Novus Holdings Limited
(Incorporated in the Republic of South Africa)
JSE share code: NVS
ISIN code: ZAE000202149
Registration number: 2008/011165/06
("Novus Holdings" or "the company" or "the Group")

SUMMARISED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

SALIENT FEATURES

R'000	2017 R'000	2016 R'000	Change %
Revenue	**4 312 464**	4 174 517	3,3
Gross profit	**1 105 404**	1 259 701	(12,2)
Margin	**25,6%**	30,2%	
Operating profit	**393 736**	648 760	(39,3)
Operating profit – excluding impairments and profit/(loss) on disposal of assets	**528 825**	650 720	(18,7)
Operating margin	**9,1%**	15,5%	
Operating margin – excluding impairments and profit/(loss) on disposal of assets	**12,3%**	15,6%	
Profit after tax	**256 827**	448 268	(42,7)
Headline earnings	**354 083**	447 158	(20,8)
Earnings per share – cents	**80,4**	139,5	(42,4)
Headline earnings per share – cents	**110,8**	139,9	(20,8)
Final gross dividend per share – cents	**56,0**	70,0	(20,0)
Total gross dividend per share – cents	**56,0**	70,0	(20,0)

COMMENTARY

This year proved to be a challenging year for Novus Holdings. The Group felt the effect of publishers and certain commercial clients reducing volumes to curb rising input costs. Pricing pressure was compounded by competitors introducing additional capacity to compete for key accounts. In addition, the volatile exchange rate made it difficult to positively match pricing points with the cost of raw materials, thereby placing further strain on print margins.

In response, Novus Holdings remained focused on maximising cash flow returns from its core printing business through the consolidation of its existing print assets and by matching operational capacity to market demand. This ensures that the Group remains competitive within the print industry. It further safeguards Novus Holdings' ability to tender for significant print contracts – an ability that the Group successfully demonstrated by, once again, being re-awarded the DBE workbook tender.

It was also a critical year for the Group as the business was strategically repositioned to face the challenges of the print industry and to leverage returns from recent investments into tissue and labels as growth assets. The Group is on a focused drive to pursue additional revenue streams from its current diversification projects and will continue to seek new opportunities in the form of acquisitions. This will ultimately lead to a Group reprofiled for sustainable growth.

PERFORMANCE

Print segment

Print volumes remained under pressure, particularly magazine and newspaper volumes. These product categories witnessed volume declines of 11,3% and 9,9% respectively. As these two categories contribute to just over 40% of the turnover for the Print segment, results were negatively affected by this decline. The retail inserts and catalogue category also witnessed volume declines during the year of 6,7%, while the book and directory volumes were positive at 1,3% growth. Additional educational work outside of the DBE workbook project boosted volumes in the second half of 2017. Looking ahead, the Group foresees that volume declines in Print will continue. Therefore, the re-awarding of the DBE tender is significant in providing Novus Holdings with volume stability for books and directories. The decline in retail products is expected to stabilise once consumer spend patterns improve.

The closure of Paarl Media Paarl and the relocation of its sheet-fed printing assets to Paarl Media Cape and Paarl Media KZN, as well as the amalgamation of Digital Print Solutions to form Novus Print Solutions, proved unexpectedly disruptive to the business. However, Novus Print Solutions is now fully operational and is expected to contribute to volume growth for books, which is its intended business model. The Group is in the process of disposing of the property in Paarl which is planned to be realised in the 2018 financial year. The building was classified as a non-current asset held for sale at year-end.

The gross margin declined from 32,3% to 27,6% as it was negatively impacted by foreign exchange fluctuations. Gross margin was further impacted by:

- Outsourcing costs due to the Novus Print Solutions amalgamation;
- Repairs and maintenance costs exacerbated by foreign exchange fluctuations;
- Additional production-related staff costs, predominantly resulting from temporary peaks in production of workbooks and other products.

Other segment

The labels division has seen substantial volume growth due to the packaging gravure press being operational for the full year, as well as the Group's subsequent entry into the wraparound labels market and its growth in the wet-glue labels market through significant client tenders.

Tissue volumes have declined by 7% due to ongoing production interruptions on tissue mill one to enable project work and tie-ins with the recently commissioned second tissue mill. The impact on volumes is therefore project related and does not reflect variances in the current demand, which remains buoyant. Impact on volumes should settle in the short term.

