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 audited results for the year ended 31 March 2016

Salient features

	2016 R'000	2015 R'000	%
Revenue	**4 174 517**	4 261 484	(2,0)
Gross profit	**1 259 701**	1 169 237	7,7
Gross margin	***30,2%***	*27,4%*	
Operating profit	**648 760**	561 498	15,5
Operating profit – excluding impairments and profit/(loss) on disposal of assets	**650 720**	634 697	2,5
Operating margin	***15,5%***	*13,2%*	
Operating margin – excluding impairments and profit/(loss) on disposal of assets	***15,6%***	*14,9%*	
Profit after tax	**448 268**	364 804	22,9
Headline earnings	**447 158**	385 181	16,1
Earnings per share – cents	**139,5**	110,9	25,8
Headline earnings per share – cents	**139,9**	127,6	9,6
Final gross dividend per share – cents	**70,0**	64,0	9,4
Total gross dividend per share – cents	**70,0**	64,0	9,4
Free cash flow	**327 860**	450 880	(27,3)

Commentary

Novus Holdings demonstrated its resilience this year, performing well despite tough market conditions. Low economic growth and suppressed consumer confidence affected core business print volumes. However, the Group remains positive about the continued demand for print products while diversifying its offering.

Current market conditions emphasise the importance of the Group's strategic focus on diversification and leveraging our core asset. Rather than pursuing short-term gains, Novus Holdings remains committed to organic and acquisitive growth – the latter being determined by seeking the right quality assets at the right price.

While global trends indicate a decreased demand for printed matter, Novus Holdings firmly believes that its loyal customer base, diversified and quality product offerings and ability to innovate and offer unique propositions to an evolving market will ensure the Group's continued resilience and success. The consolidation of existing assets and enhanced production efficiencies further ensure that the Group is able to maximise cash flows for investments in sustainable growth assets.

YEAR IN REVIEW

Novus Holdings achieved a strong set of financial results for the 2016 financial year. Operating profit excluding impairments and profit/(loss) on disposal of fixed assets increased 2,5% to R650,7 million, and headline earnings per share increased 9,6% to 139,9 cents per share. Revenue declined to R4,17 billion compared to R4,26 billion in 2015 due to downward pressure on print volumes. With print remaining our core business, it was pleasing to see an increased operating margin, excluding impairments and profit/(loss) on disposal of fixed assets, of 15,6%, up 0,7% from last year's 14,9%.

A good hedging strategy, higher earnings due to an improved sales mix and continued success in efficiency drives, as well as the strong profitability and performance by the Group's core business were additional highlights of the financial year.

The Group remains in the early stages of its growth phase – introduced by the diversification strategy, which constituted expansion into labels, flexible packaging, tissue and, more recently, digital print. Unfortunately, plans for both labels and tissue proved to be too aggressive in year one, and we were forced to delay the roll-out of these projects.

Strategic actions, such as the repositioning of management structures, have been implemented, and the negative returns are expected to improve in the next year.

A new market in digital print also opened to Novus Holdings through the acquisition of Digital Print Solutions. The consolidation of Digital Print Solutions and Paarl Media Paarl is expected to be completed mid-year 2016, and includes the installation of the first digital web press in South Africa. We are confident that the Group's strategy of unlocking new markets through this process will be successful.

FINANCIAL PERFORMANCE

Despite experiencing reduced volumes, print profitability remained strong and Novus Holdings is committed to extending its leadership position and preserving the cash flow and profitability of its core business activity.

This was supported by maximising returns through the consolidation of existing assets and enhanced production efficiencies. The Group is also focused on matching operational capacity to market demand. This includes careful consideration of our footprint, and a continuous evaluation of operations to align productive capacity to demand in order to retain margins. This will ensure the Group maximises returns on current equipment and infrastructure, without incurring further inefficient capital expenditure.

Novus Holdings performed well in the 2016 financial year, with headline earnings per share increasing by 9,6%. The Print segment contribution was exceptional, with an operating margin excluding impairments and profit/(loss) on disposal of fixed assets of 17,5% (2015: 15,4%). However, the contribution of the Other segment was disappointing, with an operating margin of -13,3% (2015: 4,4%). While overall revenue is down 2%, the Other segment increased by 17,6% and Print declined by 3,1%.

