

2015

Integrated Annual Report

Novus is **Innovation**
Novus is **Leadership**
Novus is **Progress**



novus holdings

“Novus” means “new” and “innovation” in Latin.

Selecting Novus Holdings as a new name for the Paarl Media Group signalled the start of a new era – the establishment of a new holding company that intends to be much more than it was in the past. The new name reflects who we are: we pride ourselves on being at the forefront with new technology and diversifying into new industries, hence the choice of a multi-cultural and multi-language name.

Navigational tools

The following icons have been applied throughout the report to direct the reader to additional information or cross-referenced sections.



Online reference for further info



Page reference that directs you to info elsewhere in the report

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SCOPE AND BOUNDARY

About this report

This is the first integrated report of Novus Holdings Limited ("the Group" or "the company"), which listed on the Johannesburg Stock Exchange (JSE) on 31 March 2015 in the business support services sector (share code: NVS). This report is the primary communication to shareholders and other stakeholders interested in Novus Holdings' ability to ensure a sustainable business in the future. The report covers the financial year from 1 April 2014 to 31 March 2015 and is a first step towards full application of the following:

- King Report on Governance for South Africa 2009 (King III)
- International Financial Reporting Standards (IFRS)
- South African Companies Act, 71 of 2008, as amended
- JSE Listings Requirements
- International Integrated Reporting Council's (IIRC) <IR> Framework

The report introduces Novus Holdings to the South African and international investment community, but also serves to familiarise all stakeholders with the strategy, risks, performance and opportunities related to the newly listed entity. To support and enable this, the 2015 report includes leadership commentary, the full audited consolidated financial statements, the notice of annual general meeting and proxy form.

To determine the content of the report – in the interest of conciseness – the Group applied the principle of materiality in a process set out on page 30.



Information not covered in this report can be accessed on the website www.novus.holdings or can be requested from the company secretary Bradley Meyers (email to Bradley.Meyers@novus.holdings).



Reporting entities

The financial and non-financial data in this report covers the Group's comprehensive commercial printing and manufacturing operations in South Africa as set out on page 12. 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 and tissue manufacturing)

Financial reporting for the Other division incorporates 10 months' revenue (R116,3 million) following the acquisition of the Correll Tissue plant from 1 June 2014 and the commencement of the new wet glue label operation (revenue of R22,5 million).

Approval and assurance

The report is the result of combined input from internal and external sources. Pricewaterhouse-Coopers provided assurance over the financial statements. The Media24 Broad-based Black Economic Empowerment (B-BBEE) scorecard, which was verified by AQRate, applies to Novus Holdings Limited and its subsidiaries and is valid until 29 April 2016.

Other non-financial indicators were reviewed by an internal process that includes approval by management.

The 2015 integrated report was reviewed by the audit and risk committee and recommended for approval to the board. Final approval for release was granted on 11 June 2015 with confirmation from the board that the integrated report offers stakeholders the necessary substance to make considered evaluations about the performance and sustainability of the Group.

Forward-looking statements

This integrated report contains statements about Novus Holdings that are or may be forward-looking statements. All statements, other than statements of historical fact, are, or may be, forward-looking statements including, without limitation, those concerning: strategy; the economic outlook for the printing, labelling and tissue manufacturing industries; operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity, capital resources and expenditure; and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events, and may generally be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”,

“foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated” and “potential”, or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, estimates of capital expenditures, acquisition strategy, or future capital expenditure levels, and other economic factors such as interest and exchange rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Novus Holdings cautions that forward-looking statements are not guarantees of future performance.

Commonly used terms and entities

Coldset	The printing process in which the ink dries naturally through evaporation and absorption into paper. This method is used for printing newspapers and retail inserts and makes use of paper reels as input.
Correll Tissue	A producer of domestic tissue paper through the effective use of waste paper from printing operations, virgin pulp and recycled paper from other sources. It also supplies parent reels to other tissue converters.
Digital printing or continuous digital inkjet technology (CDIT)	A method of printing using digital techniques in which the data and images are printed directly from a computer onto paper. In the continuous digital inkjet printer a continuous stream of electrically charged ink drops are fired toward the surface. The desired image is created by deflecting unwanted drops.
Finishing	Once printed, a final finished product is produced through varnishing, any other decorative processes, cutting, folding, trimming, gathering, and binding.
Flexographic printing	Flexography is a method of direct rotary printing that uses resilient relief image plates of rubber or photopolymer material. This process is used to print self-adhesive labels for the wine, beer, spirit, cosmetics, petrochemical, food and beverage markets.
Heatset	The printing process in which the ink is dried by running the printed paper through an oven immediately after ink is applied by the printing unit. This method is used for printing high-volume commercial work, magazines and catalogues and makes use of paper reels as input.
Kurisani	Kurisani Investments (51% black-female-owned) is the investment arm of South Africa's national HIV/Aids prevention campaign offering countrywide services and outreach programmes to protect and develop young people. It has over 7,5 million beneficiaries. It owns a 16% share in Paarl Media Paarl Proprietary Limited.
Offset	A process in which a lithographic plate is used to make an inked impression on a rubber blanket that transfers it to the paper being printed, instead of being made directly on the paper. Heatset web offset printing provides cost-effective, high-quality production for commercial quantities.
Packaging gravure	A method of printing with engraved copper cylinders on powerful gravure presses that provide crisp, full-spectrum colours with registration that holds true over millions of copies. Ideally suited for high-volume production of wet glue labels and other product diversification initiatives, including in-mould labels, banderol, shrink sleeves and wrap-around packaging.
Publication gravure	A method of printing with engraved copper cylinders on powerful gravure presses that provide crisp, full-spectrum colours with registration that holds true over millions of copies. Ideally suited for high-volume production of publications and commercial products, including weekly, fortnightly and monthly magazines, catalogues and brochures.

Commonly used terms and entities

Publisher	A person or company whose business is establishing what editorial content is needed and who the target market is for specific books, periodicals, magazines and computer software, process advertising revenues and placed print work.
Sheet-fed offset	A printing press that feeds sheets of paper, rather than a continuous paper roll or web.
Welkom Yizani	Welkom Yizani is the biggest black economic empowerment share scheme in the print media industry in South Africa. Welkom Yizani was created to facilitate a Media24 B-BBEE deal with more than 100 000 black individuals and 1 000 black groups participating in the offer, gaining shareholding in Media24 of 15%. It is wholly-black-owned; 43,3% of whom are black females.

Financial ratio definitions

Cash conversion ratio	Cash generated from operations less capital expenditure spent on property, plant and equipment and intangible assets, divided by operating profit, excluding capital items.
Creditors days	Trade and other payables plus related-party payables divided by cost of sales (inclusive of VAT) multiplied by 365 days.
Debt to equity ratio	Total borrowings divided by total equity.
Debtors days	Trade and other receivables plus related-party receivables divided by revenue (inclusive of VAT) multiplied by 365 days.
Interest cover	Operating profit divided by interest expense (related-party interest, loans and overdrafts, interest rate swaps).
Liquidity ratio	Current assets divided by current liabilities.
Net asset value per share	Attributable equity divided by issued shares excluding treasury shares.
Net working capital	Inventory, trade and other receivables, related-party receivables less trade and other payables, short-term cash-settled share-based payment liability and related-party payables.
Operating assets	Property, plant and equipment, goodwill and intangible assets.
Return on equity	Net income after taxation divided by average total equity.
Return on net assets	Operating profit excluding capital items divided by average operating assets and average net working capital.
Return on total assets	Net income after taxation divided by average total assets.
Solvency ratio	Total assets divided by total liabilities.
Stock days	Inventory divided by cost of sales (exclusive of VAT) multiplied by 365 days.



Novus Holdings listed on the **Johannesburg Stock Exchange** on 31 March 2015.

The Group received **local and international awards** for printing and skills development.



The **Correll Tissue plant was acquired** in June 2014 to commercialise paper by-products and diversify the Group's product offering and revenue streams. Subsequently, an additional mill has been acquired to expand capacity.

Further optimisation was achieved through the **amalgamation of two commercial printing facilities** in KwaZulu-Natal.

Novus Holdings **met prelisting forecasts** of gross profit, operating profit and profit after tax.



The **new Novus Holdings brand** and corporate identity – previously the Paarl Media Group – was launched.

Paarl Media Commercial launched a new hybrid print offering in Gauteng in April 2014.

A packaging gravure press was acquired to expand the Group's print on packaging capabilities.



Headline earnings of **127,6 cents** per share.

Turnover increased by 7,4% primarily influenced by inflation applicable to printed products and growth in print on packaging and labels.



Governance structures were updated to align with **King III requirements**.

A GROUP AT A GLANCE



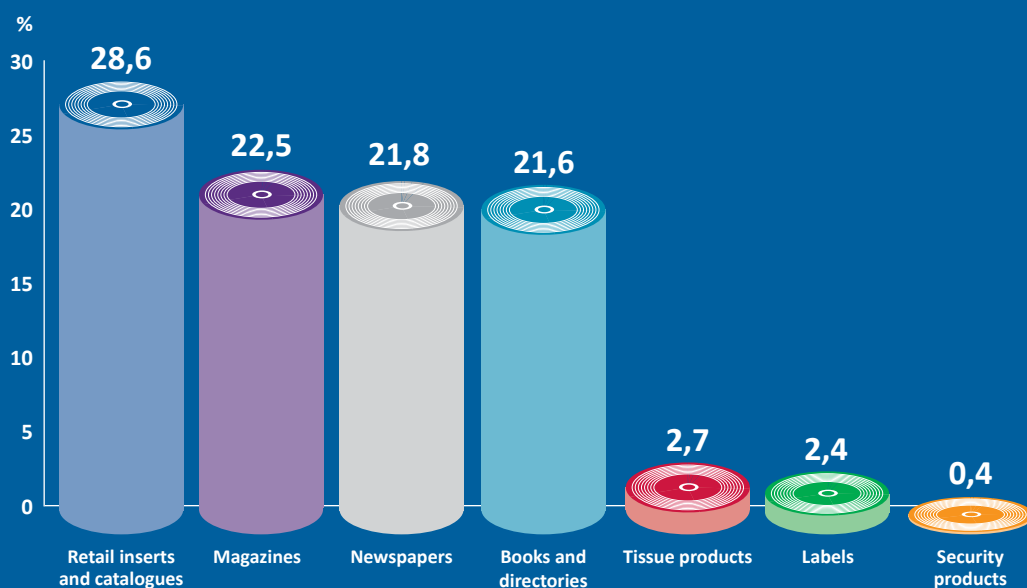
Novus Holdings profile

Novus Holdings is the most comprehensive commercial printing and manufacturing operations in South Africa. Its operations comprise eleven specialised printing and one tissue plant in key metropolitan areas across South Africa. The Group provides a comprehensive range of services nationally and in parts of Africa. Clients benefit from seamless access to volume resources and extensive print and manufacturing capability through Novus Holdings' application of advanced technology and highly

efficient, fully automated production processes. Novus Holdings offers printing services for the following product categories:

- Magazines
- Retail inserts and catalogues
- Newspapers
- Securitised printing
- Books and directories
- Labels
- Tissue products

Revenue contribution per product 2015



The Group uses publication gravure, heatset web offset, sheet-fed, specialised book, coldset web offset and UV flexographic technology in its printing processes. These are supported by customised speciality finishing, bindery, distribution and other value-add services. Waste paper produced in the printing process is used in the manufacturing of tissue products.

The Group has 15 years' experience with a long-serving customer base. It continues to secure complex and demanding print work from corporate and governmental institutions as it can provide distribution and operating leverage on large scale, while maintaining high quality.

Vision

Novus Holdings' vision is to leverage off its considerable printing and binding operations, as well as manufacturing experience to ratchet returns by leading the print industry in sub-Saharan Africa through:

- Offering a balanced value proposition to clients
- Growth in capacity derived through innovation and extension of services to clients
- Diversification in areas of technology and manufacturing aligned with management expertise, staffing skill sets and the ability to create value through existing infrastructure



Read more about the Novus Holdings strategy on page 32.

Key facts



Revenue (R'000)

R4 261 484

2014: R3 968 755

Headline earnings (R'000)

R385 181

2014: R406 084

Return on equity

15%

2014: 21%



B-BBEE contributor status

Level 3 with value-adding supplier status

2014: Level 3 with value-adding supplier status



Carbon footprint

109 301 tonnes of CO₂ emissions
(99% scope 2 – electricity)

