CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

novus holdings

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")

REVIEWED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

SALIENT FEATURES

- Revenue increased by 5,4% to R2,295 billion (2016: R2,177 billion)
- Improved gross profit margin of 28,7% (2016: 26,5%)
- Operating profit excluding impairments and profit/(loss) on disposal of assets increased by 9,2% to R332,1 million (2016: R304,1 million)
- Headline earnings per share increased by 13,3% to 71,7 cents per share (2016: 63,3 cents per share)

PERFORMANCE OVERVIEW

Print revenue increased by 4,3% to R2,13 billion, shaped by good throughput in print volumes. This is due to the full-year volumes of the Department of Basic Education (DBE) workbook tender being printed in the first six months of the year. Excluding the DBE workbook tender, publication print volumes declined by 12,3%.

Magazine and newspaper volumes continued to decline due to reduced circulation and title closures. Retail inserts and catalogues also experienced volume pressure as these products depend on the overall health of the retail sector.

Pleasingly, volumes for books and directories remained stable and, excluding DBE workbooks, were consistent with the prior period.

The "Other" segment showed positive growth. With the Group's second tissue mill operational for the full six months, tissue volumes increased by 5,1% compared to the previous period. Revenue was, however, adversely impacted by the decision to exit tissue converting (including the sale of converted product to retailers), effective 1 August 2017. The refurbishment of tissue mill one is on track, and the mill has been capable of running at full capacity since 1 November 2017.

In addition to improved production efficiencies, labels experienced increased uptake from key clients in the carbonated soft drinks and alcoholic beverages industries. This resulted in the growth of wrap-around and wet-glue labels, respectively. The Group has also seen good growth in self-adhesive label volumes.

Gross profit margin increased by 2,2%, in part due to a favourable exchange rate scenario that led to improved price points and positive cost recovery. Gross profit margin further benefited from production efficiencies that were realised through the additional DBE workbook volumes. The stabilisation of Novus Print Solutions and an associated increase in volumes also made a positive impact.

Asset rationalisation contributed positively to operating profit; however, gains were offset by capital expenditure for equipment in Novus Print Solutions, as well as the installation of additional capacity and asset refurbishment in tissue in the previous financial year. Capital expenditure in the Print segment for the first six months of this financial year remained low.

Group operating expenses increased by 20,2%. This was due to the reversal of doubtful debt provisions in the previous period not recurring, as well as the concentration of fixed costs during this period relating to the completion of the DBE workbook tender. Apart from these factors, fixed costs were well managed and like-for-like expense increases remained below inflation at 2,2%.

Novus Holdings experienced negative cash flow for the period due to the delayed receipt of a large payment. However, the working capital ratio was restored immediately after the reporting period.

ACQUISITION OF ITB MANUFACTURING

The Group acquired ITB Manufacturing (ITB) on 1 October 2017, with the initial amount of R180,0 million paid after the close of the interim period. The purchase consideration payable for this transaction will not exceed R300,0 million, to be settled in cash. This acquisition will therefore be absorbed into the Group's cash flow and will not require debt financing.

The acquisition of ITB supports Novus Holdings' strategic intent to diversify. ITB manufactures and supplies flexible packaging solutions, with operations in KwaZulu-Natal and Gauteng. The ITB management team remains involved to support Novus Holdings' successful expansion into the flexible plastics and other packaging sectors.

The structure of Novus Holdings' operations is now segmented into Print, Tissue and Packaging. The Packaging segment will be known as Novus Packaging which incorporates the labels business.

GROUP GOVERNANCE

In compliance with the order of the South African Competition Tribunal on 3 August 2017, Media24 divested itself of the majority of its shareholding in Novus Holdings to Naspers Limited, retaining a non-controlling minority stake of 19,0%. The subsequent unbundling of Novus Holdings' shares was successfully completed on 26 September 2017. The restated management agreement was terminated and Media24 gave Novus Holdings six months' written notice of the cancellation of the existing printing agreements. Accordingly, the existing printing agreements will terminate on 31 March 2018.

The unbundling of Novus Holdings' shares contributed to increased liquidity and free float – from 25,2% in the comparative period to 73,0%. Novus Holdings is pleased with the significant demand for shares from existing investors, as well as the interest from new shareholders.

In accordance with the order of the Competition Tribunal, Ms. Esmaré Weideman and Ms. Cindy Hess (non-independent, non-executive members of the board nominated by Media24) resigned as directors of Novus Holdings on 29 September 2017. The board thanks them for their contributions to Novus Holdings during their tenure.