The "Other" segment contributed to the lower gross margin. Material consumption improved on the back of more efficient production processes in the labels division, which have been successfully bedded down. The Group is yet to see this benefit for the tissue division due to higher project spend. Repairs and maintenance increased in comparison to the previous year, which has mostly been attributed to the tissue project. This is expected to improve in the upcoming financial year as the project is completed.

COMMENTARY (CONTINUED)

The Group's operating expenses were well-controlled and improved to 13,4% of revenue (2016: 14,6%).

IMPAIRMENTS

An impairment charge of R138,6 million had a significant impact on the Group's operating profit. This impairment charge was spread across the Print and "Other'' segments.

In Print, predominantly in the coldset division, an impairment charge of R109 million was recognised on excess printing capacity and related equipment that was no longer required. While this impairment charge impacted Group results, Novus Holdings is satisfied that the level of impairment is balanced with the costs that have been removed from the core business in order to increase capacity utilisation. The Group currently foresees minimal profit benefit from equipment sales.

The Group has previously invested in both tissue milling and converting equipment in its tissue operation. The investment to significantly expand capacity and improve quality firmly positions the tissue business as a growing supplier of jumbo reel tissue wadding, which is showing greater prospects for the Group than the converting facility. As a result, the Group has taken a conservative approach and proactively impaired the converting equipment to the value of R26,4 million.

CAPITAL EXPENDITURE

The cash expenditure on property, plant and equipment for 2017 amounted to R244 million (2016: R236 million). Capital expenditure for the Print segment amounted to R126 million. Expansion capital expenditure of R62 million in this division resulted from the digital press project equipment as well as building alterations to accommodate the Novus Print Solutions operations on site in Montague Gardens. Maintenance capital expenditure for the division amounted to R64 million for the year, which is in line with the Group's expectation.

Capital expenditure for the Other segment amounted to R118 million, with the majority related to the expansion of the tissue project. In the labels division, some capital expenditure was incurred on finishing equipment to further expand the labels offering.

CHANGES TO THE BOARD

Keith Vroon was appointed as chief executive officer (CEO) of the Group effective 29 July 2016, having performed the role of acting CEO since 16 February 2016. Following Edward van Niekerk's resignation as chief financial officer (CFO) and executive director of Novus Holdings effective 31 August 2016, Edrich Fivaz was appointed as the CFO of the Group effective 1 September 2016.

Fred Robertson stepped down from the position of lead independent non-executive director effective 3 April 2017 to focus on other business interests. In his place, previous independent non-executive director, Jan Potgieter, was appointed as lead independent non-executive director. Abduraghman (Manie) Mayman resigned as non-executive director following his retirement as CFO at Media24. In his place, the Group welcomes Cindy Hess, who joined Media24 as CFO in November 2016. Cindy previously held the position of CFO at Pioneer Foods.

Following the sad passing of Lambert Retief, who had served as chairman and non-executive director of the board since 2005, Neil Birch was appointed as an independent non-executive director and chairman of the board effective 3 April 2017. The board is confident that Neil will add significant value in his role as chairman through his extensive business and management experience.

APPRECIATION

Despite the many challenges and obstacles experienced during the year, the Group takes cognisance of the hard work and dedication that the management teams and employees have shown. Novus Holdings extends a very special word of tribute to Lambert Retief, who sadly passed away in January 2017.

EVENTS AFTER REPORTING DATE

The directors are not aware of any matter or circumstance arising since the end of the financial year that would significantly affect the operations of the Group or the results of its operations.

DIVIDEND

The board approved a gross dividend No. 3 of 56,0 cents per share (2016: 70,0 cents). The source of the dividend is from distributable reserves and paid in cash. The dividend declared is subject to dividend withholding tax at 20,0%. The tax payable is 11,2 cents per share, leaving shareholders who are not exempt from dividends tax with a net dividend of 44,8 cents per share.

Novus Holdings has 347 332 454 shares in issue as at the date of this declaration. The income tax reference number is 9656/360/15/4.

Salient dates for payment of the dividend:

Last day to trade (cum dividend)	Tuesday, 29 August 2017
Trading ex dividend commences	Wednesday, 30 August 2017
Record date	Friday, 1 September 2017
Payment date	Monday, 4 September 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 30 August 2017 and Friday, 1 September 2017, both dates inclusive.