2014: 108 508 tonnes



Number of employees

1 915

2014: 1 811



Headline earnings per share*

127,6 cents

2014: 135,4 cents

Cash conversion ratio

97%

2014: 77%

Return on net assets

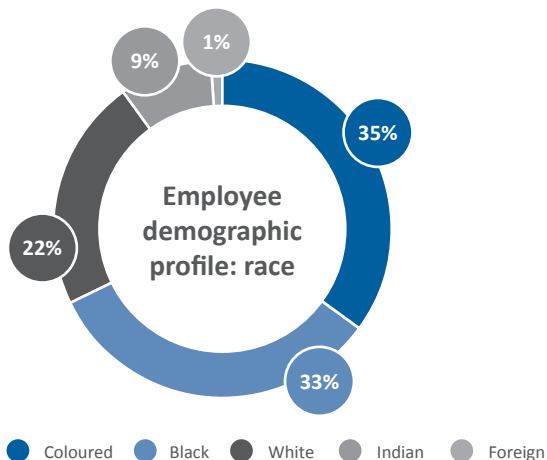
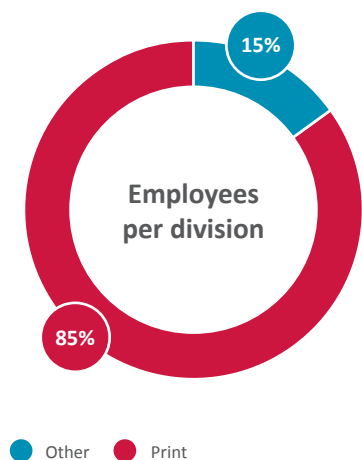
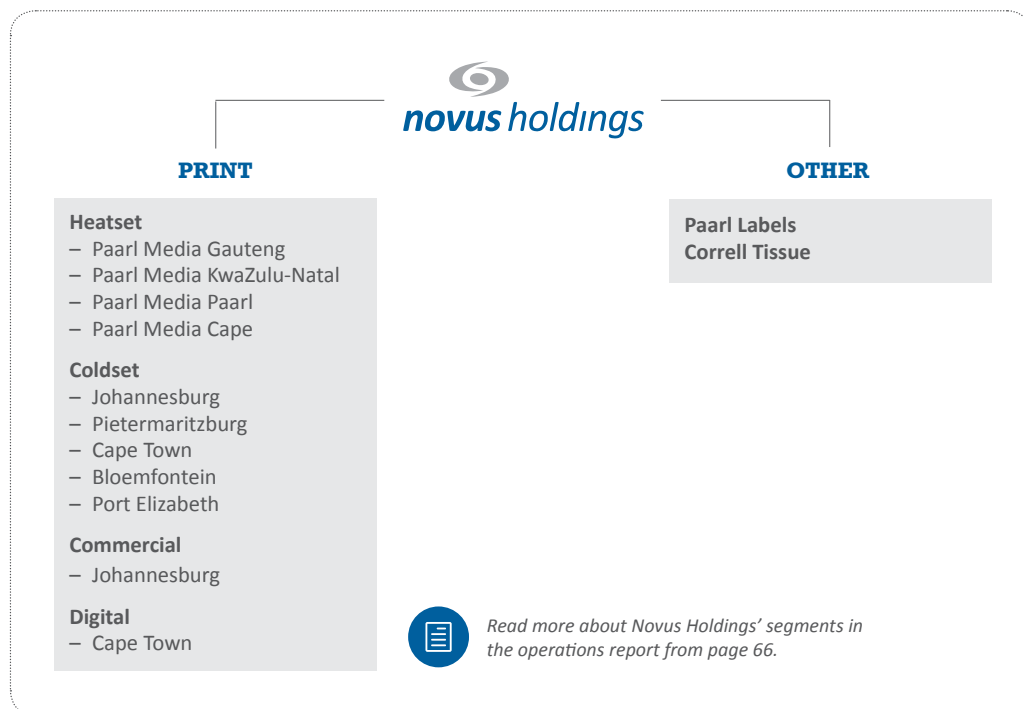
23%

2014: 25%

* This calculation for 2014 assumes an adjusted total of 300 million shares to account for the share capitalisation of 23 February 2015.

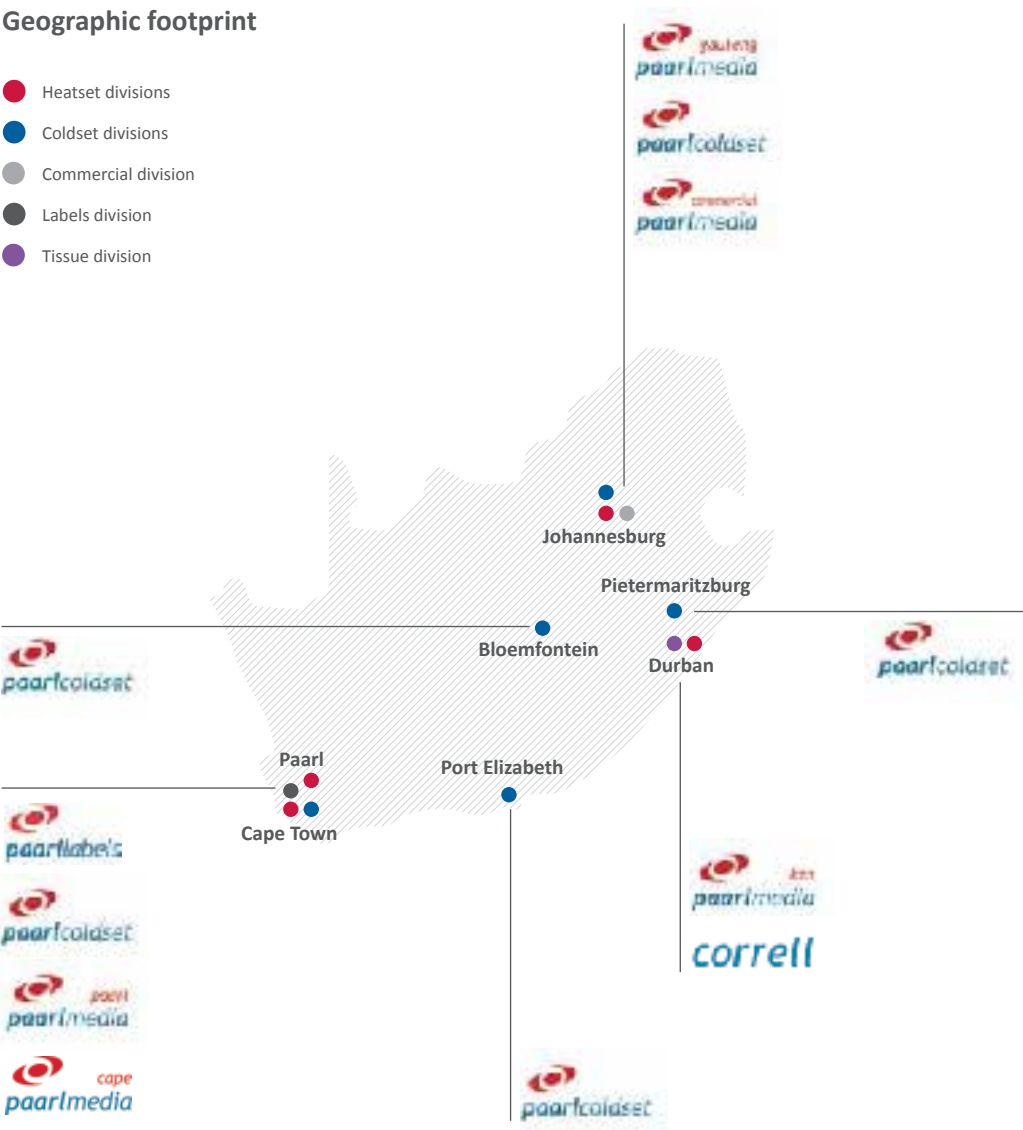
Group structure

Novus Holdings operates according to two main segments



Geographic footprint

- Heatset divisions
- Coldset divisions
- Commercial division
- Labels division
- Tissue division



In addition to these operations in key metropolitan areas, flexible logistics solutions allow for the distribution of products and services locally and internationally.

CASE STUDY

Customer satisfaction



Customer satisfaction surveys are typically conducted every two years, with the last one in 2012. This is seen as a key performance indicator within the business. The 2014 survey was postponed due to the rebranding and listing process and will be undertaken early in the new financial year.

The outcomes and application of these surveys are used to focus the attention of employees on client expectations and also serves as a warning of potential problems that can affect the ability of Novus to service its clients effectively. In the highly competitive business of the production of print media, it remains a priority to ensure customer satisfaction.

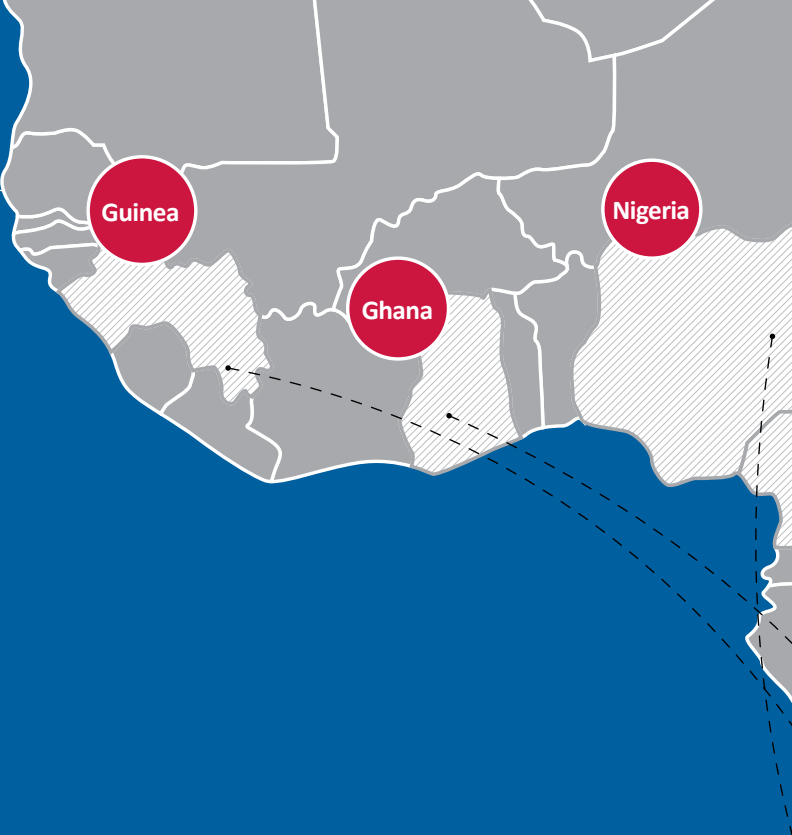
The survey focused on issues such as:

- Turnaround time on enquiries and quote requests
- The level of expertise of the representative servicing the client
- The level of service received from accounts executives handling the print projects
- The quality and level of advice received on technical aspects such as paper, print process solutions, etc.
- Overall quality of printed products upon completion and after delivery of the job
- The level of service and accuracy of invoicing
- Awareness around Paarl Media's *Printing Responsibly* initiatives
- Invitations to request further information on various technical elements of printing
- The overall level of service

Based on the outcome of the last survey, the Group has improved its service levels and clients expressed satisfaction with the service and quality of products delivered.

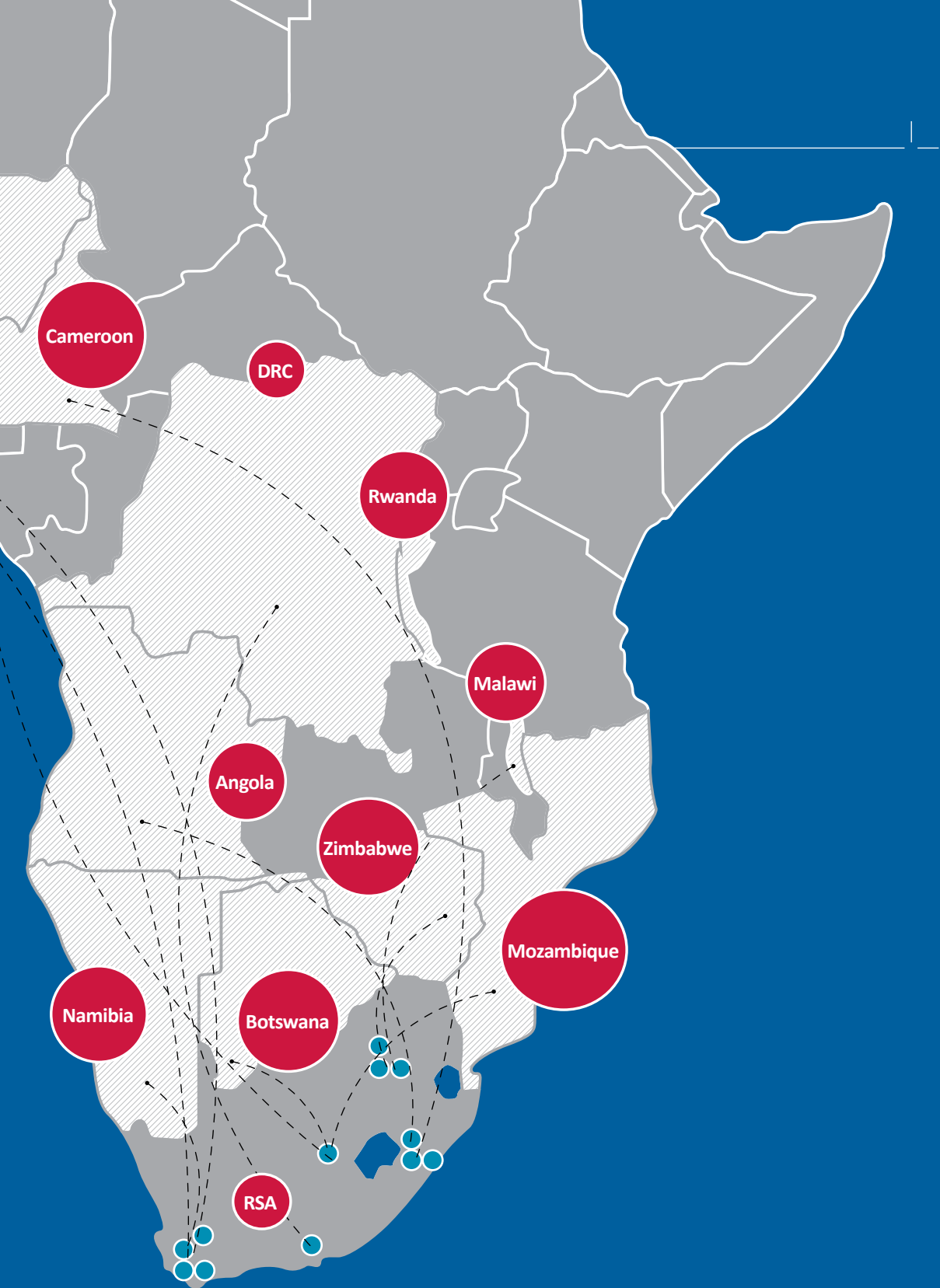


Group at a glance



Market footprint

- Markets
- Operations



Timeline towards listing

Novus Holdings traces its business history back to the formation of the Group in 2000. Its key development periods since then are as follows:

2000

Paarl Post Web Printers went through a rapid growth phase and merged with Nasionale Media. Lambert Retief becomes the first chief executive officer of the newly formed Group.

2001 – 2005

The Group acquires National Book Printers and Paarl Print that were then consolidated into Paarl Printing Proprietary Limited. Renamed Paarl Print, it concludes a BEE deal with Vakazi Holdings and Edu Access for a combined stake in the business.

Paarl Web Gauteng was launched with Kurisani Investments as a B-BBEE shareholder. Kurisani Investments consequently acquires shares in Paarl Print and Paarl Labels, the latter was established as a separate entity.