Effective 15 July 2017, Ms. Lulama Mtanga was appointed as an independent non-executive director of Novus Holdings. She will further serve as chairman of the social and ethics committee and member of the investment committee. Effective 1 October 2017, Mr. Neil Birch's designation as chairman has changed from independent non-executive to executive chairman of the Group. The composition of the board and balance of power remains aligned with the requirements of the King IV Report on Corporate Governance™ for South Africa. Following Mr. Birch's change in designation, Mr. Jan Potgieter will take the role of lead non-executive independent director. The board welcomes the opportunity for increased participation from Mr. Birch and looks forward to his contribution.

CHANGES TO THE COMPANY SECRETARY

In compliance with paragraph 3.59(a) of the JSE Listings Requirements, shareholders are advised that Kilgetty Statutory Services (Pty) Ltd has resigned as the Company Secretary of Novus Holdings effective 9 November 2017.

Ms Marlene McConnell has been appointed as the Company Secretary of Novus Holdings effective 9 November 2017. She holds a BProc and LLB from the University of the Western Cape and a LLM: Shipping Law from the University of Cape Town. Ms McConnell has a wealth of experience having worked as a Company Secretary in the listed environment for over 10 years.

OUTLOOK

The Group consolidated its heatset and coldset divisions in the first six months of the year. In the second half of the year, Novus Holdings will focus on streamlining and standardising processes across the two divisions. The consolidation of its heatset and coldset operations will strengthen the Group's ability to respond to changing market dynamics going forward.

For the second half of the year, both the timing of the DBE workbooks and continued volume declines will impact results negatively.

The Group is currently engaging with Media24 regarding the printing agreements due to the termination effective 31 March 2018. It is expected that the new terms will have a material impact on future results.

Looking beyond the current financial year, it is anticipated that there will be continued pressure on overall print volumes. This impact is exacerbated by an availability of excess print capacity in the market with competitors all vying for the same declining volumes. Accordingly, the Group will intensify its focus on reducing cost structures and driving efficiencies in order to mitigate the financial impact.

With the tissue operation able to provide jumbo reels at full capacity, sales volumes are expected to increase as the Group grows its market share.

The labels operation is well positioned to hone its efficiencies as the busy season sees an increase in volumes for both wet-glue and wrap-around labels. Further investment in production capacity is envisioned for self-adhesive labels as demand exceeds existing capacity.

Benefits of the ITB acquisition will accrue effective 1 October 2017. Novus Holdings looks forward to a positive contribution to the Group results from flexible plastic products.

The Africa business remains part of the Group's long-term diversification strategy – with a strong focus on securing recurring revenue streams in the future to mitigate the cyclicality of Africa projects.

Novus Holdings will continue to look for growth opportunities, both within its existing portfolio and from other targeted and strategically aligned acquisitions.

RESULTS PRESENTATION

Shareholders are advised that Novus Holdings will host a live audio webcast at 10h00 (SA time) on 14 November 2017. The webcast can be accessed at http://www.corpcam.com/Novus14112017.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

	Notes	30 September 2017 Reviewed R'000	30 September 2016 Reviewed R'000	31 March 2017 Audited R'000
ASSETS				
Non-current assets		**2 360 473**	2 484 533	2 356 990
Property, plant and equipment	10	**2 092 353**	2 261 227	2 102 674
Goodwill	6	**155 419**	155 419	155 419
Other intangible assets		**40 370**	41 918	42 250
Available-for-sale financial assets		**3 000**	–	3 000
Loans and receivables		**6 580**	1 538	3 050
Deferred taxation assets		**62 751**	24 431	50 597
Current assets		**1 849 098**	1 604 174	1 242 561
Inventory		**345 214**	526 071	342 330
Trade and other receivables		**1 244 300**	975 696	605 397
Derivative financial instruments		**22 670**	2 376	1 462
Cash and cash equivalents		**173 510**	100 031	229 968
Non-current asset held for sale		**63 404**	–	63 404
TOTAL ASSETS		**4 209 571**	4 088 707	3 599 551
EQUITY AND LIABILITIES				
Capital and reserves attributable to the Group's equity holders		**2 961 455**	2 811 854	2 882 839
Share capital		**606 040**	606 040	606 040
Treasury shares		**(368 172)**	(368 172)	(368 172)
Other reserves		**(780 669)**	(816 864)	(804 465)
Retained earnings		**3 504 256**	3 390 850	3 449 436
Non-controlling interest		**(371)**	(398)	(374)
TOTAL EQUITY		**2 961 084**	2 811 456	2 882 465
LIABILITIES				
Non-current liabilities		**374 143**	330 714	371 171
Post-employment benefit obligations and provisions		**19 183**	12 035	20 032
Long-term liabilities		**58 886**	891	60 436
Cash-settled share-based payment liability		**1 469**	5 193	3 139
Deferred taxation liabilities		**251 268**	267 022	242 429
Deferred income		**43 337**	45 573	45 135
Current liabilities		**874 344**	946 537	345 915
Provisions		**186**	–	2 177
Current portion of long-term liabilities		**2 098**	44 542	20 090
Trade and other payables		**500 828**	585 258	299 424
Current income tax payable		**13 843**	29 897	120
Derivative financial instruments		**54**	18 668	16 520
Bank overdrafts		**355 458**	257 410	2 744
Deferred income		**1 877**	10 762	4 840
TOTAL EQUITY AND LIABILITIES		**4 209 571**	4 088 707	3 599 551

