novus holdings

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

Reviewed interim results

for the six months ended 30 September 2016

Salient features

- Revenue increased by 4,5% to R2,18 billion (2015: R2,08 billion)
- Lower gross profit margin of 26,5% (2015: 31,4%)
- Operating profit decreased by 13,6% to R304,4 million (2015: R352,2 million)
- Headline earnings per share decreased by 16,4% to 63,3 cents per share (2015: 75,7 cents per share)

Performance overview

Novus Holdings' core printing business delivered a satisfactory performance despite ongoing tough trading conditions. Results were most notably shaped by strained economic growth, coupled with a fluctuating and weakened exchange rate. The decline in print volumes, particularly in publication printing (magazines and newspapers), continued. The Other segment, which includes labels and tissue manufacturing, showed encouraging improvement, especially in labels, which achieved break-even in the past six months. Although the Africa business is receiving increased focus, limited contribution was achieved during this period.

Revenue increased by 4,5% to R2,18 billion. The Print segment experienced a marginal improvement in revenue to R2,04 billion (2015: R1,97 billion). The decline in publication printing volumes continues to follow Audit Bureau of Circulation (ABC) trends. Books and directories showed growth, which can be attributed largely to the increased production of educational books, while retail inserts volumes remained flat.

The Other segment showed strong growth and revenue increased by 23,4% to R156,9 million (2015: R127,1 million). Labels showed growing demand, with increased sales volumes to the comparable period. Efforts to introduce new label products and attract more fast-moving consumer goods (FMCG) clients gained good traction. Tissue growth was limited due to capacity constraints. Ongoing project expenses and the installation of the second tissue mill resulted in the incurrence of costs ahead of revenue contributions.

Gross profit margin decreased by 4,9%. This was largely due to the Group's inability to immediately pass on higher paper prices that resulted from a weaker exchange rate to clients. The tissue expansion project has proven disruptive to production efficiencies and has negatively impacted the gross profit margin. Operating profit decreased to R304,4 million from R352,2 million in the comparative period. Fixed overhead cost reductions were brought about by lower selling costs and share-based compensation charges, as well as lower debtor-related costs.

Headline earnings per share decreased by 16,4% compared to the previous period.

Novus Holdings experienced negative cash flow for the period mainly due to the timing of large customer payments received shortly after the reporting date. Though further capital expenditure to complete ongoing projects is continuing, the Group expects to return to a healthy cash position by the end of the financial year.

Operational progress

Capital expenditure of R80,0 million (2015: R27,2 million) was incurred by the Print segment, while the Other segment incurred R55,1 million (2015: R63,6 million).

Of the R80,0 million capital expenditure in the Print segment, R49 million related to the ongoing digital printing expansion project at Novus Print Solutions, as anticipated. Capital expenditure in the Other segment related to the installation of the Group's second tissue mill and the additional converting capacity.

The amalgamation of Paarl Media Paarl and Digital Print Solutions into Novus Print Solutions hindered results. With the relocation complete, the Group is focused on returning to full production capacity and efficiency. As a result, the print services offering will be strengthened, enabling the Group to take advantage of the global trend towards digital printing. During the reporting period, the digital press attracted bookwork previously printed overseas and imported into South Africa. Delivering on this digital print project will be critical in the second half of the year.

The tissue expansion project is on track, and the commissioning of the second mill commenced on schedule. While operations were significantly affected in this phase of the project, the Group has successfully introduced additional converting capacity. The completion of the tissue investment projects will continue to receive dedicated attention to drive improvement and reach break-even point.

Labels experienced a strong turnaround in terms of production processes and efficiency after successful integration into the heatset printing division. The division is well positioned to positively to scale effectively with increased turnover going forward.