OUTLOOK

Novus Holdings anticipates continued pricing and volume pressures in the Print segment, and will actively manage costs through optimised capacity and consolidation. By stabilising and growing the newer divisions, the Group expects to gradually overcome declining print revenue streams. In the labels business, the focus will be on adding volume and creating scale for an already established and efficient platform. Similarly, Novus Holdings will focus on adding volume and efficiency to its tissue business.

The Group expects improved returns in 2018 resulting from the investments made over the past few years. This includes operational profitability in the "Other" segment and Novus Print Solutions, as well as further acquisitions. The latter will take the form of strategic and synergistic business combinations to enhance competitiveness.

While the Group remains realistic about the challenges it faces, Novus Holdings is confident in its long-term strategy to grow while it continues to focus on driving value for its stakeholders.

RESULTS PRESENTATION

Shareholders are advised that Novus Holdings will be hosting their results presentation at Crystal Towers, Century City at 10h30 (SA time) on Monday, 12 June 2017.

A live audio webcast will also be available at 10h30 (SA time) on Monday, 12 June 2017. The webcast is available for viewing at http://www.corpcam.com/Novus12062017. Once concluded, a recording of the webcast will be available on the Group's website at www.novus.holdings

RENEWAL OF CAUTIONARY ANNOUNCEMENT

In reference to the renewal of the cautionary announcement issued on 3 May 2017, Novus Holdings' shareholders are advised that on 7 June 2017 the Competition Commission made recommendation to the Competition Tribunal to approve the large merger between Novus Holdings and flexible packaging solutions manufacturer and supplier, ITB Manufacturing, without conditions.

Further to the above proposed transaction, Novus Holdings remains in negotiations with respect to another potential acquisition as advised in the cautionary announcements released on 15 March 2017 and 03 May 2017.

If successfully concluded, both proposed acquisitions may have a material effect on the Company's securities. Accordingly, shareholders are advised to continue to exercise caution when dealing in Novus Holdings shares until further announcements are made in this regard.

Neil Birch
Chairman

Keith Vroon
Chief executive officer

Cape Town
8 June 2017

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH

	Audited 2017 R'000	Audited 2016 R'000
ASSETS		
Non-current assets	**2 356 990**	2 428 017
Property, plant and equipment	**2 102 674**	2 237 208
Goodwill	**155 419**	138 711
Other intangible assets	**42 250**	38 028
Available-for-sale financial assets	**3 000**	–
Loans and receivables	**3 050**	1 508
Deferred taxation assets	**50 597**	12 562
Current assets	**1 242 561**	1 269 224
Inventory	**342 330**	325 276
Trade and other receivables	**478 439**	531 463
Related-party receivables	**126 958**	128 376
Loans and receivables	**–**	293
Derivative financial instruments	**1 462**	5 596
Current income tax receivable	**–**	–
Cash and cash equivalents	**229 968**	278 220
Non-current asset held for sale	**63 404**	–
TOTAL ASSETS	**3 599 551**	3 697 241
EQUITY		
Capital and reserves attributable to the Group's equity holders	**2 882 839**	2 822 624
Share capital	**606 040**	606 040
Treasury shares	**(368 172)**	(368 172)
Other reserves	**(804 465)**	(827 441)
Retained earnings	**3 449 436**	3 412 197
Non-controlling interest	**(374)**	–
TOTAL EQUITY	**2 882 465**	2 822 624
LIABILITIES		
Non-current liabilities	**371 171**	360 276
Post-employment medical liability	**2 987**	3 486
Provisions	**17 045**	8 601
Long-term liabilities	**60 436**	19 473
Cash-settled share-based payment liability	**3 139**	6 239
Deferred taxation liabilities	**242 429**	270 521
Deferred income	**45 135**	51 956
Current liabilities	**345 915**	514 341
Provisions	**2 177**	–
Current portion of long-term liabilities	**20 090**	61 014
Trade and other payables	**288 848**	384 612
Related-party payables	**1 154**	911
Cash-settled share-based payment liability	**9 422**	15 537
Current income tax payable	**120**	16 561
Derivative financial instruments	**16 520**	15 002
Bank overdrafts and call loans	**2 744**	11 442
Deferred income	**4 840**	9 262
TOTAL EQUITY AND LIABILITIES	**3 599 551**	3 697 241