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 September		Year ended 31 March
		2017 Reviewed R'000	2016 Reviewed R'000	2017 Audited R'000
Revenue		**2 294 583**	2 176 516	4 312 464
Cost of sales		**(1 635 939)**	(1 600 198)	(3 207 060)
Gross profit		**658 644**	576 318	1 105 404
Operating expenses		**(326 537)**	(272 185)	(576 579)
Other gains/(losses)		**6 415**	310	(135 089)
Operating profit		**338 522**	304 443	393 736
Finance income		**6 499**	7 635	13 433
Finance costs		**(13 429)**	(22 161)	(45 688)
Profit before taxation		**331 592**	289 917	361 481
Taxation		**(97 839)**	(87 597)	(104 654)
Net profit for the period		**233 753**	202 320	256 827
Other comprehensive income, net of taxation		**17 495**	1 204	(1 207)
Items that may be subsequently reclassified to profit or loss				
– Effect of cash flow hedges		**24 371**	2 070	(19)
– Tax effect		**(6 823)**	(584)	7
– Translation of foreign operations		**(74)**	(392)	(2 577)
– Tax effect		**21**	110	722
Items that will not be reclassified to profit or loss				
– Remeasurement of post-employment benefit obligations and provisions		**–**	–	917
– Tax effect		**–**	–	(257)
Total comprehensive income		**251 248**	203 524	255 620
Net profit for the period attributable to:				
Equity holders of the Group		**233 751**	202 337	256 819
Non-controlling interest		**2**	(17)	8
		233 753	202 320	256 827
Total comprehensive income attributable to:				
Equity holders of the Group		**251 246**	203 541	255 612
Non-controlling interest		**2**	(17)	8
		251 248	203 524	255 620
Earnings per share (cents)				
Basic	7	**73,15**	63,32	80,37
Diluted	7	**73,15**	63,32	80,37

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Six months ended 30 September		Year ended 31 March
		2017 Reviewed R'000	2016 Reviewed R'000	2017 Audited R'000
Balance at the beginning of the period		**2 882 465**	2 822 624	2 822 624
Changes in reserves				
– Total comprehensive income for the period		**251 246**	203 541	255 612
– Share-based compensation movement		**6 317**	9 371	28 285
– Dividends paid	12	**(178 946)**	(223 682)	(223 682)
Changes in non-controlling interest				
– Total comprehensive income for the period		**2**	(17)	8
– Transactions with non-controlling interests		**–**	(381)	(382)
Balance at the end of the period		**2 961 084**	2 811 456	2 822 465
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		**63 686**	42 064	56 875
Hedging reserve		**15 269**	(272)	(1 770)
Actuarial reserve		**182**	(477)	182
Foreign currency translation reserve		**(1 909)**	(282)	(1 855)
Retained earnings		**3 504 256**	3 390 850	3 449 436
Non-controlling interest		**(371)**	(398)	(374)
		2 961 084	2 811 456	2 882 465