Segment performance

	Print R'm	Other R'm
Revenue	2 019,7	156,9
– Gross revenue	2 044,3	156,9
– Intersegmental eliminations	(24,6)	–
Gross profit	574,9	1,4
Operating profit/(loss)	319,6	(15,1)

Outlook

Tough market conditions and Rand volatility are expected to continue. The Group will focus on extending its leadership position in the Print segment, while actively pursuing acquisition and diversification opportunities. Operating results will be maximised through continuously achieving production efficiencies, effective procurement practices and a focus on aligning capacity with market demand.

Results presentation

Shareholders are advised that Novus Holdings will be hosting a live audio webcast at 10h00 (SA time) on Tuesday, 8 November 2016. The webcast is available for viewing at http://www.corpcam.com/Novus/Novus08112016.htm. Once concluded, a recording of the webcast will be available on the Group's website at www.novus.holdings.

Condensed consolidated statement of financial position

	Note	30 September 2016 Reviewed R'000	30 September 2015 Reviewed R'000	31 March 2016 Audited R'000
ASSETS				
Non-current assets		**2 484 533**	2 335 927	2 428 017
Property, plant and equipment		**2 261 227**	2 160 711	2 237 208
Goodwill	6	**155 419**	138 711	138 711
Other intangible assets		**41 918**	29 036	38 028
Loans and receivables		**1 538**	1 587	1 508
Derivative financial instruments		**–**	53	–
Deferred taxation assets		**24 431**	5 829	12 562
Current assets		**1 604 174**	1 393 535	1 269 224
Inventory		**526 071**	452 069	325 276
Trade and other receivables		**975 696**	635 935	660 132
Derivative financial instruments		**2 376**	46 569	5 596
Cash and cash equivalents		**100 031**	258 962	278 220
TOTAL ASSETS		**4 088 707**	3 729 462	3 697 241
EQUITY AND LIABILITIES				
Capital and reserves attributable to the Group's equity holders		**2 811 854**	2 640 787	2 822 624
Share capital		**606 040**	606 040	606 040
Treasury shares		**(368 172)**	(368 172)	(368 172)
Other reserves		**(816 864)**	(805 242)	(827 441)
Retained earnings		**3 390 850**	3 208 161	3 412 197
Non-controlling interest		**(398)**	–	–
TOTAL EQUITY		**2 811 456**	2 640 787	2 822 624
LIABILITIES				
Non-current liabilities		**330 714**	394 596	360 276
Post-employment benefit obligations and provisions		**12 035**	17 589	12 087
Long-term liabilities		**891**	55 466	19 473
Cash-settled share-based payment liability		**5 193**	13 120	6 239
Deferred taxation liabilities		**267 022**	276 600	270 521
Deferred income		**45 573**	31 821	51 956
Current liabilities		**946 537**	694 079	514 341
Current portion of long-term liabilities		**44 542**	60 753	61 014
Trade and other payables		**585 258**	523 800	401 060
Current income tax payable		**29 897**	18 623	16 561
Derivative financial instruments		**18 668**	43	15 002
Bank overdrafts		**257 410**	88 992	11 442
Deferred income		**10 762**	1 868	9 262
TOTAL EQUITY AND LIABILITIES		**4 088 707**	3 729 462	3 697 241