Group results were affected negatively by the losses incurred on the tissue and labels diversification projects. However, these offerings have been refocused and potentially offer a significant swing in fortunes for the Group in the 2017 financial year. Despite a slow start, both increased contribution to total revenue during the year. Tissue increased to 3,4% (2015: 2,7%) and labels increased to 2,7% (2015: 2,4%) of Group revenue. Management remains confident that, once capacity is reached, both projects will add to overall Group profitability, with the target of contributing approximately 15% to Group revenue.

Retail inserts and catalogues remained the highest contributors to revenue at 29,0% (2015: 28,6%). These products depend on the health of the retail sector, which came under strain over the past year, and are also dependent on print media advertising spend.

Commentary (continued)

Newsprint products contributed 21,9% (2015: 21,8%), and magazines 20,6% (2015: 22,5%), to the Group's revenue. These sectors continue to be a challenge. Circulation figures indicate an effective annual decline of 1,8% and 6,1% in the circulation of newspapers and magazines respectively over the past five years. The circulation of paid-for newspapers (which represents the majority of the newspaper market in tonnage) has been worst hit, declining at an effective annual rate of 5,0% per year over the same period. Moreover, consumer spend on these products is discretionary and is predicted to come under pressure as a result of constrained GDP growth.

Books and directories contributed 20,7% (2015: 21,6%) to the Group's revenue, thus remaining an important and strategic sector for us to provide our printing services.

The most significant factors affecting the Group's financial performance were the following:

- **Paper prices:** The impact of the global oversupply of paper was still evident in the past year and this translated into marginal declines in euro prices. Paper suppliers are continuously taking action to balance supply with demand. Novus Holdings imports approximately 50% of its paper requirements by volume. The availability of local and foreign paper and the cost thereof is the single biggest factor impacting the Group's ability to create value.
- **Exchange rate:** The ever present volatility of the rand impacted the gross profit margin. Novus Holdings takes forward cover to protect pricing on contractual work and ensure price stability. This hedging strategy positively influenced the cost of imported paper this year against the backdrop of a depreciating rand. However, while the Group benefited from this strategy during the 2016 financial year, lags in pricing adjustments caused by contractual terms, the competitive nature of the market, and an underperforming exchange rate will likely result in pressure on margins in the next financial year.
- **Waste minimisation:** Enhancing productivity and efficiency in a mature market is a primary objective of Novus Holdings. Improved press utilisation and ongoing analysis of optimum productive capacity form part of a continuous programme to minimise waste across the Group's operations, thereby protecting cash flows and profitability.
- **Labels and tissue:** A substantial swing from profit to loss across the two units when compared to 2015 has had an impact on the Group's financial results for 2015/16.

IMPAIRMENT

An impairment charge of R2,3 million (2015: R73,5 million) was taken on printing equipment which was no longer required.

CAPITAL EXPENDITURE

The cash expenditure on property, plant and equipment was R236 million, of which R197 million related to expansion and diversification.

The R197 million expansion and diversification expenditure related to:

- Packaging gravure equipment to produce labels and other flexible packaging material
- Investment in the Correll Tissue plant
- Digital printing equipment
- Ballot production equipment

CHANGES IN LEADERSHIP

The challenge of driving diversification while optimising the business and integrating acquisitions, inevitably results in management and leadership changes. This occurred in different parts of the business, including operational areas such as the diversification projects, executive team and board.

The most significant change resulted from Stephen van der Walt's decision to resign as chief executive officer in February 2016. Keith Vroon, chief operating officer for Novus Holdings, was appointed as acting chief executive officer with effect from 31 March 2016. Keith began his career with the Group in 2004 as chief financial officer, and was appointed as chief operating officer in 2012. An announcement regarding the permanent fulfilment of this leadership role will be made following the Group's Annual General Meeting in August.