SUMMARY CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH

	Audited 2017 R'000	Audited 2016 R'000
Revenue	**4 312 464**	4 174 517
Cost of sales	**(3 207 060)**	(2 914 816)
Gross profit	**1 105 404**	1 259 701
Operating expenses	**(576 579)**	(608 928)
Other gains/(losses) – net	**(135 089)**	(2 013)
Operating profit	**393 736**	648 760
Finance income	**13 433**	20 688
Finance costs	**(45 688)**	(31 048)
Profit before taxation	**361 481**	638 400
Taxation	**(104 654)**	(190 132)
Net profit for the year	**256 827**	448 268
Attributable to:		
Equity holders of the Group	**256 819**	445 764
Non-controlling interests	**8**	2 504
	256 827	448 268
Earnings per share (cents):		
Basic	**80,4**	139,5
Diluted	**80,4**	139,5

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH

	Audited 2017 R'000	Audited 2016 R'000
Profit for the year	**256 827**	448 268
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Hedging reserve	**(12)**	3 514
Net fair value (losses)/gains, gross	**(109)**	(8)
Net fair value (gains)/losses tax portion	**31**	2
Foreign exchange movement, gross	**(18 122)**	56 761
Foreign exchange movement, tax portion	**5 075**	(15 893)
Derecognised and added to asset, gross	**9 425**	(11 215)
Derecognised and added to asset, tax portion	**(2 639)**	3 140
Derecognised and reported in cost of sales, gross	**8 787**	(40 657)
Derecognised and reported in cost of sales, tax portion	**(2 460)**	11 384
Foreign currency translation reserve	**(1 855)**	–
Exchange loss arising on translating foreign operations, gross	**(2 577)**	–
Deferred tax relating to loss arising on translating foreign operations, tax portion	**722**	–
Items that will not be reclassified to profit or loss		
Post-employment benefit obligations and provisions	**660**	981
Remeasurement of post-employment benefit obligations and provisions, gross	**917**	1 363
Remeasurement of post-employment benefit obligations and provisions, tax portion	**(257)**	(382)
Total other comprehensive income, net of tax	**(1 207)**	4 495
Total comprehensive income for the year	**255 620**	452 763
Attributable to:		
Equity holders of the Group	**255 612**	450 102
Non-controlling interests	**8**	2 661
	255 620	452 763

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH

	Share capital and premium R'000	Treasury shares R'000	Total other reserves R'000	Retained earnings R'000	Non-controlling interest R'000	Total equity R'000
Balance as at 1 April 2015	606 040	(368 172)	(872 575)	3 170 942	30 480	2 566 715
Total comprehensive income for the year	–	–	4 338	445 764	2 661	452 763
Profit for the year	–	–	–	445 764	2 504	448 268
Other comprehensive income	–	–	4 338	–	157	4 495
Transactions with owners:						
Share-based compensation movement	–	–	27 392	–	111	27 503
Dividends paid	–	–	–	(204 509)	(848)	(205 357)
Transactions with non-controlling interests	–	–	13 404	–	(32 404)	(19 000)
Total transactions with owners	–	–	40 796	(204 509)	(33 141)	(196 854)
Balance as at 31 March 2016	606 040	(368 172)	(827 441)	3 412 197	–	2 822 624
Total comprehensive income for the year	**–**	**–**	**(1 207)**	**256 819**	**8**	**255 620**
Profit for the year	**–**	**–**	**–**	**256 819**	**8**	**256 827**
Other comprehensive income	**–**	**–**	**(1 207)**	**–**	**–**	**(1 207)**
Transactions with owners:						
Share-based compensation movement	**–**	**–**	**28 285**	**–**	**–**	**28 285**
Transfer from share based compensation reserve	**–**	**–**	**(4 102)**	**4 102**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**(223 682)**	**–**	**(223 682)**
Transactions with non-controlling interests	**–**	**–**	**–**	**–**	**(382)**	**(382)**
Total transactions with owners	**–**	**–**	**24 183**	**(219 580)**	**(382)**	**(195 779)**
Balance as at 31 March 2017	**606 040**	**(368 172)**	**(804 465)**	**3 449 436**	**(374)**	**2 882 465**