Condensed consolidated statement of comprehensive income

	Note	Six months ended 30 September 2016 Reviewed R'000	Six months ended 30 September 2015 Reviewed R'000	Year ended 31 March 2016 Audited R'000
Revenue		**2 176 516**	2 082 757	4 174 517
Cost of sales		**(1 600 198)**	(1 428 357)	(2 914 816)
Gross profit		**576 318**	654 400	1 259 701
Operating expenses		**(272 185)**	(302 085)	(608 928)
Other gains/(losses)		**310**	(137)	(2 013)
Operating profit		**304 443**	352 178	648 760
Finance income		**7 635**	11 748	20 688
Finance costs		**(22 161)**	(25 085)	(31 048)
Profit before taxation		**289 917**	338 841	638 400
Taxation		**(87 597)**	(94 609)	(190 132)
Net profit for the period		**202 320**	244 232	448 268
Other comprehensive income, net of taxation		**1 204**	35 858	4 495
Items that may be subsequently reclassified to profit or loss				
– Effect of cash flow hedges		**2 070**	49 803	4 881
– Tax effect		**(584)**	(13 945)	(1 367)
– Translation of foreign operations		**(392)**	–	–
– Tax effect		**110**	–	–
Items that will not be reclassified to profit or loss				
– Remeasurement of post-employment benefit obligations and provisions		**–**	–	1 363
– Tax effect		**–**	–	(382)
Total comprehensive income		**203 524**	280 090	452 763
Net profit for the period attributable to:				
Equity holders of the Group		**202 337**	241 728	445 764
Non-controlling interest		**(17)**	2 504	2 504
		202 320	244 232	448 268
Total comprehensive income attributable to:				
Equity holders of the Group		**203 541**	277 429	450 102
Non-controlling interest		**(17)**	2 661	2 661
		203 524	280 090	452 763
Earnings per share (cents)				
Basic	7	**63,32**	75,65	139,50
Diluted	7	**63,32**	75,65	139,50

Condensed consolidated statement of changes in equity

	Note	Six months ended 30 September		Year ended 31 March
		2016 Reviewed R'000	2015 Reviewed R'000	2016 Audited R'000
Balance at the beginning of the period		**2 822 624**	2 566 715	2 566 715
Changes in reserves				
– Total comprehensive income for the period		**203 541**	277 429	450 102
– Share-based compensation movement		**9 371**	18 228	27 392
– Transactions with non-controlling interests		**–**	13 404	13 404
– Dividends paid	12	**(223 682)**	(204 509)	(204 509)
Changes in non-controlling interest				
– Total comprehensive income for the period		**(17)**	2 661	2 661
– Share-based compensation movement		**–**	111	111
– Transactions with non-controlling interests		**(381)**	(32 404)	(32 404)
– Dividends paid		**–**	(848)	(848)
Balance at the end of the period		**2 811 456**	2 640 787	2 822 624
Comprising:				
Share capital and premium		**606 040**	606 040	606 040
Treasury shares		**(368 172)**	(368 172)	(368 172)
Existing control business combination reserve		**(857 897)**	(857 897)	(857 897)
Share-based compensation reserve		**42 064**	23 528	32 692
Hedging reserve		**(272)**	30 586	(1 758)
Actuarial reserve		**(477)**	(1 459)	(478)
Foreign currency translation reserve		**(282)**	–	–
Retained earnings		**3 390 850**	3 208 161	3 412 197
Non-controlling interest		**(398)**	–	–
		2 811 456	2 640 787	2 822 624

Condensed consolidated statement of cash flows

	Note	Six months ended 30 September 2016 Reviewed R'000	Six months ended 30 September 2015 Reviewed R'000	Year ended 31 March 2016 Audited R'000
Cash flows from operating activities				
Cash generated from operations		**49 527**	358 372	720 128
Finance income		**7 635**	11 748	20 688
Finance costs		**(5 117)**	(10 618)	(18 079)
Taxation paid		**(91 068)**	(79 467)	(178 381)
Net cash utilised in/generated from operating activities		**(39 023)**	280 035	544 356
Cash flows from investing activities				
Acquisition of property, plant and equipment		**(135 123)**	(92 273)	(236 187)
Proceeds from sale of property, plant and equipment		**1 869**	1 097	2 914
Proceeds from Government grants		**–**	–	33 508
Proceeds from other loans and receivables		**222**	1 165	1 454
Purchase of intangible assets		**(4 673)**	(3 588)	(15 117)
Insurance proceeds		**–**	345	996
Acquisition of subsidiaries/businesses	8	**10 785**	(38 314)	(50 484)
Net cash utilised in investing activities		**(126 920)**	(131 568)	(262 916)
Cash flows from financing activities				
Repayment of long-term loans		**(33 333)**	(33 333)	(72 146)
Repayment of capitalised finance leases		**(1 199)**	(2 648)	–
Acquisition of non-controlling interest		**–**	(19 000)	(19 000)
Dividends paid	12	**(223 682)**	(205 357)	(205 357)
Cash utilised in financing activities		**(258 214)**	(260 338)	(296 503)
Net (decrease)/increase in cash and cash equivalents		**(424 157)**	(111 871)	(15 063)
Cash and cash equivalents at the beginning of the period		**266 778**	281 841	281 841
Cash and cash equivalents at the end of the period		**(157 379)**	169 970	266 778