Lead independent director, Uys Meyer, retired from the board in March, and we welcomed Christoff Botha as an independent non-executive director, effective 24 February 2016. Fred Robertson was elected as new lead independent director at the board meeting held on 8 June 2016.

TRANSFORMATION

Achieving equity and gender transformation within the Group remains an imperative. We are committed to attaining a progressive work environment and will strive to attract and retain an employee complement that represents local demographics fairly, both in terms of equity and gender.

This will be achieved in the short term by monitoring direct employment opportunities, and by identifying and growing existing talent within the Group. In-house and external skills development programmes will support this goal and fast-track talented employees through the business.

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.

DIVIDENDS
The board approved a gross dividend No. 2 of 70 cents per share (2015: 64 cents). The source of the dividend is from distributable reserves and paid in cash. The dividend declared is subject to dividend withholding tax at 15%. The tax payable is 10,50 cents per share, leaving shareholders who are not exempt from dividends tax with a net dividend of 59,50 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, 30 August 2016
Trading ex dividend commences	Wednesday, 31 August 2016
Record date	Friday, 2 September 2016
Payment date	Monday, 5 September 2016

Share certificates may not be dematerialised or rematerialised between Wednesday, 31 August 2016 and Friday, 2 September 2016, both dates inclusive.

OUTLOOK
Novus Holdings continues to build a business foundation capable of generating a stable cash flow year after year. By balancing the allocation of cash flow to our core business, growth investments, and shareholder returns, Novus Holdings is well positioned to attain sustained growth in the medium to long term.

In line with the Group's growth strategy, Novus Holdings is committed to managing operational risks to ensure our ability to leverage off existing assets and projects. In addition, we will continue to investigate further opportunities that will position us well for sustainable growth into the future.

We will also continue to focus on transformation, equity and the well-being of our employees, and invest in equipment, technology and infrastructure. This will ensure that Novus Holdings remains a market leader and retains its market share.

APPRECIATION
As a board, we would like to thank the management team for their continued hard work and dedication despite many changes and challenges this year. This includes a very special word of thanks to Stephen van der Walt, who stepped down after 15 years with the Group. Stephen began his career with then Paarl Media in 2000 as chief financial officer. He was appointed as chief operating officer in 2003 and became chief executive officer in 2005. Stephen made a great contribution to the Group over his many years and was involved in Novus Holdings' listing on the JSE. We would like to wish him well in the future.

A further word of appreciation goes to all the board members who ensured that Novus Holdings benefited from leadership focused on securing value for all shareholders. Their involvement, availability and enthusiastic responses are highly valued. We also pay tribute to outgoing director, Uys Meyer, who has been a board member for 15 years and made a highly respected and valued contribution to the Group.

We continue on our journey to create value for all Novus Holdings shareholders as a leader in our industry.

Lambert Retief
Chairman

Keith Vroon
Acting chief executive officer

Summary consolidated statement of financial position

as at 31 March

	Audited 2016 R'000	Audited 2015 R'000
ASSETS		
Non-current assets	**2 428 017**	2 298 867
Property, plant and equipment	**2 237 208**	2 134 523
Goodwill	**138 711**	132 052
Other intangible assets	**38 028**	27 254
Loans and receivables	**1 508**	1 920
Derivative financial instruments	**–**	75
Deferred taxation assets	**12 562**	3 043
Current assets	**1 269 224**	1 222 840
Inventory	**325 276**	325 714
Trade and other receivables	**531 463**	351 508
Related-party receivables	**128 376**	150 895
Loans and receivables	**293**	1 333
Derivative financial instruments	**5 596**	1 486
Current income tax receivable	**–**	2 860
Cash and cash equivalents	**278 220**	389 044
TOTAL ASSETS	**3 697 241**	3 521 707
EQUITY		
Capital and reserves attributable to the Group's equity holders	**2 822 624**	2 536 235
Share capital	**606 040**	606 040
Treasury shares	**(368 172)**	(368 172)
Other reserves	**(827 441)**	(872 575)
Retained earnings	**3 412 197**	3 170 942
Non-controlling interest	**–**	30 480
TOTAL EQUITY	**2 822 624**	2 566 715
LIABILITIES		
Non-current liabilities	**360 276**	408 975
Post-employment medical liability	**3 486**	4 133
Provisions	**8 601**	13 390
Long-term liabilities	**19 473**	80 636
Cash-settled share-based payment liability	**6 239**	12 061
Deferred taxation liabilities	**270 521**	267 015
Deferred income	**51 956**	31 740
Current liabilities	**514 341**	546 017
Current portion of long-term liabilities	**61 014**	71 149
Trade and other payables	**384 612**	317 385
Related-party payables	**911**	3 087
Cash-settled share-based payment liability	**15 537**	26 477
Current income tax payable	**16 561**	–
Derivative financial instruments	**15 002**	18 877
Bank overdrafts and call loans	**11 442**	107 203
Deferred income	**9 262**	1 839
TOTAL EQUITY AND LIABILITIES	**3 697 241**	3 521 707