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH

	Audited 2017 R'000	Audited 2016 R'000
Cash generated from operating activities		
Cash generated from operations	**661 829**	720 128
Finance income	**13 433**	20 688
Finance costs	**(11 718)**	(18 079)
Taxation paid	**(188 513)**	(178 381)
Cash generated from operating activities	**475 031**	544 356
Cash flows from investment activities		
Property, plant and equipment acquired	**(243 719)**	(236 187)
Proceeds from government grants	**–**	33 508
Proceeds from sale of property, plant and equipment	**15 098**	2 914
Purchase of intangible assets	**(8 363)**	(15 117)
Insurance proceeds	**–**	996
Loans and receivables advanced	**(4 512)**	–
Loans and receivables repaid	**263**	1 454
Acquisition of subsidiaries/businesses	**10 785**	(50 484)
Cash utilised in investing activities	**(230 448)**	(262 916)
Cash flows from financing activities		
Repayment of long-term loans	**(60 455)**	(72 146)
Acquisition of non-controlling interests	**–**	(19 000)
Dividend paid	**(223 682)**	(205 357)
Cash utilised in financing activities	**(284 137)**	(296 503)
Net decrease in cash and cash equivalents	**(39 554)**	(15 063)
Cash and cash equivalents at beginning of the year	**266 778**	281 841
Cash and cash equivalents at end of the year	**227 224**	266 778

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1. REPORTING ENTITY

The financial data in the summary consolidated financial statements covers the Group's comprehensive commercial printing and manufacturing operations in South Africa. Revenue derived from African business interests outside of South Africa is not yet material enough to warrant increased geographical reporting boundaries. The report is structured to cover the operations according to two business segments:

– Printing (including gravure, heatset, coldset, sheet-fed and digital)
– Other (including labels, flexible packaging and tissue manufacturing)

2. BASIS OF PRESENTATION

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) Listings Requirements for preliminary reports, and the requirements of the Companies Act, applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – *Interim Financial Reporting*. The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

3. PREPARATION

The preparation of the summary consolidated financial statements was supervised by the Group chief financial officer, Edrich Fivaz CA(SA). Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditor.

4. AUDITOR'S REPORT

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office.

The directors take full responsibility for the preparation of the preliminary report and the financial information has been correctly extracted from the underlying annual financial statements.

5. ACCOUNTING POLICIES

The accounting policies applied in the preparation of these summary consolidated financial statements conform to IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The following new accounting standards and amendments to IFRSs became effective and were adopted by the Group during the current financial year:

Standard/Interpretation	Effective date: Years beginning on or after
Amendments to IFRS 10: Consolidated Financial Statements	1 January 2016
Amendments to IFRS 11: Joint Arrangements	1 January 2016
Amendments to IAS 1: Presentation of Financial Statements	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 27: Separate financial statements	1 January 2016
Annual Improvements 2012-2014 cycle	1 January 2016

The relevance of these amendments to the published standards has been assessed with respect to the Group's operations and it was concluded that, other than the additional presentational disclosures required, they did not have a material impact on the Group.

6. USE OF ESTIMATES AND ASSUMPTIONS

In preparing these summary consolidated financial statements, the significant judgements 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 annual financial statements for the year ended 31 March 2016.

7. SEGMENT INFORMATION

IFRS 8: Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker (CODM) to allocate resources to the segments and to assess their performance. The CODM has been identified as the executive committee that makes strategic decisions.

The executive committee has identified four operating segments based on its business by service or product. Two operating segments meet the quantitative thresholds for separate reporting. They are however similar in nature and meet the aggregation criteria in terms of IFRS 8 paragraph 12 as they have similar profit margins, production processes, customers and suppliers. They are aggregated into the "Printing" segment, which comprises printing of books, magazines, newspapers and related products. The remaining two operating segments do not meet the quantitative threshold for separate reporting, and are combined in "Other", which comprises the Labels division that prints flexible labels, Paarl Tissue Proprietary Limited which manufactures tissue paper and any non-print related transactions in the year.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