2006 – 2009

Stephen van der Walt was promoted to chief executive officer of the Group, while Lambert Retief became chairman.

The Group obtains an additional effective 13,5% empowerment shareholding through the Welkom Yizani scheme from Media24. Print24 and Paarl Post were acquired from Media24 and Huguenot Investments, and renamed Paarl Coldset to enhance the core printing facilities available to the Group's clients. The Group also becomes the first African printer to receive a Forestry Stewardship Council® (FSC®) – FSC-C022948 Chain of Custody (CoC) certification at the following plants: Paarl Media Cape, Paarl Media Gauteng, Paarl Media Paarl and Paarl Coldset (all plants).

Paarl Print plant was re-established at the Paarl Web premises and Paarl Coldset consolidated its infrastructure to centralise operations and enhance technology implemented across operations.

The Paarl Media Bursary Trust was also established to create career opportunities in a variety of industries for committed learners.

Installation of generating capacity and automated switch-gear at all sites.

2010

The physical amalgamation of Paarl Gravure and Paarl Web into Paarl Media Cape was finalised, offering both heatset web offset and publication gravure printing for high- to medium-volume commercial work, magazines and catalogues. A new printing factory was established in KwaZulu-Natal and Paarl Print renamed Paarl Media Paarl.

2011

The Paarl Media Academy of Print is launched as a training academy for company employees (renamed to Novus Academy in 2015).

2012

The Natal Witness printing plant was acquired and renamed Paarl Coldset Pietermaritzburg. Further substantial investments were made to upgrade and improve the printing facility to introduce a high degree of automation through technology.

2013

Intrepid Printers, based in KwaZulu-Natal, was acquired to improve the Group's ability to provide a wider range of printing options to customers in KwaZulu-Natal.

2014

Paarl Media Commercial was launched and Correll Tissue acquired, allowing the Group to use its paper waste products.

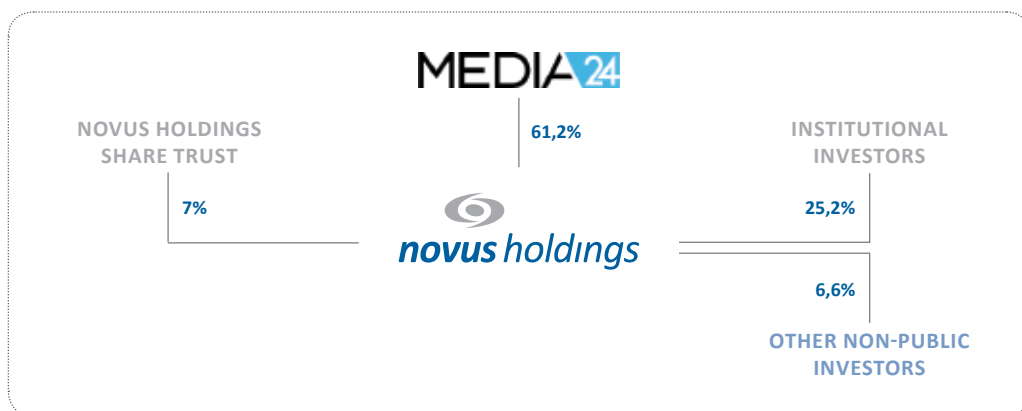
The Programme for the Endorsement of Forest Certification was received at Paarl Media Paarl and Paarl Media Cape. PEFC's Chain of Custody certification is a mechanism for tracking certified materials from the forest to the final product.

A biomass boiler was commissioned and became operational, reducing electrical dependency for steam generation.

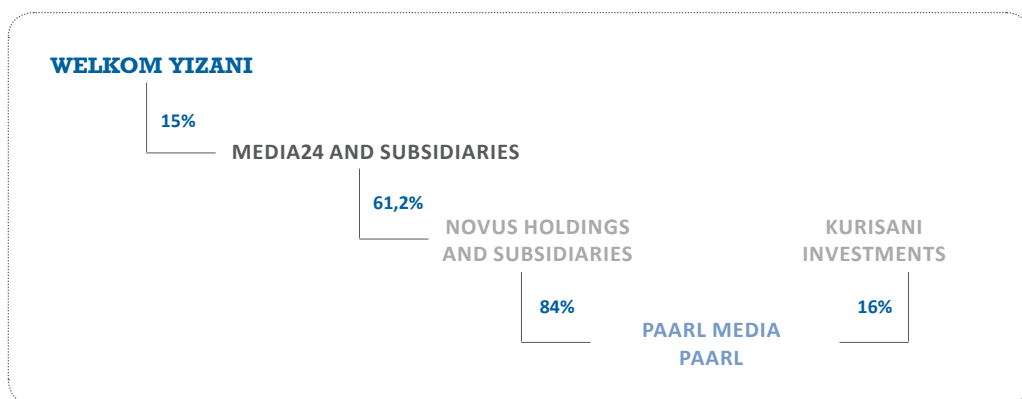
2015

Paarl Media Group converted from a private to a public company, changed its name to Novus Holdings and listed on the JSE with a majority of its directors now being independent non-executives.

Ownership profile



Novus Holdings' B-BBEE ownership structure at the end of the financial year constituted the following parties:



Analysis of shareholders

Top 15 shareholders (by parent company)	Number of shares ²	Percentage of issued voting capital	Cumulative percentage of issued voting capital
Media24 ¹	212 500 000	61,18	61,18
Novus Holdings Share Trust ¹	24 313 272	7,00	68,18
36ONE Asset Management	19 554 595	5,63	73,81
Adbait ¹	19 545 857	5,63	79,44
Allan Gray	16 580 094	4,77	84,21
Prudential Portfolio Managers	10 906 391	3,14	87,35
Coronation Fund Managers	6 148 951	1,77	89,12
Bateleur Capital	5 185 998	1,49	90,61
Electus Equity Specialists	5 173 080	1,49	92,10
Visio Capital Management	4 372 775	1,26	93,36
Sanlam Investment Management	3 920 009	1,13	94,49
Latiano 554 Proprietary Limited ¹	3 473 325	1,00	95,49
Laurium Capital	3 252 033	0,94	96,43
Investec Asset Management	2 353 118	0,68	97,11
Autus Wealth	1 418 000	0,41	97,52

¹ Directors, employees and related parties.

² Shareholding inclusive of treasury shares.

Stock exchange performance*

	2015
Number of shares in issue	347 332 454
Number of shares traded	314 360
Value of shares traded	R5 261 013
Market price (cents per share)	
Closing price	1 680
High	2 500
Low	1 600
Earnings yield percentage (HEPS)	7,6%
Price:earnings ratio (HEPS)	13,2

* Novus Holdings listed on 31 March 2015 therefore the statistics above reflect only one day of trading on the JSE.

Public and non-public shareholdings

	Number of shareholders	Percentage of total shareholders	Number of shares in issue*	Percentage of issued share capital
Public	1 181	99,83	87 500 000	27,38
Non-public	2	0,17	232 045 857	72,62
Total	1 183	100,00	319 545 857	100,00

* Number of shares in issue net of treasury shares.

Distribution of shareholders per category

	Number of shareholders	Percentage of total shareholders	Number of shares in issue*	Percentage of issued share capital
Individuals	885	74,81	3 283 081	1,03
Private Companies	9	0,76	232 204 956	72,67
Public Companies	—	—	—	—
Nominees and Trusts	32	2,70	6 985 496	2,19
Banks	6	0,51	362 878	0,11
Insurance Companies	15	1,27	722 880	0,23
Pension Funds and Medical Aid Societies	128	10,82	14 194 987	4,44
Collective Investment Schemes and Mutual Funds	108	9,13	61 791 579	19,34
Total	1 183	100,00	319 545 857	100,00

* Number of shares in issue net of treasury shares.

Shareholder spread (by beneficial owner)

	Number of shareholders	Percentage of total shareholders	Number of shares in issue*	Percentage of issued share capital
1 – 1 000	371	31,36	169 200	0,05
1 001 – 50 000	656	55,45	5 359 711	1,68
50 001 – 100 000	43	3,63	3 088 091	0,97
100 001 – 10 000 000	111	9,38	78 882 998	24,69
10 000 001 and above	2	0,17	232 045 857	72,62
Total	1 183	100,00	319 545 857	100,00

* Number of shares in issue net of treasury shares.

Directors' interests in shares

	Direct	Indirect	Total
Executive			
– STM van der Walt	—	2 778 660	2 778 660
– E van Niekerk	—	1 041 997	1 041 997
– KA Vroon (alternate)	—	1 910 329	1 910 329
			5 730 986
Non-executive			
– LP Retief	19 545 857	3 473 325	23 019 182
			23 019 182

Awards and certifications



Paarl Media Cape received two awards at the **European Publication Gravure Awards:**

first prize for the Clicks Health and Baby Catalogue and a commendation for uncoated/super calendered (SC) paper and lightweight coated (LWC) paper.

Paarl Media Cape won **second place at the Ecologic Awards** for the biomass boiler project.

Paarl Media Group received a **Logistics Achiever Award** from the Department of Basic Education for 60 million workbooks printed, warehoused and delivered to 25 700 public schools.

Novus Academy (then the Paarl Media Academy of Print) was selected as the first runner-up for the **Arcelor Mittal Skills Awards** (Best Training Provider), and second runner-up for Arcelor Mittal Skills Awards (Best Training Programme).



Paarl Media Paarl and Paarl Media Cape were certified by the **Programme for the Endorsement of Forest Certification**, which is a mechanism for tracking certified material from the forest to the final product.

Paarl Media Cape, Paarl Media Gauteng, Paarl Media Paarl and Paarl Coldset remain certified with the **Forest Stewardship Council®**.

Paarl Labels received **ISO:22000:2005 certification** for the manufacturing, storage and distribution of in-mould labels and wine labels to the local market.

Novus Holdings' Paarl Media Gauteng plant received **Security Printing Accreditation**, which certifies that it has the necessary procedures and processes in place to provide a qualified secure printing and finishing service for general security printing.

The Novus Academy was certified as **a provider of International Computer Drivers' Licence Training** and Test centre.

Service offering

The products offered by Novus Holdings are supported by a range of services to ensure that the finished print product is delivered to clients as efficiently as possible without any compromise on quality.

These services include:



Digital integration

Digital integration of the prepress departments provides seamless transfer of files between plants, facilitating the printing of one product in different locations, on identical platforms, where it best suits our customers. This reduces distribution costs and turnaround times, minimising our carbon footprint.



Quality control

Quality control to deliver crisp, full spectrum colour publication gravure reproduction over millions of copies.



Production risk management

Production risk management that includes ISO certification, approximately three months of key raw material stockholding, and long-term repair and maintenance agreements.







Comprehensive flexible logistics solutions

Comprehensive flexible logistics solutions can provide for the distribution of products and services both locally and internationally.

Products

The Group's revenue is derived from multiple product and service offerings, with no single product or service offering contributing in excess of 29% of the total revenue. Labels and tissue products represent new offerings outside the traditional print business.

Product offering

Product category	Elements	Capabilities
 Retail inserts and catalogues	<ul style="list-style-type: none"> – Brochures, leaflets and catalogues – Reports and calendars – Retail inserts for the majority of South African retailers 	<ul style="list-style-type: none"> – Fully automated production processes and high-speed presses ensure fast turnaround times – Inline finishing capabilities deliver finished products directly off the press – Press technology allows delivery of inserts complete off the press – Strategic geographical plant locations ensure fast, efficient distribution – Fully automated inserting lines offer quick, efficient inserting of retail inserts into newspapers
 Newspapers	<ul style="list-style-type: none"> – Daily, weekly and community newspapers 	<ul style="list-style-type: none"> – Caters for large and smaller print runs in a variety of formats – High-quality coldset printing on uncoated papers – Plants based in main centres – Workflow system reduces turnaround times
 Security products	<ul style="list-style-type: none"> – Election ballots – Examination materials and assessments – Any other security-related printing 	<ul style="list-style-type: none"> – Paarl Media Gauteng is a registered security printer – Confidentiality of material is guaranteed and verification of barcodes provide clear audit trail – Inclusion of sophisticated design techniques to deter counterfeiting and falsification
 Books and directories	<ul style="list-style-type: none"> – Workbooks for the Department of Basic Education – Hard and soft cover books for leading publishers – Telephone directories 	<ul style="list-style-type: none"> – Various press technologies provide access to the most appropriate print solution for each format of book – Special quality effects on book covers such as spot colours and UV varnishing – High-speed saddle stitching, thread sewing, perfect/ PUR binding and hand binding services – Specific software is used to manage and control complexities

Product category	Elements	Capabilities
 Magazines	<ul style="list-style-type: none"> – ABC-listed magazines, trade magazines, club magazines and free-to-market magazines 	<ul style="list-style-type: none"> – High-volume publications to medium runs of specialised magazines – Flexibility in formats and paper stock – Binding options include high-speed saddle stitching and perfect/PUR binding – Machine and hand insertion of marketing material – Bagging in clear or printed plastic – Magazines are printed at the closest plant to their final destination
 Labels	<ul style="list-style-type: none"> – High-quality labels for the wine, beer, spirit, cosmetics, petrochemical, food and beverage markets 	<ul style="list-style-type: none"> – Sophisticated press technology provides the flexibility to produce labels for every packaging requirement – A range of adhesive and backing material options available to clients – Speciality printed and unprinted security features for ballot papers and certificates
 Tissue	<ul style="list-style-type: none"> – One and two-ply toilet rolls – Kitchen towels and serviettes – Jumbo wadding 	<ul style="list-style-type: none"> – Tissue paper produced for leading local and house brands – Production of domestic tissue paper through the effective use of waste paper from other printing operations – Supplies parent reels to other tissue converters

A young boy with dark skin and short hair is sitting outdoors, smiling at the camera. He is wearing a grey V-neck sweater over a light-colored collared shirt and dark shorts. He has a green and black backpack on his back. The background is a blurred brick wall. A semi-transparent grey box with a white corner is overlaid on the image, containing the text 'STAKEHOLDER ENGAGEMENT'.

STAKEHOLDER ENGAGEMENT

The Novus Holdings brand and communications team carry the accountability for messaging and marketing to its stakeholder groups. However, stakeholder feedback and engagement is decentralised and managed on a business and divisional basis with board support where appropriate.