Summary consolidated income statement
for the year ended 31 March

	Audited 2016 R'000	Audited 2015 R'000
Revenue	4 174 517	4 261 484
Cost of sales	(2 914 816)	(3 092 247)
Gross profit	1 259 701	1 169 237
Operating expenses	(608 928)	(534 255)
Other gains/(losses)	(2 013)	(73 484)
Operating profit	648 760	561 498
Finance income	20 688	12 572
Finance costs	(31 048)	(67 735)
Profit before taxation	638 400	506 335
Taxation	(190 132)	(141 531)
Net profit for the year	448 268	364 804
Attributable to:		
Equity holders of the Group	445 764	334 904
Non-controlling interests	2 504	29 900
	448 268	364 804
Earnings per share (cents):		
Basic	139,5	110,9
Diluted	139,5	110,9

Summary consolidated statement of comprehensive income

for the year ended 31 March

	Audited 2016 R'000	Audited 2015 R'000
Profit for the year	**448 268**	364 804
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Hedging reserve	**3 514**	(4 388)
Net fair value (losses)/gains, gross	**(8)**	(711)
Net fair value (gains)/losses tax portion	**2**	199
Foreign exchange movement, gross	**56 761**	904
Foreign exchange movement, tax portion	**(15 893)**	(253)
Derecognised and added to asset, gross	**(11 215)**	4 115
Derecognised and added to asset, tax portion	**3 140**	(1 152)
Derecognised and reported in cost of sales, gross	**(40 657)**	(10 484)
Derecognised and reported in cost of sales, tax portion	**11 384**	2 994
Items that will not be reclassified to profit or loss		
Post-employment benefit obligations and provisions	**981**	(1 459)
Remeasurement of post-employment benefit obligations and provisions, gross	**1 363**	(2 026)
Remeasurement of post-employment benefit obligations and provisions, tax portion	**(382)**	567
Total other comprehensive income, net of tax	**4 496**	(5 847)
Total comprehensive income for the year	**452 763**	358 957
Attributable to:		
Equity holders of the Group	**450 102**	329 655
Non-controlling interests	**2 661**	29 302
	452 763	358 957

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 2014 – Audited	1	**–**	(750 970)	2 836 038	121 536	**2 206 605**
Total comprehensive income for the year	–	**–**	(5 227)	334 904	29 280	**358 957**
Profit for the year	–	**–**	–	334 904	29 900	**364 804**
Other comprehensive income	–	**–**	(5 227)	–	(620)	**(5 847)**
Share-based compensation movement	–	**–**	1 131	–	22	**1 153**
Share capital issued	1 428 172	**–**	–	–	–	**1 428 172**
Share issue expenses	(15 105)	**–**	–	–	–	**(15 105)**
Cancellation of repurchased shares	(1 044 895)	**–**	–	–	–	**(1 044 895)**
Shares issued to entities controlled by the Group	–	**(368 172)**	–	–	–	**(368 172)**
Transactions with non-controlling interests	237 867	**–**	(117 509)	–	(120 358)	**–**
Balance as at 31 March 2015 – Audited	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**
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)**
Balance as at 31 March 2016 – Audited	**606 040**	**(368 172)**	**(872 441)**	**3 412 197**	**–**	**2 822 624**