Notes to the condensed consolidated interim financial statements

for the six months ended 30 September 2016

1 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2016 have been prepared in accordance with International Financial Reporting Standard (IFRS), (IAS) 34 Interim Financial Reporting and the IFRS Interpretations Committee (IFRIC), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act of South Africa and the JSE Limited (“JSE”) Listings Requirements.

The accounting policies used in preparing the condensed consolidated interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements.

The Group has adopted all new and amended accounting pronouncements issued by the International Accounting Standards Board (IASB) that are effective for financial years commencing 1 April 2016. None of the new or amended accounting pronouncements that are effective for the financial year commencing 1 April 2016 are expected to have a material impact on the Group.

2 ESTIMATES

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2016.

3 SEASONALITY OF OPERATIONS

Due to the seasonal nature of the Printing and Other segments, revenues and operating profits in the second half of the year will not necessarily be in line with the first six months.

4 PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The preparation of the condensed consolidated interim financial statements was supervised by the Group chief financial officer, Edrich Fivaz CA(SA).

5 REVIEW BY THE INDEPENDENT AUDITOR

The condensed consolidated interim financial statements have been reviewed by the Group's auditor, PricewaterhouseCoopers Inc., whose unqualified review report appears at the end of this report. The review conclusion does not necessarily cover all the information contained in this interim report.

6 GOODWILL

Goodwill arises on the acquisition of interests in subsidiaries and is subject to an annual impairment assessment. Movements in the Group's goodwill for the period are detailed below:

		Six months ended 30 September		Year ended 31 March
	Note	**2016 Reviewed R’000**	2015 Reviewed R’000	2016 Audited R’000
Goodwill				
Cost		**138 711**	132 052	132 052
Accumulated impairment		**–**	–	–
Opening balance		**138 711**	132 052	132 052
Acquisitions	8	**16 708**	6 659	6 659
Closing balance		**155 419**	138 711	138 711

Notes to the condensed consolidated interim financial statements (continued)

for the six months ended 30 September 2016

7 EARNINGS PER SHARE

Basic earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the net profit attributable to ordinary shareholders. For the purpose of calculating earnings per share, treasury shares are deducted from the number of ordinary shares in issue. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after-tax dilutive effect. Currently the share options granted to employees and directors are anti-dilutive.

Headline earnings per share

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 2/2013 issued by the South African Institute of Chartered Accountants (SAICA).

	Six months ended 30 September		Year ended 31 March
	2016 Reviewed R'000	2015 Reviewed R'000	2016 Audited R'000
Calculation of headline earnings			
Net profit attributable to shareholders	**202 337**	241 728	445 764
Adjusted for:			
– Loss/(profit) on sale of property, plant and equipment	**(1 472)**	930	633
– Insurance proceeds	**–**	(793)	(996)
– Impairment in value of property, plant and equipment	**1 162**	–	2 323
	202 027	241 865	447 724
Total tax effect of adjustments	**87**	(38)	(549)
Total adjustment for non-controlling interest	**–**	(17)	(17)
Headline earnings	**202 114**	241 810	447 158
Number of ordinary shares in issue	**347 332 454**	347 332 454	347 332 454
Weighted average number of shares	**319 545 857**	319 545 857	319 545 857
Earnings per ordinary share (cents)			
Basic	**63,32**	75,65	139,50
Diluted	**63,32**	75,65	139,50
Headline earnings per ordinary share (cents)			
Basic	**63,25**	75,67	139,94
Diluted	**63,25**	75,67	139,94

8 BUSINESS COMBINATIONS

With effect from 21 September 2016, the Group acquired 97,74% of the share capital of International Printing Group Limitada, an entity trading in labels sales, for a purchase consideration of R265 505. This consideration was settled by converting a portion of the debt owed to the Group, to equity in International Printing Group Limitada.