Executives are closely involved in all key relationships. Extensive media monitoring is applied to manage any reputational risk to the Group.







Community

Novus Holdings is committed to making a sustainable difference in the communities in which it operates through strategic social investment focused on education, skills development and community engagement.

While there are a collection of focused projects that the Group owns, the Group's CSI strategy encourages every division and entity to take ownership of driving social investment activities in the communities in which they operate. Group CSI guidelines ensure that investments are made in an efficient and aligned manner. This includes:

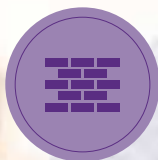
- Providing guidelines for social investment and empowers entities to align with the Group's CSI objectives
- Streamlining investment through identifying targeted focus areas and ensuring that objectives are attained
- Filtering of requests that do not necessarily align with the Group's CSI objectives

Stakeholder	Touch points and further information
 <p>Publishers and media houses</p>	<p>This stakeholder group includes publishers and publishing houses as well as advertising and marketing agencies who contract with Novus Holdings for the printing of books, magazines, newspapers, retail inserts and catalogues.</p> <p> <i>Read more about customer satisfaction on page 13.</i></p>
 <p>Industry bodies</p>	<p>Novus Holdings chief executive officer – Stephen van der Walt, who is the chairman of the Printing Industries Federation of South Africa (PIFSA) – aims to protect and enhance the sector's interest with Government, sectoral bodies, public and other relevant entities in policy matters and legislation affecting the industry. PIFSA is recognised as the official mouthpiece of the printing and packaging industry of South Africa.</p>
 <p>Retail and commercial clients</p>	<p>Novus Holdings has printing contracts and longstanding relationships with the majority of retailers. These clients are particularly sensitive to the Group's environmental practices, whereas Novus Holdings' ability to operate under tight deadlines, while maintaining a high standard of production, has resulted in many customers becoming dependent on the Group's product and service offering.</p> <p> <i>Read more about customer satisfaction on page 13.</i></p>

Stakeholder	Touch points and further information
 <p>Government</p>	<p>Novus Holdings' most significant interaction with Government is through the Department of Basic Education (DBE). The Group has serviced several tenders for the printing of educational workbooks for the DBE over the past few years. Interaction with governments in the rest of Africa has focused on several ad hoc African and governmental projects related to books and democracy initiatives, which include elections and census-related printing products.</p>
 <p>Investors and analysts</p>	<p>A roadshow prior to the JSE listing allowed Novus Holdings to interact extensively with this stakeholder group whose main interests are perception around the ability to diversify beyond the print industry, remuneration practices, shareholding, contracts and liquidity. Further investor presentations will be held with biannual results announcements.</p> <p>  Read more about Novus Holdings' shareholder analysis on page 18. </p>
 <p>Suppliers</p>	<p>Novus Holdings' suppliers comprise local and international raw material and print equipment providers. Contracts with equipment suppliers include long-term repair and maintenance agreements.</p> <p>During the past year, Novus Holdings has centralised its procurement of raw material to ensure improved cost and working capital management. Suppliers are selected according to the reliability of supply, range of products, quality, responsible sourcing practices and pricing.</p>
 <p>Employees</p>	<p>Novus Holdings has 1 915 full-time employees spread over South Africa. Employee-related focus areas are remuneration, training and safety.</p> <p>  Read more about employee initiatives in the operations report from page 66. Read more about remuneration in the remuneration report on page 92. </p>
 <p>Communities</p>	<p>Novus Holdings has a long history of investing in the communities in which it operates.</p> <p>  Read more in the communities section on page 24. </p>

CASE STUDY

Future foundations set new direction



The Group's flagship project is the newly developed Future Foundations Initiative, which combines printing support and/or financial investment in a number of projects. These all align with education.

The Future Foundations initiative was conceptualised in the past financial year and is currently being tested for launch in 2016. It is based on an approach of giving 'a hand up, not a hand-out' to ensure the long-term sustainability of projects by empowering them to operate on their own. This initiative extends from providing support to tertiary scholars through the Bursary Trust to supporting start-up initiatives or Academy programmes such as the Emagqabini Education Academy and helping the 'start-up' in its birth year.

Novus Holdings will monitor and track the growth of each start-up or benefactor to ensure sustainability. Support takes the form of mentorship, guidance on business management, basic start-up packs and equipment, management courses for leadership and some infrastructure projects.

A close-up, high-contrast photograph of industrial machinery, likely a pump or valve, with a semi-transparent grey rectangular box overlaid in the center. The box contains the text 'OPERATING ENVIRONMENT AND MATERIAL MATTERS' in white, bold, sans-serif capital letters. The machinery features various bolts, flanges, and a textured surface, with a small white triangular graphic element at the bottom right corner of the text box.

OPERATING ENVIRONMENT AND MATERIAL MATTERS

Novus Holdings focuses on the segments in print media that have high barriers to entry, require specialised skill sets and present opportunities to aggregate. The concentration in sub-Saharan Africa is on the growing retail industry, education linked to literacy and democracy programmes.

Growth in retail is of course linked to the fortunes of a country's economy. While many sub-Saharan African countries still show robust growth, South Africa, the most significant market, is unfortunately experiencing a prolonged period of stunted growth.

These same economic factors had a negative effect on paid-for magazines that fall under luxury goods. Business-to-business magazines and free-to-market magazines have shown good growth.

Many sub-Saharan countries are fledgling democracies and this has meant a far greater involvement by donor funds for literacy and workbook programmes. This promises to be a growth area.

Volume newspapers are only evident in South Africa. While some weekend newspapers have had a strong showing, many daily newspapers are in decline.

While the advertising on digital platforms is increasing, it is television that continually demands a higher percentage of advertising.

Tissue demand is significantly increasing in sub-Saharan Africa, while labels provide volume at a stable rate of increase.

Industry risks

Companies such as Novus Holdings, operating in the print and related manufacturing industry, typically face the following strategic risks:

- Economic policies and patterns
- The majority of material and equipment suppliers being situated outside of South Africa
- Key infrastructure failure (Eskom, water supply, etc.)
- Labour activism
- Health and safety incidents
- Exchange rate volatility
- Regulatory issues



Read more about Novus Holdings' risks and mitigating actions on page 88.

Novus Holdings positioning and strategic response

Although the economy has seen limited growth in recent years, the Group has managed to increase market share and business offerings. The resilience of Novus Holdings' business is owed to its loyal customer base, diversified product offerings, quality and its ability to innovate and offer unique propositions to the market as the landscape changes.

The business operates entirely in South Africa. It predominantly services the South African market and has earmarked the rest of sub-Saharan Africa as part of its growth strategy.














Read more about the Novus Holdings strategy on page 32.

Material matters

The Novus Holdings operating environment, risks and opportunities, stakeholder feedback and strategy offer a comprehensive range of concerns, issues, objectives and interests that were considered in compiling this report. A diverse internal team comprising operations, finance, brand communications and internal audit followed an

externally facilitated process to determine those matters that impact the ability of the organisation to create value over the short, medium and long term.

These matters were ranked according to their likelihood to impact the business' ability to create value and the potential severity of the impact. The following material matters were considered most material:

Material matter	Where to find more information
Growth opportunities (including rest of sub-Saharan Africa)	 <i>Chief executive officer's report from page 52. The Novus Holdings operating environment on page 28.</i>
Capital availability for strategic acquisitions and diversification	 <i>Financial review from page 58.</i>
Skills availability and retention (including succession planning)	 <i>Operations report from page 66.</i>
Digital media migration and new technology	 <i>The Novus Holdings operating environment on page 28.</i>
Key accounts/contracts with major customers	 <i>Chief executive officer's report from page 52.</i>
Capacity use and efficiency	 <i>Operations report from page 66.</i>
Security of supply of raw material (particularly paper)	 <i>Operations report from page 66.</i>
Exchange rate and cost management	 <i>Financial review from page 58.</i>
Labour health and safety	 <i>Operations report from page 66.</i>
Governance/investor confidence	 <i>Corporate governance report from page 76.</i>
B-BBEE and transformation	 <i>Chairman's report from page 48. Group at a glance from page 8.</i>



The background of the page is a blurred industrial scene. It features large rolls of material, possibly paper or metal, being processed by machinery. The machinery has various components, including rollers, guides, and control panels. A semi-transparent white rectangular box is overlaid on the center of the image, containing the title text. The text is in a bold, white, sans-serif font. The overall color palette is dominated by the warm tones of the industrial materials and the cool blues of the machinery.

GROUP GROWTH STRATEGY AND BUSINESS MODEL

In its previous strategic cycle, Novus Holdings was directed by a five-year business plan. The plan focused on the core skills and business activities of the then Paarl Media Group to improve productivity and explore greater market and geographic penetration. Financial results and market share towards the end of the five-year strategy indicated that the majority of parameters and objectives have been adequately met to ensure the long-term sustainability of the business.

A new five-year plan was initiated in the 2014 financial year to ensure that the Group commenced with a programme of diversification to reduce the reliance on the core business of printing.

Vision

Novus Holdings' vision is to leverage off its printing and binding operations as well as manufacturing experience to ratchet returns in sub-Saharan Africa through:

- Offering a balanced value proposition to clients
- Growth in capacity derived through innovation and extension of services to clients
- Diversification in areas of technology and manufacturing aligned with management expertise, staffing skill sets and the ability to create value through existing infrastructure

This is supported by leading-edge technology, the highest skill sets available, strategically placed factories, high levels of standardisation, service that underpromises and overperforms, and a philosophy that growth in capacity will be derived through innovation and extension of services to clients.

Strategic intent

Novus Holdings' intention is to explore opportunities in new and value-adding technology and to invest in strategic accretive acquisitions and skills that leverage off the Group's current core competence. The outcome for the Group is to become a diversified pan-African company, operating primarily in the domestic market and high-growth sub-Saharan African countries.

Novus Holdings' core competence is its ability to produce high volumes of printing and manufacturing under tight deadlines, using sophisticated technology.

Some of the key strategic opportunities that the Group pursued include:

Opportunity 1

Extension and diversification of product offerings from traditional print businesses into other value-adding related industries.

Progress in 2015	Future focus
<p>The acquisition of Correll Tissue in June 2014 enabled the Group to find a commercial application for one of its primary waste streams and expands its product offering and revenue opportunities.</p> <p>The Paarl Media Commercial business unit was launched in 2014 to offer commercial clients a cost-effective hybrid of heatset and coldset printing.</p>	<p>Novus Holdings will continue acquiring other printing, print on packaging and manufacturing companies in existing and new segments of Novus Holdings' operations, including segments where organic growth is limited. This includes a digital print offering.</p>
<p>We have diversified our label offering to include packaging gravure equipment for the production of wet glue labels and other product diversification initiatives, including shrink sleeves and wrap-around packaging.</p>	<p>A further investment is planned to expand this facility to meet supply opportunities to large food and beverage manufacturers operating in Africa.</p>
<p>An additional tissue mill is currently on order from Italy and further investment is planned to expand this facility.</p>	<p>Tissue production is expected to increase to 300% of current capacity in the medium term with significant opportunity to supply private label/house brands in South Africa and Africa.</p>

Opportunity 2

Expansion of the Group's geographic presence in the rest of sub-Saharan Africa by identifying strategic partnerships and growth areas to provide product and service offerings.

Progress in 2015	Future focus
<p>A Malawi school book project was initiated in 2015 and will continue into the 2016 financial year.</p>	<p>The Group aims to secure tenders for printing of several African countries' ballot papers.</p>
<p>Continuous business development and marketing efforts, particularly in education and democracy projects.</p>	<p>There are opportunities to print educational materials for fast-growing African countries.</p>

Opportunity 3

Building of a formidable and multi-disciplinary workforce.

Progress in 2015

The Novus Academy continuously provides training aimed at the up-skilling of the Group's current employees, including a new tissue production training offering, sales trainee programme, computer skill certification, etc.

Future focus

Novus Holdings plans to expand its academy to ensure greater multi-skilling of existing employees and to offer educational programmes to the manufacturing sector to create a sustainable revenue stream for the Academy.

Opportunity 4

Investing and maintaining world-class facilities and production processes to increase the quality of the Group's products and services, while improving the efficiency and scalability of operations.

Progress in 2015

The implementation of EFI Monarch™ enterprise software was launched and aims to create a single, integrated IS platform across the four heatset plants. Further standardisation and the replacement of legacy systems are also under way.

The amalgamation of two commercial printing facilities in KwaZulu-Natal was completed to ensure long-term profitability.

Future focus

The business will ensure a smooth transition to the EFI Monarch™ system.

Novus Holdings will continue improving press utilisation, waste minimisation and the analysis of optimum productive capacity.

The objectives below form the cornerstones of the business plan initiated in 2014 and are supported by detailed actions, accountabilities and targets for the different divisions:

- To adhere to the capital expenditure programme during 2015 and 2016 – without sacrificing capacity or technology – to enable adequate cash flow to facilitate mergers, acquisitions and greenfield sites for diversification and expansion.
- To investigate niche aspects of print on packaging not yet offered by the Group.
- To increase geographic presence by continuously investigating physical investment opportunities in strategic areas in sub-Saharan Africa.
- To align operations to maximise efficiency.
- To ensure the stability of suppliers going forward.










- To ensure that the replacement of management information systems maximises productivity and efficiency within the Group.

Print will remain the core business of Novus Holdings with organic and acquisitive growth in the manufacturing environment. Novus Holdings will continually expand through acquisitions as part of its diversification process, similar to the success with Correll Tissue. Expansion into new and innovative product lines will continue.

Key to the evolution of Novus Holdings is growth in the African market, especially in the education and governmental sectors where the Group already offers expertise.

Novus Holdings business model and the six capitals

Novus Holdings creates value through the production and distribution of paper-based information and utility products that enable improved consumer/learner decision-making. This creates value for stakeholders in the following ways:

Stakeholder	Novus Holdings value creation	Stakeholder	Novus Holdings value creation
	Increasing the availability of intellectual capital created		Financial returns on investments and capital growth
	Providing a medium to distribute consumer messages		Providing a market for paper and print-related raw material and services
	Participating to improve industry sustainability, competitiveness and performance		Creation of jobs, remuneration and improved skills
	Improving consumer awareness and attraction leading to sales		Providing investment, products and financial support to empower and educate previously disadvantaged communities
	Facilitation of learning through the production and delivery of educational material		

Through its operations Novus Holdings increases, decreases and transforms the six capitals. The Group considers the capitals as essential input to creating and maintaining a sustainable business. The table on

the following page summarises initiatives to mitigate and manage the Group’s impact on the capitals with the aim to optimise the value created for stakeholders.