Summary consolidated statement of cash flows

for the year ended 31 March

	Audited 2016 R'000	Audited 2015 R'000
Cash generated from operating activities	**720 128**	802 486
Finance income	**20 688**	12 572
Finance costs	**(18 079)**	(26 223)
Taxation paid	**(178 381)**	(173 239)
Cash generated from operating activities	**544 356**	615 596
Cash flows from investment activities		
Property, plant and equipment acquired	**(236 187)**	(168 056)
Proceeds from government grants	**33 508**	4 286
Proceeds from sale of property, plant and equipment	**2 914**	2 743
Purchase of intangible assets	**(15 117)**	(17 340)
Insurance proceeds	**996**	–
Loans and receivables advanced	**–**	(787)
Loans and receivables repaid	**1 454**	818
Acquisition of subsidiaries/businesses	**(50 484)**	(103 844)
Cash utilised in investing activities	**(262 916)**	(282 180)
Cash flows from financing activities		
Proceeds from share issue	**–**	1 044 895
Repayment of long-term loans	**(72 146)**	(190 377)
Proceeds from long-term loans	**–**	100 000
Acquisition of non-controlling interests	**(19 000)**	–
Repurchase of shares	**–**	(1 044 895)
Dividend paid	**(205 357)**	–
Cash utilised in financing activities	**(296 503)**	(90 377)
Net increase/(decrease) in cash and cash equivalents	**(15 063)**	243 039
Cash and cash equivalents at beginning of the year	**281 841**	38 802
Cash and cash equivalents at end of the year	**266 778**	281 841

Notes to the summary consolidated financial statements
for the year ended 31 March 2016

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 (which includes heatset, coldset and commercial)
- Other (which includes labels, flexible packaging and tissue manufacturing)

2. BASIS OF PRESENTATION

The summary consolidated financial statements are prepared in accordance with the Listings Requirements of the JSE Limited, for preliminary reports, and the requirements of the Companies Act, No. 71 of 2008, as amended (Companies Act) applicable to summary financial statements. The JSE 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, Edward van Niekerk 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 IAS 19: Employee Benefits	1 July 2014
Amendment to IFRS 8: Operating Segments	1 July 2014
Annual Improvements 2010–2012 cycle	1 July 2014
Annual Improvements 2011–2013 cycle	1 July 2014

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 2015.

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 was identified as the executive committee that makes strategic decisions.

The executive committee identified four operating segments based on its business by service or product. Two operating segments meet the quantitative thresholds for separate reporting. However, they are similar in nature and meet the aggregation criteria in terms of paragraph 12 of IFRS 8 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", comprising the Labels division that prints flexible labels and Paarl Tissue Proprietary Limited, which manufactures tissue paper.

Notes to the summary consolidated financial statements (continued)

for the year ended 31 March 2016

7. SEGMENT INFORMATION (continued)

	Printing R'000	Other R'000	Eliminations R'000	Total R'000
2016				
External revenue	3 918 108	256 409	–	4 174 517
Intersegmental 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
2015				
External revenue	4 043 480	218 004	–	4 261 484
Intersegmental revenue	15 750	15	(15 765)	–
Total revenue	4 059 230	218 019	(15 765)	4 261 484
Profit attributable to equity holders of the company	339 861	(4 957)	–	334 904
Additional disclosure				
Property, plant and equipment additions	117 514	143 259	–	260 773
Capital commitments	40 196	17 283	–	57 479
Impairment of assets	72 796	741	–	73 537
Total assets	3 445 753	299 883	(223 929)	3 521 707
Total liabilities	884 969	293 952	(223 929)	954 992

8. TRANSACTIONS WITH NON-CONTROLLING INTEREST

On 30 September 2015, the Group acquired an additional 16% of its subsidiary Paarl Media Paarl Proprietary Limited from Kurisani Investments Proprietary Limited for a consideration of R19 million. Paarl Media Paarl Proprietary Limited is now wholly-owned by the Group.

