451,9 cents).

#### STATEMENT OF FINANCIAL POSITION

The balance sheet remains strong with a negative gearing ratio (debt:equity) of (5,5%) (August 2016 - 1,0%).

Inventory levels, inclusive of stock in transit, of R 666,2 million increased by 16,8% from August 2016 (R 570,3 million) in line with the increase in turnover. Directors and management remain focused on improving working capital management. Stock levels and ranges are continually being rationalised.

Trade and other receivable increased by 4,7% to R 471,4 million (August 2016 - R 450,1 million) mainly due to the extended credit terms allowed to certain debtors in the Middle East region, fully covered by confirmed irrevocable letter of credits.

Net asset value per share has increased by 9,1% to 4 674,6 cents (August 2016 - 4 286,6 cents).

#### CASH FLOW

Cash generated from operations amounting to R 176,5 million (August 2016: R 98,3 million) arose from the increased profitability of the Group, stringent credit control and working capital management.

#### SEGMENT REPORTING

The South African business operations contributed 68,8% of the Group's revenue and 54,4% of the Group's attributable income. Offshore operations account for 31,2% of turnover and 45,6% of income. Revenue growth across all business segments, coupled with improved margins from offshore operations, resulted in operating income as a percentage of turnover improving by 83,4%.

#### 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.

#### SUBSEQUENT EVENTS

No events material to the understanding of this report have occurred during the period between 31 August 2017 and the date of this report.

#### DECLARATION OF FINAL DIVIDEND

Notice is hereby given that a final gross dividend of 292,7 cents per share (2016: 180,4 cents per share) was declared on 24 October 2017, 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, 24 October 2017
Last date to trade 'cum' dividend	Tuesday, 6 February 2018
Date trading commences 'ex' dividend	Wednesday, 7 February 2018
Record date	Friday, 9 February 2018
Date of payment	Monday, 12 February 2018

Ordinary share certificates may not be dematerialised or rematerialised between Wednesday, 7 February 2018 and Friday, 9 February 2018, 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 234,16 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, 12 February 2018.

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

The 2017 Integrated Annual report will be mailed to shareholders prior to 31 December 2017. The annual general meeting will take place at 10h00 on Wednesday, 14 February 2018, 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.

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  
24 October 2017

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

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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)

24 October 2017

Sponsor

Sasfin Capital, (a member of Sasfin Bank Limited)