The six capitals



Financial

Description

Input:

The pool of funds available to invest and reinvest in the Group, revenue generated, interest income and a combination of long- and short-term loans from capital providers.

Output:

- Dividends
- Interest payments
- Supplier payments
- Tax

Impact: increase/decrease and mitigation

- Increase in financial capital due to profitability of Group.
- Unencumbered financial position serves as a solid base to raise capital with which the Group can, in conjunction with cash reserves, fund diversification.
- JSE listing provides additional platform to obtain funding from shareholders in the future.
- Strict credit control measures are applied to protect the business from impairments/write-offs due to clients going into business rescue. These measures caused Novus Holdings to turn away otherwise profitable projects.
- Decrease in cash when making supplier payments; however, Novus Holdings ensures these are made on time to ensure maximum settlement discounts to increase profitability, balanced with short-term cash flow requirements.
- Novus Holdings actively applies to the Department of Trade and Industry for incentives where available on new or expansion projects.
- The sustainability of the Novus Academy is enhanced by sourcing discretionary grants from government.

Why is this important?

- Long-term sustainability is ensured through streamlining core businesses to maximise profitability, while investing in diversified businesses to produce alternative revenue streams.
- This strategy to retain funds for investing in growth opportunities can potentially decrease funds available for dividends.
- Novus Holdings protects shareholder value by minimising the impact of bad debts on profitability and cash flow.



Intellectual

Description

Input:

The intangibles such as state-of-the-art technology that support the product offering and provide the Group's competitive advantage.

Output:

Reputation and the availability of information through print media and products.

Impact: increase/decrease and mitigation

- Increase in intellectual capital through the nature of operations/products and through the use of improved enterprise resource planning (ERP) system and technology application.
- Novus Holdings' reputation as a 15-year-old business and a leader in the print and manufacturing industry.
- Awards and certifications (including security printer status) confirm competence.
- Novus Academy training programmes and skills transfer increases broader intellectual capital.
- A disaster recovery programme is in place to address potential issues that may occur in the IT environment.

Why is this important?

- Intellectual capital allows Novus Holdings to produce the highest quality products for its clients.
- Novus Holdings competencies provides clients with the security of their products being produced on time and as specified.
- ERP systems ensure proper and on time production, employees are empowered to perform their jobs as effectively and efficiently as possible, and management is ensured that sufficient information is available to make the best decisions in the interest of the Group and its stakeholders.



Manufactured

Description

Input:

The factories, warehouses, distribution network and general infrastructure throughout South Africa that enable Novus Holdings to procure, import, manufacture and deliver paper-based products.

Output:

Distributed end products and services.

Impact: increase/decrease and mitigation

- Increase in manufacturing capital through the expansion of operations – acquisition of new plants, new equipment and entry into new markets.
- Routine maintenance initiatives and schedules ensure that assets are protected and maintained.
- Novus Holdings has a large portfolio of unencumbered properties, which are all currently owner-occupied.
- A combined model of own and outsourced transport to efficiently deliver products to warehouses and end destinations.

Why is this important?

- Novus Holdings' competitive advantage relies on its ability to produce high-volume, high-quality and complex orders with quick turnaround times.
- Complex and international orders require a national print and manufacturing footprint with effective supporting logistics.
- To achieve growth targets, Novus Holdings must manage, operate and maintain a range of specialised plants.
- To deliver on stakeholder expectations manufactured capital has to be optimised in terms of capacity, efficiency and waste.
- Manufactured capital affects the Group's ability to increase the return on assets.



Human

Description

Input:

The skill and experience vested in employees that enable the Group to implement its strategy, deliver products and thereby create value for stakeholders.

Output:

Skilled learners and improved understanding of the industry.

Impact: increase/decrease and mitigation

- Increase in human capital through business leadership, succession planning, B-BBEE initiatives and employee training.
- The Novus Academy addresses the shortage of scarce and critical skills experienced in the print and manufacturing industry.
- Novus Holdings maintains and monitors safety, health, risk and quality performance against the highest industry standards.

Why is this important?

- The implementation of the growth strategy requires a stable, experienced and entrepreneurial management team, as well as effective and appropriate allocation of available human resources.
- To maintain its competitive advantage, Novus Holdings has to develop, retain and reward critical and scarce skills.



Social and relationship

Description

Input:

The key and long-term relationships with clients, suppliers, communities and business partners.

Output:

Stable operations, empowered communities and good governance.

Impact: increase/decrease and mitigation

- Increase in social and relationship capital through an expanding network of clients, suppliers, business partners and service providers.
- Improving the Group's B-BBEE scorecard to strengthen its tender applications.
- Building joint-venture relationships with donors and operators in Africa.
- Appointment of new independent board members to strengthen governance structures.
- Continuous engagement with the four unions (just less than 40% of Novus Holdings is unionised) to mitigate operational risk and ensure productivity.

Why is this important?

- Novus Holdings' short-term sustainability relies on a number of key print contracts and retail accounts.
- Government tenders require appropriate B-BBEE credentials.
- Novus Holdings' approach to new market penetration in Africa is through partnerships with local operators.
- The JSE listing requires compliance with a new set of regulations and guidelines.



Natural

Description

Input:

The resources that we use for the production of goods.

Output:

The waste products from the production of goods.

Impact: increase/decrease and mitigation

- Decrease in the availability of natural capital through the use of raw material (including paper and ink) and resources (including water and energy).
- Novus Holdings was the first African printing organisation to receive Forest Stewardship Council® (FSC®) – FSC-C022948 Chain of Custody (CoC) certification. The certification is in place at the following locations: Paarl Media Cape, Paarl Media Gauteng, Paarl Media Paarl and Paarl Coldset (all plants).
- Novus Holdings also holds the Programme for Endorsement of Forest Certification (PEFC) at its Paarl Media Cape, Paarl Media Paarl and Paarl Media KZN plants. Both FSC and PEFC are independent verifications that the products printed can be traced back from their point of origin to responsible, well-managed forestry, controlled and recycled resources.
- Customers can choose from a range of international and local environmentally sustainable paper stock options.
- Environmental production/manufacturing initiatives range from equipment optimisation to energy supplementation through a biomass boiler and waste water treatment facilities.

- The acquisition of Correll Tissue has provided the Group with a value-add vertical integration opportunity that uses paper by-products to create new revenue streams.
- Through Printing SA's involvement in the international Two Sides initiative, Novus Holdings supports the promotion of print and paper as a sustainable method of communication while dispelling common environmental misconceptions. The programme emphasises the fact that paper production supports sustainable forest management. Paper manufacturers ensure reliable and growing supply through their purchase and use of certified wood fibre and by promoting sustainable forest management policies and practices.

Why is this important?

- Novus Holdings clients are sensitive to the Group's environmental practices and use this as criteria for awarding orders.
- Novus Holdings' sustainability depends on security of natural resource supply, especially of paper.
- Efficient resource use has a positive impact on cost management.
- South Africa is experiencing severe energy challenges that might affect the Group's operating expenses through running its generators.

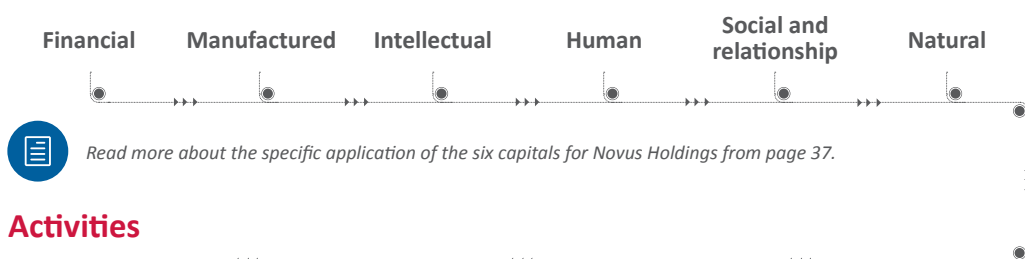
The six capitals provide the necessary input for Novus Holdings' value creation activities as set out in the business model. The different business aspects rely on a core set of competencies to create a competitive advantage for Novus Holdings. Holistically, the business model is geared toward delivering on Novus Holdings' vision and strategic intent.

Business model

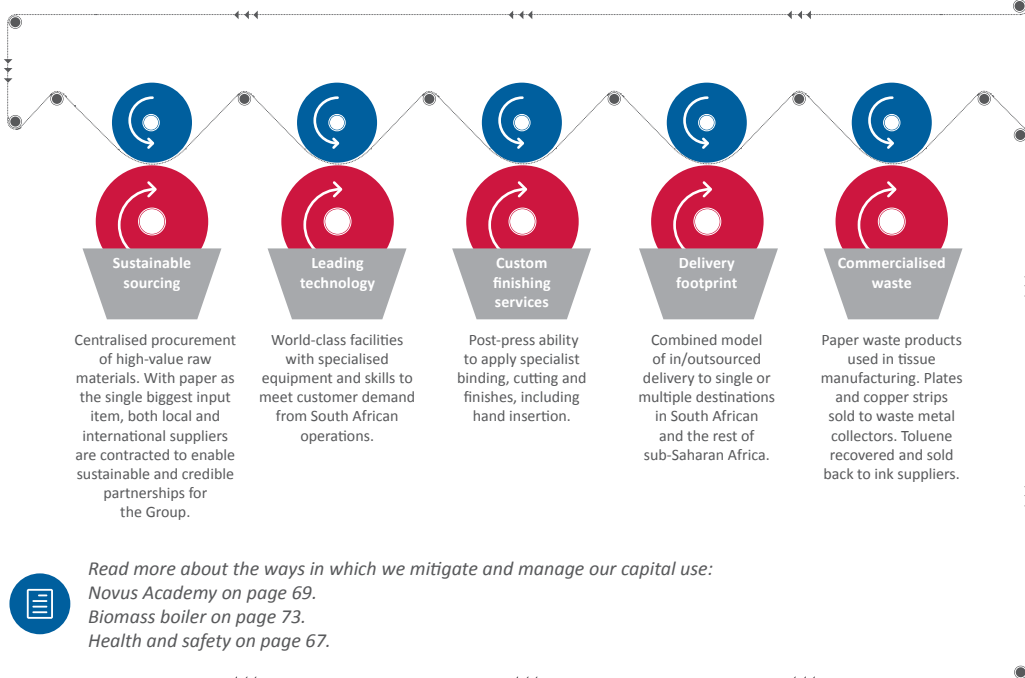
Key competence – print division

Quick turnaround and ability to produce high-volume, high-quality, flexible formats

The six capitals



Activities



Key outcome

Novus Holdings creates value through the production and distribution of paper-based information and utility products that enable improved consumer/learner decision-making.

Key competence – label division

Ability to produce high-quality, flexible format label products

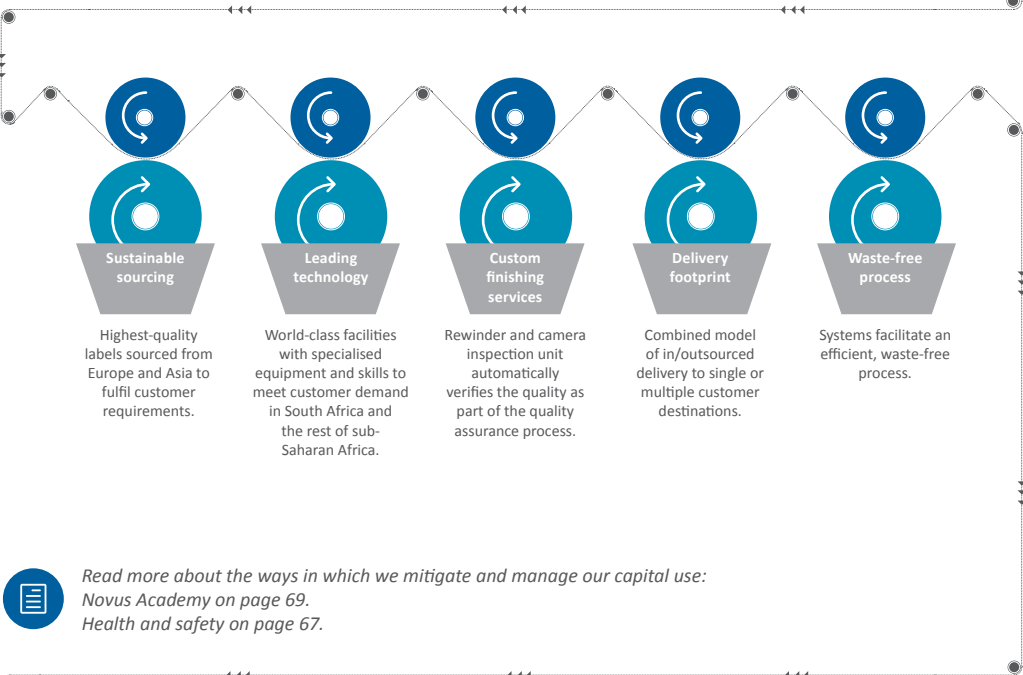
The six capitals

Financial Manufactured Intellectual Human Social and relationship Natural



Read more about the specific application of the six capitals for Novus Holdings from page 37.

Activities



Read more about the ways in which we mitigate and manage our capital use:
Novus Academy on page 69.
Health and safety on page 67.