7. SEGMENT INFORMATION (CONTINUED)

	Printing R'000	Other R'000	Eliminations R'000	Total R'000
2017				
External revenue	**3 986 504**	**325 960**	**–**	**4 312 464**
Inter-segmental revenue	**11 514**	**32 783**	**(44 297)**	**–**
Total revenue	**3 998 018**	**358 743**	**(44 297)**	**4 312 464**
Profit attributable to equity holders of the company	**360 887**	**(104 068)**	**–**	**256 819**
Additional disclosure				
Property, plant and equipment additions	**112 985**	**166 430**	**–**	**279 415**
Capital commitments	**47 867**	**42 784**	**–**	**90 651**
Impairment of assets	**(108 998)**	**(29 644)**	**–**	**(138 642)**
Total assets	**3 685 512**	**634 549**	**(720 510)**	**3 599 551**
Total liabilities	**642 023**	**795 573**	**(720 510)**	**717 086**
2016				
External revenue	3 918 108	256 409	–	4 174 517
Inter-segmental revenue	20 239	–	(20 239)	–
Total revenue	3 938 347	256 409	(20 239)	4 174 517
Profit attributable to equity holders of the company	487 337	(41 573)	–	445 764
Additional disclosure				
Property, plant and equipment additions	131 003	146 479	–	277 482
Capital commitments	24 285	66 366	–	90 651
Impairment of assets	2 039	284	–	2 323
Total assets	3 674 290	520 727	(497 776)	3 697 241
Total liabilities	831 337	541 056	(497 776)	874 617

8. 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 antidilutive.

8. EARNINGS PER SHARE (CONTINUED)

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 2/2015 issued by the South African Institute of Chartered Accountants (SAICA).

Calculation of headline earnings	Audited 2017 R'000	Audited 2016 R'000
Earnings		
Net profit attributable to shareholders	**256 819**	445 764
Adjustments (net of tax and non-controlling interest):	**97 264**	1 394
– (Profit)/loss on sale of property, plant and equipment	**(2 558)**	438
– Insurance proceeds	**–**	(717)
– Impairment in value of property, plant and equipment	**99 822**	1 673
Headline earnings	**354 083**	447 158
Number of ordinary shares in issue at year end	**347 332 454**	347 332 454
Weighted average number of shares		
Shares of earnings per share adjusted for weighting	**319 545 857**	319 545 857
Earnings per ordinary share (cents)		
Basic	**80,4**	139,5
Diluted	**80,4**	139,5
Headline earnings per share (cents)		
Basic	**110,8**	139,9
Diluted	**110,8**	139,9

9. BUSINESS COMBINATIONS

For the year ended 31 March 2017

With effect from 21 September 2016, the Group acquired 97,74% of the share capital of International Printing Group Limitada 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.

	2017 R'000
Fair value of assets and liabilities acquired	
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	**16 708**
Total purchase consideration	**266**
Cash flow	
Cash consideration paid in respect of Digital Print Solutions	**(2 623)**
Cash in entity acquired – International Printing Group Limitada	**13 408**
Cash flow on acquisition	**10 785**

10. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

10.1 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 summary consolidated financial statements do not include all risk management information and disclosure required in the annual financial statements and 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 financial risk management objectives and policies since the previous financial year.

10.2 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
At 31 March 2017				
Assets				
Available-for-sale financial assets	**–**	**3 000**	**–**	**3 000**
Foreign exchange contracts	**–**	**1 462**	**–**	**1 462**
	–	**4 462**	**–**	**4 462**
Liabilities				
Foreign exchange contracts	**–**	**16 520**	**–**	**16 520**
At 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

Valuation techniques and key inputs used to measure significant level 2 fair values

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.

Available for sale financial assets – the use of quoted market prices or dealer quotes for similar instruments.

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.

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

11. RELATED-PARTY TRANSACTIONS

Related-party transactions similar to those disclosed in the Group's annual financial statements for the year ended 31 March 2016 took place during the financial year.

12. CAPITAL COMMITMENTS AND CONTINGENCIES

	Audited 2017 R'000	Audited 2016 R'000
Authorised capital expenditure		
Already contracted for but not provided for		
– Property, plant and equipment	**46 807**	90 651
Operating leases – as lessee (expense)		
Minimum lease payments due		
– within one year	**5 486**	4 068
– in second to fifth year inclusive	**12 841**	14 109

The Group leases manufacturing and office space as well as equipment under various non-cancellable operating leases. Certain contracts contain renewal options and escalation clauses for various periods of time.

13. EVENTS AFTER THE REPORTING DATE

The directors are not aware of any matter or circumstance arising since the end of the financial year that would significantly affect the operations of the Group or the results of its operations.

DIRECTORATE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Neil Birch
Christoffel Botha
Gugulethu Dingaan
Bernard Olivier
Jan Potgieter
Sandile Zungu

NON-EXECUTIVE DIRECTORS

Esmaré Weideman
Cindy Hess

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
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

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