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 September		Year ended 31 March
		2017 Reviewed R'000	2016 Reviewed R'000	2017 Audited R'000
Cash flows from operating activities				
Cash (utilised)/generated from operations		**(36 522)**	49 527	661 829
Finance income		**6 415**	7 635	13 433
Finance costs		**(6 319)**	(5 117)	(11 718)
Taxation paid		**(94 227)**	(91 068)	(188 513)
Net cash (utilised)/generated from operating activities		**(130 653)**	(39 023)	475 031
Cash flows from investing activities				
Acquisition of property, plant and equipment		**(84 082)**	(135 123)	(243 719)
Proceeds on disposal of property, plant and equipment		**9 579**	1 869	15 098
Loans and receivables advanced		**(4 450)**	–	(4 512)
Proceeds from other loans and receivables		**–**	222	263
Purchase of intangible assets		**(1 433)**	(4 673)	(8 363)
Acquisition of subsidiaries/businesses		**–**	10 785	10 785
Net cash utilised in investing activities		**(80 386)**	(126 920)	(230 448)
Cash flows from financing activities				
Repayment of long-term loans		**–**	(33 333)	(60 455)
Repayment of short-term loans		**(16 667)**	–	–
Repayment of capitalised finance leases		**(2 520)**	(1 199)	–
Dividends paid	12	**(178 946)**	(223 682)	(223 682)
Net cash utilised in financing activities		**(198 133)**	(258 214)	(284 137)
Net decrease in cash and cash equivalents		**(409 172)**	**(424 157)**	(39 554)
Cash and cash equivalents at the beginning of the period		**227 224**	**266 778**	266 778
Cash and cash equivalents at the end of the period		**(181 948)**	**(157 379)**	227 224

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

1 BASIS OF PRESENTATION

The condensed consolidated interim financial statements for the six months ended 30 September 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (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, 71 of 2008, as amended (the Companies Act) and the JSE Limited (JSE) Listings Requirements.

The accounting policies used in preparing the condensed consolidated interim financial statements are in terms of IFRS 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 2017. None of the new or amended accounting pronouncements that are effective for the financial year commencing 1 April 2017 are expected to have a material impact on the Group. Management is in process of assessing the impact of standards issued but not yet effective which may have a significant impact on the Group and have identified the following standards which will likely have an impact:

(i) IFRS 15 *Revenue from Contracts with Customers* (effective 1 January 2018)
The application of this new standard will likely impact print revenue which will be recognised once the performance obligation has been completed which occurs once the print job is completed and ready for delivery and not when risks and rewards of ownership transfers upon delivery as required under IAS 18 *Revenue.*

(ii) IFRS 9 *Financial Instruments* (effective 1 January 2018)
The application of this new standard requires that the recognition of impairment provisions on trade receivables be based on expected credit losses rather than only incurred credit losses as is the case under IAS 39 *Financial Instruments: Recognition and Measurement*. This will likely increase the provision for impairment of receivables. Management is still in the process of assessing the full impact of the adoption of the new standard.

2 ESTIMATES

The preparation of interim financial statements requires management to make judgements, 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 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 financial statements for the year ended 31 March 2017.

3 SEASONALITY OF OPERATIONS

Due to the seasonal nature of the Print 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 opinion appears at the end of this report. The review opinion 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. There has been no impairment charge recognised during the period. Movements in the Group's goodwill for the period are detailed below:

	Six months ended 30 September		Year ended 31 March
	2017 Reviewed R’000	2016 Reviewed R’000	2017 Audited R’000
Goodwill			
Cost	**155 419**	138 711	138 711
Acquisitions	**–**	16 708	16 708
Closing balance	**155 419**	155 419	155 419

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

7 EARNINGS PER SHARE (CONTINUED)

Headline earnings per share (continued)

	Six months ended 30 September		Year ended 31 March
	2017 Reviewed R'000	2016 Reviewed R'000	2017 Audited R'000
Calculation of headline earnings			
Net profit attributable to shareholders	**233 751**	202 337	256 819
Adjusted for:			
– Profit on sale of property, plant and equipment	**(6 256)**	(1 472)	(3 553)
– Insurance proceeds	**(159)**	–	–
– Impairment in value of property, plant and equipment	**–**	1 162	138 642
	227 336	202 027	391 908
Total tax effect of adjustments	**1 796**	87	(37 825)
Headline earnings	**229 132**	202 114	354 083
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	**73,15**	63,32	80,37
Diluted	**73,15**	63,32	80,37
Headline earnings per share (cents)			
Basic	**71,71**	63,25	110,81
Diluted	**71,71**	63,25	110,81

8 SEGMENTAL ANALYSIS

The Group 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 *Operating Segments* paragraph 12 as they have similar profit margins, production processes, customers and suppliers. They are aggregated into the Print 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.