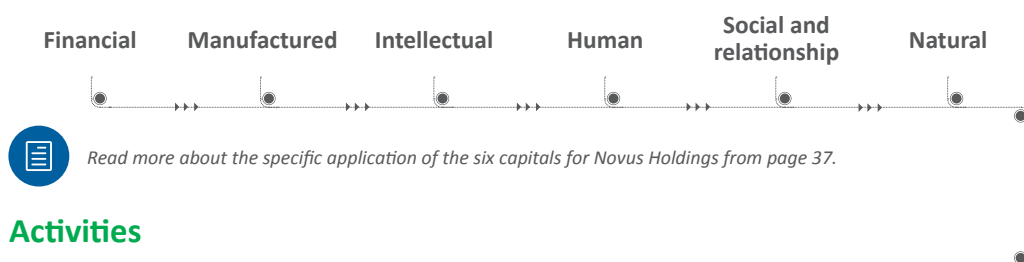
Key outcome

Novus Holdings creates value through the production and distribution of paper-based packaging and utility products thereby commercialising print by-products.

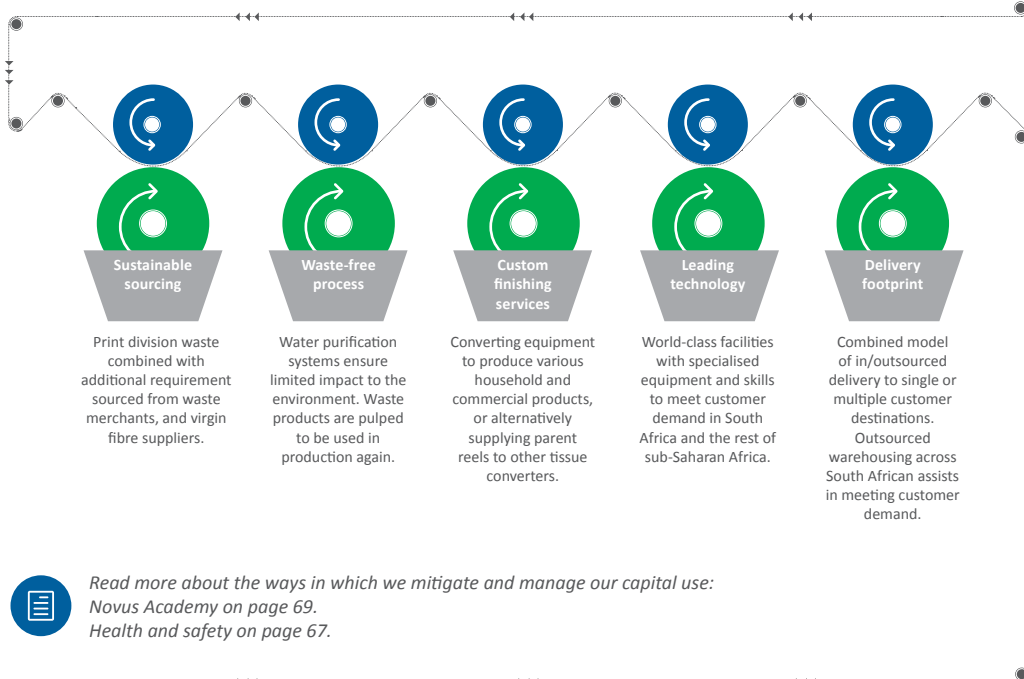
Key competence – tissue division

Ability to produce high-volume, high-quality tissue products

The six capitals



Activities



Key outcome

Novus Holdings creates value through the production and distribution of paper-based packaging and utility products thereby commercialising print by-products.

A man wearing a white cap and a blue work jacket over a plaid shirt is working in a factory. He is holding a large sheet of paper, possibly a newspaper or a large document, and looking down at it. In the foreground, there are stacks of similar papers on a blue surface. The background shows industrial machinery and lights, suggesting a paper mill or a large-scale printing plant.

INVESTMENT CASE

1 History of strong cash flow generation and cash conversion with low financial leverage.

The capital expenditure over the last few years has resulted in lower capital requirements going forward. This strong cash flow generation and conversion provides the Group with the requisite platform to fund acquisitions, greenfield operations and also the ability and flexibility to pay dividends. A low level of third-party debt provides Novus Holdings with an opportunity to enhance its capital structure through gearing benefits.

2 Strong market position in an industry that benefits from operational leverage.

The Group is a market leader in the high-volume, high-quality print markets in South Africa, with very few national and other African competitors that can offer the same products and services. With many customers being contractually committed and significant goodwill among its existing customer base, Novus Holdings is able to secure printing work with more certainty. The Group's national network of plants allows it to attract a diverse customer base. Due to its scale, favourable terms can be negotiated with suppliers. Little threat is posed by new entrants joining the market due to high barriers to entry with the high capital investment, specialised skills and experience requirements.

3 Well-located, world-class production facilities on company-owned properties located in close proximity to end markets and major economic hubs nationally.

The Group has 12 specialised operations nationally and a cumulative factory floor space of 157 000 m². In excess of R3,3 billion in capital expenditure since 2000 has ensured that facilities are equipped with modern technology to attract more business opportunities. As a result of the capex programme, the Group has created capacity to ensure the incremental costs of production is limited and allow acceptance of projects on tight deadlines with complex operating requirements.

4 Management team with extensive experience in the printing and manufacturing industries.

The management team helped establish Novus Holdings the leader in the South African printing and manufacturing industry. The majority of the key management team has a significant amount of experience in this industry and has managed to attract and retain younger managers to provide impetus to executing growth strategies. Management is able to operate with a great degree of autonomy and operational independence allowing for quicker decision-making. Management's interests will be further aligned with shareholders through participation in the Employee Share Ownership Plan (see the remuneration report on page 92).

5 Growth opportunities identified through accretive acquisitions and greenfield opportunities both within its traditional business and other related areas.

Novus Holdings has established a track record in acquiring value-enhancing businesses and establishing greenfield operations. By leveraging off these capabilities, the Group intends to execute its strategy (see the growth strategy on page 32) to ensure that it is value enhancing to shareholders. A recent example was the acquisition of the tissue manufacturing business that has already delivered a 3% contribution to Group revenue in 2015.

FOUR-YEAR FINANCIAL REVIEW

R'000	2015	2014	2013	2012
PROFIT PERFORMANCE				
Revenue	4 261 484	3 968 755	3 684 166	3 703 027
Growth	7%	8%	(1%)	24%
Gross profit	1 169 237	1 143 622	1 149 608	1 123 720
Margin	27%	29%	31%	30%
Operating profit	561 498	649 023	587 844	644 122
Operating profit excluding impairments and profit on disposal of assets	634 697	667 527	596 448	639 151
Margin	13%	16%	16%	17%
Margin excluding impairments and profit on disposal of assets	15%	17%	16%	17%
Profit for the period after tax	364 804	421 859	369 084	396 051
Margin	9%	11%	10%	11%
Margin excluding impairments and profit on disposal of assets	10%	11%	10%	11%
Non-controlling interests	29 900	27 776	18 718	32 879
Attributable income	334 904	394 083	350 366	363 172
FINANCIAL POSITION				
Assets				
Property, plant, equipment and intangibles	2 161 777	2 165 597	2 075 422	2 071 179
Goodwill	132 052	86 701	55 830	55 830
Other non-current assets	1 995	3 430	5 104	1 542
Deferred taxation asset	3 043	—	—	—
Current assets excluding cash	833 796	806 504	717 038	665 652
Cash	389 044	98 612	199 501	211 616
Non-current assets held for sale	—	—	15 106	—
	3 521 707	3 160 844	3 068 001	3 005 819
Equity and liabilities				
Ordinary shareholder interest	2 536 235	2 085 069	1 691 956	1 370 759
Non-controlling interests	30 480	121 536	93 788	78 671
Deferred taxation liability	267 015	287 935	286 730	281 809
Other non-current liabilities	61 324	53 542	55 249	24 299
Long-term debt (including shareholder loans)	80 636	62 895	437 889	699 438
Short-term debt	71 149	172 382	171 660	188 301
Current liabilities	367 665	317 675	314 251	362 537
Bank overdrafts	107 203	59 810	16 478	5
	3 521 707	3 160 844	3 068 001	3 005 819
SUMMARY FINANCIAL POSITION – DEBT AND WORKING CAPITAL				
Debt (term loans, finance leases, shareholder loans)	151 785	235 277	609 549	887 739
Effective debt/(cash) {debt less cash}	(130 056)	196 475	426 526	676 128
Net working capital	481 168	504 034	456 833	324 491

R'000	2015	2014	2013	2012
CASH FLOW INFORMATION				
Cash generated from operations	802 486	777 283	680 296	922 734
Purchase of property, plant, equipment and intangibles	(185 396)	(260 588)	(158 539)	(268 610)
Proceeds on sale of non-current assets, Government grants, insurance	7 029	24 925	39 285	34 018
Taxation paid	(173 239)	(171 706)	(152 234)	(9 753)
Free cash flow	450 880	369 914	408 808	678 389
Acquisition/(disposals) of subsidiaries, associates and investments	(103 813)	(91 709)	(91 758)	5 495
Dividends received	–	3	–	3 982
Net loan payments and net finance costs	(104 028)	(422 429)	(345 638)	(657 969)
Dividends paid	–	–	–	(800)
Net cash flow	243 039	(144 221)	(28 588)	29 097
Opening cash	38 802	183 023	211 611	182 514
Closing cash	281 841	38 802	183 023	211 611
PERFORMANCE PER SHARE (CENTS)				
EPS – basic	110,92	131,36	116,79	121,06
EPS – basic diluted	110,92	131,36	116,79	121,06
HEPS – basic	127,57	135,36	118,53	121,55
HEPS – basic diluted	127,57	135,36	118,53	121,55
Net asset value	793,70	695,02	563,99	456,92
<i>Note: for the period 2012 to 2014, 300 million shares have been used in the calculation for comparability to 2015. Media24 was issued capitalisation shares in 2015 giving 300 million total shares. Media24 was the sole shareholder from 2012 to 2014.</i>				
RATIOS				
Liquidity	2,24	1,65	1,14	0,91
Solvency	3,69	3,31	2,39	1,93
Debt to equity	6%	11%	34%	61%
Return on equity	15%	21%	23%	31%
Return on total assets	11%	14%	12%	13%
Return on net assets	23%	25%	24%	26%
Debtors days	37,75	37,75	38,86	34,85
Creditors days	33,18	30,44	32,05	41,11
Stock days	38,45	43,09	37,94	35,74
Interest cover	21,38	17,16	9,61	6,72



CHAIRMAN'S REPORT



“Most significant growth was achieved in the label product category, where we are installing a new packaging gravure press for the production of labels. This is the most advanced facility of its kind in South Africa, applying state-of-the-art technology to deliver a range of labelling options for fast-moving consumer goods companies, especially in the food and beverage sector.”

The listing of Novus Holdings on the JSE in March 2015 opened the door to many new possibilities for the Group. Paarl Media has roots in the Naspers Group, where it provided core and critical printing services. The strategic changes in the Naspers Group over the past decade have shifted the focus away from printing requirements. The Novus Holdings team saw many opportunities to grow and diversify. The listing has now positioned Novus Holdings to be an independent entity with a strong financial position and many strategic opportunities to create its own sustainable growth path.

The first step on this path was the acquisition of the tissue plant in KwaZulu-Natal – an opportunity that has been on the horizon since 2007. It is a good example of what the Novus Holdings board has in mind for the future: a complementary business that fits the competency profile, experience and philosophy of our strong and entrepreneurial management team.

We have a solid growth strategy in place but will be taking a cautious approach to new merger and acquisition opportunities.

R5,8 billion

Market capitalisation

R4,26 billion

Revenue

R365 million

Net profit after tax

“Novus Holdings’ growth strategy is supported by a number of stakeholder-related initiatives to ensure the long-term sustainability of the business. This includes our employee development initiative through the Novus Academy and bursary fund, which has provided 76 young people with bursaries since its inception in 2007.”

Governance at Novus Holdings

Novus Holdings has developed an entrenched governance and reporting system with specific strengths in areas such as internal audit and financial controls. In preparation for listing, the board reviewed its entire governance structure. This included the board’s composition, especially considering independence and diversity. As a result, we have appointed five new independent non-executive directors and took leave of two of our previous board members. During the past year, the board also established a new social and ethics committee and reviewed all board and committee charters.

This listing was primarily driven by the executive management team and their network of advisors and service providers, but the board and key stakeholders were continuously updated and consulted during the process.

With these changes implemented the board’s focus in the next year will be to ensure that all directors are exposed to and familiar with the business operations, plants, products, technology and key members of management. This will bring the necessary alignment and insights to evaluate and consider any future strategic opportunities.

Performance and products

The 2015 financial results for the Group were solid and in line with the numbers communicated to the market during the listing roadshows. The Group had a market capitalisation of R5,8 billion at 31 March 2015, revenue of R4,26 billion and net profit after tax generated for the year was R365 million.

Most significant growth was achieved in the label product category, where we are installing a new packaging gravure press for the production of labels. This is the most advanced facility of its kind in South Africa, applying state-of-the-art technology to deliver a range of labelling options for fast-moving consumer goods companies, especially in the food and beverage sector.

The installation at the Paarl Media Cape plant in Milnerton provides for a further press to be installed in the future, should the long-term demand increase in line with the current sales focus in this area.

Sustainability

Novus Holdings’ growth strategy is supported by a number of stakeholder-related initiatives to ensure the long-term sustainability of the business. This includes our employee development initiative through the Novus Academy and bursary fund, which has provided 76 young people with bursaries since its inception in 2007.

Our green credentials are strong: Novus Holdings was the first African printer to receive the Forestry Stewardship Council's Chain of Custody certification and already started using regenerative thermal oxidisers to destroy air pollutants emitted from process exhaust streams in the early 1990s. Current initiatives include the channelling of paper by-products into the tissue factory and the use of a biomass boiler.

Black economic empowerment

Novus Holdings has a long track record in empowerment through the Novus Academy and ownership initiatives. Empowerment milestones included the share acquisition by the Mineworkers' Investment Company Empowerment Fund (MICEF), and subsequently Welkom Yizani and Kurisani Investments.

Procurement remains a challenge as the Group has to increasingly source paper internationally. The equipment and technology that we require is also not available in South Africa. With these limitations the Group's focus has been in the two areas of control and impact: skills development and socio-economic development.

Going forward Novus Holdings will continue contributing to the B-BBEE scorecard by increasing black employees in management positions and by achieving an even higher score on skills development, which are critical elements on the amended B-BBEE scorecard.