The effect of the above transaction can be summarised as follows:

	2016 R'000
Carrying amount of non-controlling interest	32 404
Purchase consideration paid	(19 000)
Amount credited to equity	13 404

9. 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.

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).

Calculation of headline earnings	Audited 2016 R'000	Audited 2015 R'000
Earnings		
Net profit attributable to shareholders	**445 764**	334 904
Adjustments (net of tax and non-controlling interest):	**1 394**	50 277
– Loss/(profit) on sale of property, plant and equipment	**438**	(213)
– Insurance proceeds	**(717)**	–
– Impairment in value of property, plant and equipment	**1 673**	50 490
Headline earnings	**447 158**	385 181
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**	301 927 811
Earnings per ordinary share (cents)		
Basic	**139,50**	110,92
Diluted	**139,50**	110,92
Headline earnings per share (cents)		
Basic	**139,94**	127,57
Diluted	**139,94**	127,57

10. BUSINESS COMBINATIONS

For the year ended 31 March 2016

Acquisition of the share capital of Victory Ticket 376 Proprietary Limited

On 1 May 2015, the Group acquired 100% of the share capital of Victory Ticket 376 Proprietary Limited trading as Digital Print Solutions for a consideration of R7,4 million.

The acquisition was a result of the Group's diversification strategy, equipping Novus Holdings with the ability to print "on demand" books and small batches of high quality material within short turnaround times.

Goodwill of R6,7 million relates to expected synergies resulting from the Group's ability to offer a more complete printing offering to existing clients. None of the goodwill recognised is expected to be deductible for income tax purposes.

	2016 R'000
Fair value of assets and liabilities acquired	
Property, plant and equipment	**115**
Investments and loans	**848**
Net current assets/(liabilities)	**682**
Long-term liabilities	**(848)**
Identifiable assets and liabilities at acquisition date	**797**
Goodwill	**6 659**
Total purchase consideration	**7 456**
Consideration as at acquisition date	
Total purchase consideration	**4 833**
Amount owing in respect of acquisition	**2 623**
	7 456
Cash flow	
Cash consideration paid in respect of Digital Print Solutions	**(4 833)**
Cash in entity – Digital Print Solutions	**1 204**
Payment in respect of the prior year acquisition of Correll Tissue	**(46 855)**
Cash flow on acquisition	**(50 484)**

Acquisition related costs of R0,05 million have been included in profit and loss.

Revenue of R9,7 million and a profit after tax of R0,05 million have been included in the consolidated statement of comprehensive income since the acquisition date. The Group's revenue and profit after tax would have been R4 175,4 million and R448,3 million respectively if the acquisition had occurred at the beginning of the reporting period.

Notes to the summary consolidated financial statements (continued)

for the year ended 31 March 2016

11. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

11.1 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.

11.2 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 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
At 31 March 2015				
Assets				
Interest rate swap	–	116	–	116
Foreign exchange contracts	–	1 445	–	1 445
	–	1 561	–	1 561
Liabilities				
Foreign exchange contracts	–	18 877	–	18 877
	–	18 877	–	18 877

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.

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 amount of the other assets and liabilities is a reasonable approximation of their fair values.

12. RELATED-PARTY TRANSACTIONS

Related-party transactions similar to those disclosed in the Group's annual financial statements for the year ended 31 March 2015 took place during the financial year.

13. CAPITAL COMMITMENTS AND CONTINGENCIES

Authorised capital expenditure

	Audited 2016 R'000	Audited 2015 R'000
Authorised capital expenditure		
Already contracted for but not provided for		
– Property, plant and equipment	**90 651**	57 479
Operating leases – as lessee (expense)		
Minimum lease payments due		
– within one year	**4 068**	427
– in second to fifth year inclusive	**14 109**	48

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.

14. 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

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

Non-executive directors

Lambert Retief (chairman of the board)
Esmaré Weideman
Abduraghman (Manie) Mayman

Executive directors

Keith Vroon (acting chief executive officer)
Edward van Niekerk (chief financial officer)

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. Paarl

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