The acquisition will enable the Group to expand its existing geographical footprint for label sales and goodwill of R16,7 million relates to the expected benefits to be derived from a larger customer base.

Notes to the condensed consolidated interim financial statements (continued)

for the six months ended 30 September 2016

	Note	2016 Reviewed R'000
Cash and cash equivalents		**13 408**
Trade and other receivables		**3 424**
Trade and other payables		**(35 852)**
Deferred taxation		**(854)**
Intangible asset		**3 051**
Identifiable assets and liabilities at acquisition date		**(16 823)**
Non-controlling interest		**381**
Goodwill	6	**16 708**
Total purchase consideration		**266**
Cash flow		
Cash consideration paid in respect of prior year acquisition of Digital Printing Solutions		**(2 623)**
Cash in entity acquired – International Printing Group Limitada		**13 408**
Cash flow on acquisitions		**10 785**

9 SEGMENTAL ANALYSIS

The Group has identified its operating segments based on business by service or product and aggregated it into the reportable segments based on the nature of the operating segment and it meeting the aggregation criteria in terms of IFRS 8 paragraph 12. These reportable segments are "Printing" which comprises printing of books, magazines, newspapers and related products and "Other" which comprises manufacturing of tissue paper and label printing.

	Six months ended 30 September		Year ended 31 March
	2016 Reviewed R'000	2015 Reviewed R'000	2016 Audited R'000
Revenue	**2 176 516**	2 082 757	4 174 517
Printing	**2 044 265**	1 966 647	3 938 347
Other	**156 859**	127 086	256 409
Intersegmental eliminations	**(24 608)**	(10 976)	(20 239)
EBITDA	**401 961**	442 598	845 840
Printing	**408 259**	436 392	867 667
Other	**(6 298)**	6 206	(21 827)
Operating profit	**304 443**	352 178	648 760
Printing	**319 561**	350 788	683 062
Other	**(15 118)**	1 390	(34 302)
Total assets	**4 088 707**	3 729 462	3 697 241
Printing	**4 121 803**	3 658 191	3 674 290
Other	**589 793**	365 972	520 727
Intersegmental eliminations	**(622 889)**	(294 701)	(497 776)
Total liabilities	**1 277 251**	1 088 675	874 617
Printing	**1 223 051**	1 018 013	831 337
Other	**677 089**	365 363	541 056
Intersegmental eliminations	**(622 889)**	(294 701)	(497 776)

Notes to the condensed consolidated interim financial statements (continued)

for the six months ended 30 September 2016

10 COMMITMENTS

Commitments relate to amounts for which the Group has contracted, but that have not yet been recognised as obligations in the statement of financial position.

	Six months ended 30 September 2016 Reviewed R'000	Six months ended 30 September 2015 Reviewed R'000	Year ended 31 March 2016 Audited R'000
Commitments			
Capital expenditure	**37 876**	101 850	90 651
Operating lease commitments	**16 131**	18 787	18 177
	54 007	120 637	108 828

11 RELATED-PARTY TRANSACTIONS

During the six months to September 2016 sales to Novus Holdings' holding company, Media24 Proprietary Limited, amounted to R522 million (six months to September 2015: R534 million, 12 months to March 2016: R1 033 million).

12 DIVIDENDS

A dividend of R224 million (2015: R205 million) that relates to the period to 31 March 2016 was paid in September 2016.