Dividends and outlook

Novus Holdings has not made any big promises during its listing communication and continues being cautious and discerning when considering future opportunities. As a board, we continue monitoring

all the most important indicators of financial, social and environmental health. The Group has a strong financial position and significant capacity to raise debt – something that we shall seriously consider when the right opportunities emerge.

The board approved a dividend of 64 cents per share for the 2015 financial year.

Appreciation

As a board, we would like to welcome our new shareholders and look forward to a long and rewarding relationship with them.

I want to thank management as well as external teams that completed the listing process with such success. We recognise the efforts of Stephen van der Walt and his executive team who supported him and the entire Novus Holdings Group through the changes that had to be implemented during the past year.

A special word of thanks to the previous board, who brought the Group to a new phase in its history – with specific reference to Salie de Swardt who served as director for 15 years (including four years as chairman) and Nicol Retief as a director for 14 years. Your continued interest and commitment to the Group – albeit on the sidelines – is much appreciated.

Lastly, I want to thank the new board for joining me on the journey forward to create value for all Novus Holdings shareholders as a leader in our industry.

Lambert Retief
Chairman



CHIEF EXECUTIVE OFFICER'S REPORT



“Novus Holdings is at the beginning of a new growth phase that requires investment and optimisation of new initiatives, which are expected to start delivering healthy returns in the medium term.”

The 2015 financial year at Novus Holdings was dominated by the Group's decision to list on the JSE. The listing has significantly changed the face of Novus Holdings: a new brand was introduced into the marketplace and created a new corporate identity for the entire Group. A more formal approach was

initiated to stakeholders and governance. It was a deep and significant change, supported by a well-managed process.

Novus Holdings' main purpose for the listing was to:

- Enhance the profile of Novus Holdings' brand
- Provide a capital raising platform for funding to facilitate organic and acquisitive growth prospects
- Enable Novus Holdings to retain and attract key employees by affording them the opportunity to participate in the equity and future growth of the business
- Allow institutions the opportunity to participate directly in Novus Holdings' equity
- Increase transparency of Novus Holdings' businesses and assist in unlocking new business opportunities, particularly in sub-Saharan Africa

The listing was substantially oversubscribed and the Novus Holdings investment case was well received by investors. It has enabled Novus Holdings to broaden its shareholder base to include a range from institutional to private investors who are predominantly geared towards the long term.

Listing

on JSE on 31 March 2015

Rebranding

of Paarl Media Group to Novus Holdings

Diversification

into tissue and broader label-printing markets

“The resilience of Novus Holdings’ business is owed to its long-serving customer base, diversified product offerings, outstanding service and the ability of the business to innovate and offer unique propositions to the market.”

During our roadshows to introduce the listing to investors and analysts, we were still challenged by entrenched perceptions about the sustainability of the print industry. Novus Holdings’ core business that serves the printed newspaper, magazine, book, catalogue and retail leaflet markets are in a mature phase and will be further challenged by an economy that is projected to have GDP growth of just more than 2%.

This led Novus Holdings to adopt an aggressive diversification strategy over the past year with a long-term objective of earning 50% of revenue from previously non-core products and services. The foundation of this diversification strategy was laid with the purchase of the tissue manufacturing facility in Durban and the new packaging gravure offering to producers of fast-moving consumer goods.

The lesser known aspects of our business, which include the printing of workbooks for the Department of Basic Education and our ability to take on complex security projects – the printing of ballots and examination papers for example – offer significant growth opportunities, especially in the rest of sub-Saharan Africa.

To create access to funding for the potential opportunities in Africa, we have been building key donor relationships internationally with institutions such as the World Bank, USAID and UNESCO. The listing has now given Novus Holdings international recognition and clearance for donor projects as the JSE is one of the most respected listing platforms and regulators in the financial world.

Trends and opportunities

Global print trends are playing out very differently in emerging markets such as South Africa and parts of Africa, compared to Europe and the USA. In the latter markets, digital and television are the dominant communication channels. In emerging markets we are still dealing with development issues such as literacy and democracy, which results in continuous strong demand for printed products.

We are following the development of formal retail in other parts of Africa with interest, especially where our local retailers are expanding, as we believe that retailers will have to create infrastructure to penetrate new markets. This is potentially also a significant opportunity for Novus Holdings.

We approach business in African countries with partnerships in mind, specifically with funders and with operators in the market. Novus Holdings can offer experience, technology and scale, whereas local operators have a better understanding of the market dynamics and distribution options. We believe that Novus Holdings can eventually offer a one-stop shop for any printing requirements in Africa.

Risk mitigation

The resilience of Novus Holdings' business is owed to its long-serving customer base, diversified product offerings, outstanding service and the ability of the business to innovate and offer unique propositions to the market.

For example, Novus Holdings is diversifying into other markets and products to mitigate the impact of low economic growth in South Africa, where we face additional challenges in terms of political, social and infrastructure risk. Novus Holdings is geared to remain fully operational in case of electricity supply interruptions with adequate short-term diesel supply. Even though the operational risk is mitigated we envisage rising costs related to increased maintenance and running expenses.

Fluctuating exchange rate risk is managed through forward cover.

2015 performance

Highlights for the past financial year include the acquisition of the Correll Tissue plant and tissue pulping facility. We have also made a breakthrough into the high-volume wet glue label market that serves the fast-moving consumer goods sector. Further optimisation was achieved through the amalgamation

of two commercial printing facilities in KwaZulu-Natal and the establishment of a commercial unit in Gauteng that offers a hybrid heatset and coldset printing solution.

A lowlight for Novus Holdings was absorbing the costs related to the fluctuating exchange rate as there is always a lag in the recovery of these costs. The further closure of magazines, the decline in daily newspaper circulation and the domino effect of African Bank's collapse affected revenue in some of our core product categories.

Retail inserts and catalogues had the highest contribution to revenue at 29%. These products depend on the health of the retail sector, which was under pressure following major strikes and the drop in unsecured loans. Novus Holdings' newly established commercial facility was created specifically for this sector, based on projected growth and the opportunity for Novus Holdings to gain market share through existing relationships. We expect retail to be resurgent in 2016 and expect that this will gain further momentum with demand in the rest of Africa picking up.

Revenues from magazines are almost all under printing contracts between Novus Holdings and numerous publishers and contribute 23% to Group revenue. This sector has been under pressure in the past five years, which was characterised by magazine closures, reduced pagination, grammage and circulation as well as the migration to digital platforms, mostly due to economic pressure. We expect the current conditions to stabilise in 2016.

The newsprint business has been the most challenging of late with a constant decline in volumes. It contributed 22% to total revenue. The subdued growth trend in English weekend newspapers and overall decline in Afrikaans daily volumes is expected to continue into 2016.

The largest contributor in the books and directories category is the education workbook tender for the Department of Basic Education (DBE). The workbook volumes have remained consistent whereas text book demand has decreased due to the curriculum cycle. A new tender with the DBE, related to the workbooks project, is expected to come up for renewal at the end of the 2015 calendar year. Given the Group's success in delivering the tender during previous years, Novus Holdings is reasonably confident that it will have continued involvement as long as the DBE supports this initiative.

The directory market is characterised by long-term contracts for directories in South Africa, Namibia and Botswana. It is the only category that has been significantly affected by the migration to digital platforms. Books and directories contributed 22% to total revenue and are expected to deliver consistent revenue in the 2016 financial year.

Labels delivered 45% growth in its contribution to total revenue in the past year, albeit off a low base. Excellent growth is expected in this category following renewed focus and investment.

The full effect of the acquisition of Correll Tissue will only be visible in the ensuing financial years, with additional investment expected to drive solid growth in this category from 2017 onwards.

Employees

The success of the Novus Holdings growth strategy is dependent on the availability and commitment of employees with the appropriate skills and competencies. We continue investing in the recruitment, training and retention of employees with the profile to match our requirements. Therefore, the Novus Academy remains a key component of our business model.

The listing and the integration of new business units into the Group in the past year required very specific change management and communication interventions to ensure that we maintain operational standards and align employees with the Group's ambitions. Novus Holdings has an entrepreneurial background – this is the kind of spirit that we would like to protect and apply in a larger future environment.

We also continue optimising our employee practices:

- During the year, risk benefits of the existing retirement and provident funds were pooled together to offer employees improved risk benefits and lower cost.
- A new remuneration strategy was developed to support the attraction and retention of critical talent and to serve as motivator for continuous learning and performance improvement.

Outlook

Novus Holdings is at the beginning of a new growth phase that requires investment and optimisation of new initiatives, which are expected to start delivering healthy returns in the medium term.

These include the expansion of tissue production capacity to 300% of current capacity and the acquisition of a digital printing press and business.

The Group will continue maximising productive time through in-depth analysis and corrective action. A focus area will be the smooth transition to the EFI Monarch™ ERP system for the heatset division. Efficiency improvements will be supported by further investment in equipment, technology and infrastructure.

As a management team we will actively investigate business opportunities that are synergistic to existing activities and have growth potential to advance the diversification and growth strategy. Novus Holdings will continue reinventing itself to become relevant on a larger basis and in a changing environment.

Stephen van der Walt
Chief executive officer

The background of the page is a blurred image of a newspaper. A semi-transparent rectangular box is centered over the newspaper, containing the text 'FINANCIAL REVIEW'. The text is in a bold, white, sans-serif font. The newspaper pages show various articles and images, but they are out of focus.

FINANCIAL REVIEW

Financial highlights

- Operating margin of 15% despite difficult economic conditions
- Return on net assets of 23%
- Generated free cash flow of R451 million available for loan repayments, investing activities and dividend distributions
- A strong financial position that allows a dividend payment equating to 50% of headline earnings
- Major strides made to diversify revenue streams with the acquisition of a tissue plant and the entry into the broader label market

Overview

Novus Holdings delivered solid financial results for the 2015 financial year. Overall revenue is up 7% in 2015 with retail inserts and catalogues being the highest contributor at 29% of total revenue. The growth areas were Labels (organic) and Tissue (acquisitive), with the combined revenue for these two divisions at 5% of the total. Magazines, newspapers and books showed volume declines compared to 2014 but when inflationary price adjustments are added, revenue remained relatively flat.

The total revenue from external customers from other countries is R93 million (2014: R81 million).

The Group delivered a profit after tax of R364,8 million, which is lower than 2014 (R421,9 million) due to an impairment charge of R73,5 million (R52,9 million after tax) and a slightly lower gross margin. See below for further detail on these areas.

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

- **Foreign paper prices:** Globally there has been an oversupply of paper and this has translated into stable euro prices. Novus Holdings imports 50% by volume of its paper requirements. The availability of local and foreign paper and the cost thereof is the single biggest factor impacting the Group's ability to create value.

23%

Return on net assets

R451 million

Generated free cash flow

15%

Operating margin

- **Exchange rate:** The rand has weakened significantly against the euro in recent years. Even though the trend in the latter part of the 2015 financial year has been a strengthening rand, there is a lag effect in the translation into lower cost of sales. This is due to the Group taking forward cover to protect pricing on contractual work and allow for price stability.

Local economic conditions

Novus Holdings operates in a fiercely competitive and mature market. Paid-for magazines and newspapers are a significant part of revenue and show a decline, mostly due to consumers' reduced discretionary spend. The latter is driven by the low GDP growth that the South African economy is experiencing. Accordingly, the retail sector experienced a difficult period in the 2015 financial year, exacerbated by mining-related strikes and the curatorship of African Bank. Ellerines being placed in business rescue also had a negative impact on the Print division.

Financial indicators

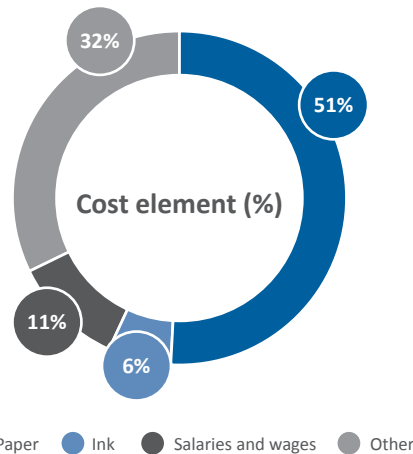
Gross profit margin

The following factors affected the gross profit margin of 27% (2014: 29%):

- The rand has progressively weakened against the euro late in the 2014 financial year and started to strengthen against the euro late in the 2015 financial year. The positive impact on cost of sales will only be realised in the 2016 financial year should the currency remain stable. While the depreciating rand has increased costs, Novus Holdings adjusted selling prices based on the exchange rate movements. However, this has a lag effect due to contractual terms and the competitive nature of the market.
- Repairs and maintenance have been at a higher level than the previous year. The exchange rate also has an impact on this cost as a major portion is denominated in foreign currency.
- Ink prices increased above inflationary levels due to the impact of the weakening rand. Ink is supplied locally with the majority of the inputs being sourced abroad.
- Relatively high investment in the newly purchased tissue business was required to expand capacity and to improve health and safety standards, bring remuneration levels in line with the Group and integrate the financial and other systems into the Novus Holdings structure. Operating profit was close to break-even and this affected the overall gross profit margin.

To improve and maintain margins, Novus Holdings has implemented the following cost management initiatives:

- Improvement of production efficiencies including effective waste management
- Standardisation of equipment throughout the Group



- Consolidation of paper suppliers and grades to obtain better prices and rebates
- Introduction of more efficient printing technologies and rationalisation of existing facilities

Operating expenses and operating margin

Operating expenses as a percentage of turnover is at 13%. If the one-off listing costs of R7,7 million are excluded, expenses are reduced to just over 12%, which is consistent with prior periods.

The operating margin (excluding impairments and profit on disposal of fixed assets) achieved was 15%, which is about 2% lower than in 2014. This is due mainly to the gross margin movement. Novus Holdings targets an operating margin of between 16% and 17% and is implementing the initiatives mentioned above to move closer to this target.

Cash flows

Free cash flow achieved was R451 million compared to R370 million in 2014, mostly due to capital expenditure in 2015 being R75 million lower in comparison to 2014.

Working capital showed an outflow of R40 million versus a R14 million inflow in 2014. The core printing business in turn showed an outflow of R2 million while the Other segment showed an outflow of R38 million due to the expansion of the label business and the investment in the tissue plant. Debtors and stock days at 38 were consistent with prior periods and within targeted levels.