	Six months ended 30 September		Year ended 31 March
	2017 Reviewed R'000	2016 Reviewed R'000	2017 Audited R'000
Revenue	**2 294 583**	2 176 516	4 312 464
Print	**2 135 469**	2 044 265	3 998 018
"Other"	**183 990**	156 859	358 743
Intersegmental eliminations	**(24 876)**	(24 608)	(44 297)
Earnings before interest, taxation and amortisation (EBITDA)	**441 914**	401 960	601 303
Print	**431 910**	408 259	657 586
"Other"	**10 004**	(6 298)	(56 283)
Operating profit	**338 522**	304 443	393 736
Print	**344 241**	319 561	473 821
"Other"	**(5 719)**	(15 118)	(80 085)
Total assets	**4 209 571**	4 088 707	3 599 551
Print	**4 321 874**	4 121 803	3 685 512
"Other"	**746 612**	589 793	634 549
Intersegmental eliminations	**(858 915)**	(622 889)	(720 510)
Total liabilities	**1 248 487**	1 277 251	717 086
Print	**1 172 187**	1 223 051	642 023
"Other"	**935 215**	677 089	795 573
Intersegmental eliminations	**(858 915)**	(622 889)	(720 510)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

9 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		Year ended 31 March
	2017 Reviewed R'000	2016 Reviewed R'000	2017 Audited R'000
Commitments			
Capital expenditure	**12 882**	37 876	46 807
Operating lease commitments	**24 780**	16 131	18 327
	37 662	54 007	65 134

10 PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment is mainly due to the following:

	2017 Reviewed R'000	2016 Reviewed R'000	2017 Audited R'000
Cash acquisitions during the period	**84 082**	135 123	243 719
Depreciation during the period	**100 588**	93 681	200 265

11 RELATED-PARTY TRANSACTIONS

During the six months to September 2017, Media24 Proprietary Limited reduced its shareholding in Novus Holdings Limited from 61,18% to 19% as a result of the unbundling process which was a condition ordered by the Competition Tribunal. This changed the Group's relationship with Media24 Proprietary Limited as it is no longer Novus Holdings Limited's holding company. Sales to Media24 Proprietary Limited for the six months ended 30 September 2017 amounted to R450 million (six months to September 2016: R522 million; 12 months to March 2017: R985 million). Amounts outstanding from Media24 Proprietary Limited at 30 September 2017 amounted to R82 million (30 September 2016: R97 million; 31 March 2017: R93 million).

12 DIVIDENDS

A dividend of R179 million (2017: R224 million) that relates to the period to 31 March 2017 was paid in September 2017.

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 Group 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 2017. 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 2017. There has, however, been a significant increase in the foreign exchange contracts asset resulting from the fluctuation of the rand against the euro- and US dollar-denominated contracts.

13 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

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 2017				
Assets				
Available-for-sale financial assets	**–**	**3 000**	**–**	**3 000**
Foreign exchange contracts	**–**	**22 670**	**–**	**22 670**
	–	**25 670**	**–**	**25 670**
Liabilities				
Foreign exchange contracts	**–**	**54**	**–**	**54**
	–	**54**	**–**	**54**
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
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
	–	16 520	–	16 520

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

13 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

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.

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

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

14 EVENTS AFTER THE REPORTING DATE

With effect from 1 October 2017, the Group acquired 100% of the share capital of ITB Manufacturing Proprietary Limited, a South African manufacturer of flexible plastic packaging. The purchase consideration was settled, in part, through a cash payment of R180 million made on 3 October 2017, and an additional amount to be determined based on the earnings before interest and taxation (EBIT) to be achieved in the 2018 financial year post completion of the transaction and subject to certain targets being achieved, with the additional payment limited to R120 million.

This acquisition forms part of Novus Holdings Limited's business strategy to diversify its revenue and cash flow streams by increasing its exposure to include investments outside of the print media sector.

The financial effects of the above transaction have not been brought to account at 30 September 2017. The operating results and assets and liabilities of the company will be consolidated from 1 October 2017.

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 3 to 11, which comprise the condensed consolidated statement of financial position as at 30 September 2017 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 2017 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: **Viresh Harri**
Registered Auditor

Cape Town
09 November 2017

DIRECTORATE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Christoffel Botha
Gugulethu Dingaan
Lulama Mtanga
Bernard Olivier
Jan Potgieter
Sandile Zungu

EXECUTIVE DIRECTORS

Neil Birch (Executive chairman)
Keith Vroon (CEO)
Edrich Fivaz (CFO)

COMPANY SECRETARY

Marlene McConnell

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