13 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

13.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 March 2016. There have been no material changes in the Group's credit, liquidity and market risk or key inputs in measuring fair value since 31 March 2016. There has however been a decrease in the foreign exchange contracts asset resulting from the fluctuation of the Rand against the Euro and USD denominated contracts.

Notes to the condensed consolidated interim financial statements (continued)

for the six months ended 30 September 2016

13.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined.

	Level 1 Quoted prices in active markets for identical assets or liabilities R'000	Level 2 Significant other observable inputs R'000	Level 3 Significant unobservable inputs R'000	Total R'000
30 September 2016				
Assets				
Interest rate swap	–	109	–	109
Foreign exchange contracts	–	2 267	–	2 267
	–	2 376	–	2 376
Liabilities				
Foreign exchange contracts	–	18 668	–	18 668
	–	18 668	–	18 668
30 September 2015				
Assets				
Interest rate swap	–	110	–	110
Foreign exchange contracts	–	46 512	–	46 512
	–	46 622	–	46 622
Liabilities				
Foreign exchange contracts	–	43	–	43
	–	43	–	43
31 March 2016				
Assets				
Interest rate swap	–	109	–	109
Foreign exchange contracts	–	5 487	–	5 487
	–	5 596	–	5 596
Liabilities				
Foreign exchange contracts	–	15 002	–	15 002
	–	15 002	–	15 002

13.3 Valuation techniques used to derive Level 2 fair values

Interest rate swaps

The fair value of the Group's interest rate swaps is determined through the use of discounted cash flow techniques using only market observable information. Key inputs used in measuring the fair value of interest rate swaps include spot market interest rates, contractually fixed interest rates, counterparty credit spreads, notional amounts on which interest rate swaps are based, payment intervals, risk-free interest rates, as well as the duration of the relevant interest rate swap arrangement.

Foreign exchange contracts

In measuring the fair value of foreign exchange contracts, the Group makes use of market observable quotes of forward foreign exchange rates on instruments that have a maturity similar to the maturity profile of the Group's foreign exchange contracts. Key inputs used in measuring the fair value of foreign exchange contracts include current spot exchange rates, market forward exchange rates, and the term of the Group's foreign exchange contracts.

The carrying amounts of the other financial assets and liabilities are a reasonable approximation of their fair values.

Directorate

Independent non-executive directors

Christoffel Botha
Gugulethu Dingaan
Bernard Olivier
Jan Potgieter
Fred Robertson (lead independent director and interim chairman)
Sandile Zungu

Non-executive directors

Lambert Retief (medical leave of absence)
Esmaré Weideman
Abduraghman (Manie) Mayman

Executive directors

Keith Vroon (CEO)
Edrich Fivaz (CFO)

Company secretary

Kilgetty Statutory Services Proprietary Limited

Company information

Novus Holdings registered office: 10 Freedom Way, Milnerton, Cape Town, 7441

Listing: Johannesburg Stock Exchange (JSE)

Transfer secretary: Link Market Services South Africa Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001

Sponsor: Investec Bank Limited

Auditor: PricewaterhouseCoopers Inc. Cape Town

Administrative information

Novus Holdings Limited

(Incorporated in the Republic of South Africa)

("Novus Holdings" or "the company" or "the Group")

Registration number: 2008/011165/06

JSE share code: NVS

ISIN code: ZAE000202149

www.novus.holdings

Independent auditor's review report on interim financial statements

TO THE SHAREHOLDERS OF NOVUS HOLDINGS LIMITED

We have reviewed the condensed consolidated interim financial statements of Novus Holdings Limited set out on pages 4 to 12, which comprise the condensed consolidated statement of financial position as at 30 September 2016 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-months then ended, and selected explanatory notes.

Directors' Responsibility for the Interim Financial Statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council 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 interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Novus Holdings Limited for the six months ended 30 September 2016 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: **V. Harri**
Registered Auditor

Cape Town
3 November 2016