The total cash flow used in investing activities was R282 million and consisted of:

- Purchase of property, plant and equipment – R168 million
- Proceeds on disposal of property, plant and equipment and government grants – (R7 million)

- Purchase of intangibles (software) – R17 million
- Acquisition of the Correll Tissue business – R104 million



Read more about the purchase of property, plant and equipment in the capital expenditure section on page 62. Read more about acquisitions on page 63.

Cash flows from financing activities constituted an outflow of R90 million. A total of R190 million in capital repayments were made on term loans and finance leases. A term loan of R100 million was advanced to Novus Holdings.

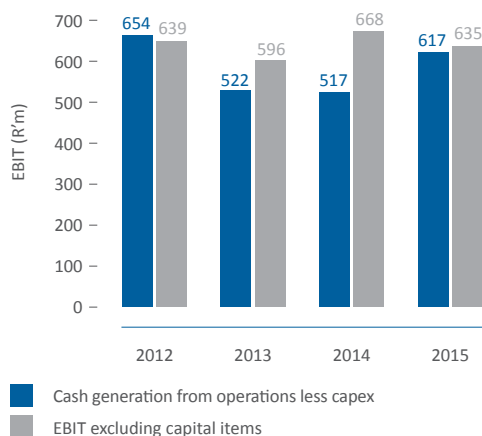


Read more about Novus Holdings' financial analysis in the annual financial statements from page 104.

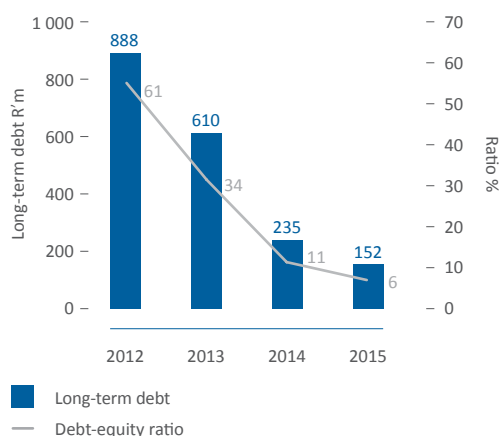
Debt profile

The Group has a debt-equity ratio of 6% while effective debt is zero when cash is deducted.

Cash flow generation



Long-term debt-equity ratio



Impairment

An impairment charge of R73,5 million was passed in 2015 relating to the following:

Printing equipment (R29,0 million) and Buildings (R31,4 million)

A detailed assessment was done on printing equipment and buildings to remove inefficient and underutilised capacity and to evaluate the best geographic fit. The identified items will be phased out and disposed of. The carrying values were accordingly impaired to realisable values. These impairments resulted from a recent change in product focus and management's planned future use of the assets.

Inserting and other equipment (R13,1 million)

The inserting equipment was previously used in a leaflet distribution business that was closed down. The equipment was not suitable to use in the existing business and has been impaired to realisable value.

Capital expenditure

The largest part of expansionary expenditure during 2015 constituted R34 million invested in equipment for the tissue plant. A sum of R18 million was allocated to packaging gravure equipment for the production of wet glue labels.

Capex of R17 million for the coldset plant in Pietermaritzburg enabled the Group to print a major weekend newspaper for the KwaZulu-Natal region. The Commercial division, which was launched in 2014, received a R12 million allocation to enable the provision of a hybrid of heatset and coldset printing technology.

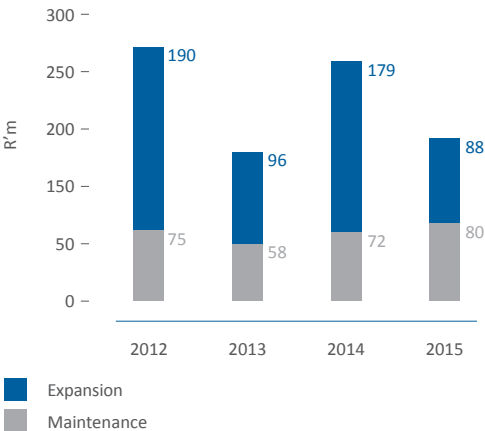
Novus Holdings anticipates a further R300 million to be spent by 2016/17 in tissue, labels and other projects.

During the past year, R17 million was spent on software for the Group with the majority being incurred on the EFI Monarch Printing ERP System that is being implemented at all heatset plants.



Read more about this in the IT governance report on page 102.

Capital expenditure overview (excluding intangibles)



Acquisitions

On 1 June 2014, the Group acquired 100% of Correll Tissue Proprietary Limited for a consideration of R144,3 million. Of this amount, R103,8 million was settled in cash and the balance of R40,5 million is payable on finalisation of the transfer of properties related to this acquisition. The Group's growth strategy includes identifying acquisitive business opportunities that are synergistic to existing operations and have long-term growth potential.

Dividend

The Novus Holdings board announced its dividend approach during the prelisting roadshow. This entails the declaration of a dividend on at least an annual basis with a dividend cover of approximately two times based on HEPS. Novus Holdings believes this approach to be compatible with the company's growth opportunities and ambitions.

The board has approved a dividend of 64 cents per share to be paid by 7 September 2015.

Outlook statement

In line with Novus Holdings' long-term objective to achieve 50% of revenue from activities outside of traditional print, the next financial year's focus will be on diversification in line with the Group's inherent strengths. This includes expanding the tissue production capacity, sourcing and commissioning a specialised packaging gravure press and repositioning our printing offering through digital print. In the core heatset and coldset divisions, the focus will be on productivity and efficiency gains coupled with skills improvement.

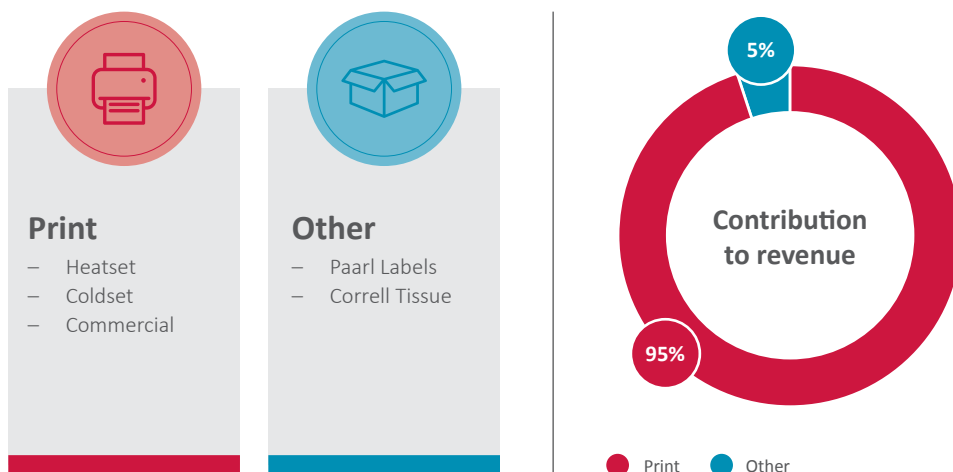


VALUE-ADDED STATEMENT

For the year ended 31 March	Group 2015 R'000	%	Group 2014 R'000	%
Revenue	4 261 484		3 968 755	
Cost of generating revenue	(2 827 221)		(2 577 715)	
Value added	1 434 263		1 391 040	
Finance income	12 572		7 313	
Wealth created	1 446 835	100,0	1 398 353	100,0
Wealth distribution				
Employees				
Salaries, wages and benefits	592 725	40,97	555 302	39,71
Providers of capital				
Finance costs	25 934	1,79	23 961	1,71
Governments				
Total tax paid	173 239	11,97	171 706	12,28
Reinvested in the Group	654 937	45,27	647 384	46,30
Depreciation and amortisation	205 991	14,24	193 962	13,87
Impairments	73 537	5,08	7 379	0,53
Retained earnings	375 409	25,95	446 043	31,90
Wealth distributed	1 446 835	100,0	1 398 353	100,0



OPERATIONS REPORT



Overview

Novus Holdings operations encompass 11 specialised printing plants and one specialised tissue plant with a total of 1 915 employees. Just less than 40% of employees belong to one of four recognised unions: SATU, CEPPWAWU, MWASA and SACWU.

The most significant risk to operations relates to paper supply and power outages. The following mitigating actions have been implemented:

- Paper contracts are in place with various major European paper suppliers for the financial year ahead.
- Forward exchange contracts have been secured.
- Full generator capacity is in place within the Group along with uninterrupted power supply equipment. This ensures minimal production downtime.
- These alternative energy costs will have an impact on costs should load-shedding frequency and duration continue.

The matters most material to the ability of Novus Holdings operations to create value are:

- Labour health and safety
- Skills availability and retention

Health and safety

Novus Holdings is committed to achieving the highest standards of safety, health, environmental, risk and quality (SHERQ) performance throughout the Group. It aims to achieve the goal of no accidents, injuries to persons, loss of assets or harm to the environment and to provide workplaces that are healthy and incident-free for all employees, visitors, contractors and the community.

Regular health and safety reviews are performed by internal and third-party external consultants, who report their findings directly to the board's audit and risk committee.

Initiatives to improve safety over the past year include a simplified incident reporting process, implementing the “no blame no shame” principle and constant safety training. Leadership visibility also plays an important role in the drive to reduce risks.

Every employee is tasked to take personal ownership of his/her own safety and those of others. While management is accountable for safety, all employees are required to take responsibility for identifying hazards and risks, following procedures and adhere to the safety rules.

During the past two years, there was a noticeable reduction in the number of work-related incidents across the Group. There have been no fatalities in the past five years with a significant downward trend in the lost-time and reportable injuries across the Group. Currently five of the 11 printing facilities are on a zero lost-time rate with one site achieving a record of 1 000 days worked without a lost-time injury.

Health and safety risks include the following:

Chemicals

Novus Holdings operations use various chemicals that may pose risks to employees and the environment. The Group continuously investigates safe alternatives and employees exposed to chemicals are regularly tested through the medical surveillance programme for possible deviations. All employees are trained in the use and disposal of chemicals.

Noise

Employees are exposed to high noise levels in certain areas of operations. The Group continuously explores new technology and encloses these areas to reduce the exposure risk. Employees who are exposed form part of the medical surveillance programme. Training is provided to all employees, while hearing protection is provided to all employees and visitors at these areas.

Injury

Adequate guarding and safety devices are fitted to protect employees from exposure to moving parts and rotating machinery.

Skills availability and retention

The print and manufacturing industry has become highly specialised and technology-driven during the past decade – a shift that has created a demand for highly skilled professionals to deliver excellent quality products and services at international standards. In parallel, the targets set by B-BBEE legislation and the general skills shortage in South Africa have emphasised the value created by the Novus Academy.

The Novus Academy is the Group’s internationally accredited training institution that offers a range of technical, life skills, management, leadership, IT and systems courses and programmes. The Academy has been instrumental in unlocking the potential of Novus Holdings employees and industry professionals from across the globe. It also provides customers with access to training that empowers them to manage their own projects efficiently. Courses are accredited in South Africa with the FP&M Seta and internationally through City & Guilds of London.

Human resource planning and allocation is critical to implementing the Novus Holdings strategy, which determines the Group's talent management strategy. Skills development forms part of the Novus Holdings talent management strategy and is primarily guided by a skills audit, a critical and scarce skills map and succession planning requirements, while also considering career and reward management. Novus Holdings has access to a strong and active digital recruitment platform.

Paarl Coldset and Paarl Media Cape had the highest training investment spend during 2015 with a Group total of R9,7 million for the year. A total of 4 396 training opportunities were offered during the year (excluding Correll Tissue, which was acquired during the financial year).

Novus Holdings invested in an online learner and learning management system (Cornerstone on Demand), which integrates skills development with performance management and succession planning. The system ensures that training and skills development deliver results, which are measured according to:

- Quality – delivering on the promise to the client
- Quantity – delivery in full
- Cost – goods and services delivered within the cost estimate by reducing waste and optimising efficiency
- Delivery on time
- Safety
- Morale/behaviour – conduct in the workplace



Read more about the Novus Academy programmes and courses on the website.

CASE STUDY

Novus Academy 2015 highlights



The Novus Academy has excelled in the past financial year. It received formal recognition at the ArcelorMittal Achiever Awards ceremony and became a formally registered International Computer Drivers' Licence Training and Test Centre. This positions the Academy to create and establish a revenue stream as it will now be able to offer the entire Microsoft Office suite training to internal and external clients.

Further highlights include:

- The Sales Trainee programme was successfully completed, equipping newly appointed sales representatives.
- Design for Print course was updated and two successful workshops rolled out with major clients.
- The Print and Packaging Bridging programme was successfully offered in 2014 with a 100% pass rate. The next programme will be in 2016.
- Correll Tissue curricula and content was developed and a pilot programme will be offered at its premises in the next year.
- The apprentice projects apply a methodology that delivers a consistent 100% pass rate. All the apprentices of 2011 have completed their programme in the first half of 2014 and all others are on track to achieve their individual milestones.
- Chad management programme has opened the door for further programmes in other countries in cooperation with the Africa Desk Business development team.
- Coaching leaders programme: the first internal management coaching programme has paved the way to formalise this as part of leadership development.

Operations report: printing

Profiles

Gravure printing

Gravure printing involves a method of printing using engraved copper cylinders to impart ink onto paper. This provides a crisp, full spectrum colour and registration method, which is ideally suited for very high-volume production of publications and commercial products including weekly, fortnightly and monthly magazines, catalogues and retail inserts. High-quality presses allow for flexibility across an extensive range of formats and pagination. Excellent finishes can be applied, even on low grammage materials. Final products can be delivered directly off the press, complete with any trimming, inline gluing or stitching requirements.

Coldset printing

Coldset printing offers fast, economic printing on uncoated paper. The Novus Holdings network of plants is equipped with coldset printing towers and caters for large and smaller print runs in broadsheet, tabloid and quarter fold formats for both high pagination and thinner products. Inline stitching, gluing and trimming delivers finished product off the press. The process is best suited to absorbent papers and can accommodate high-quality, heavier grammage. Applications include newspapers, educational material, ballots and commercial publications while the process incorporates inline finishing and folding, collating and inserting capabilities.

Heatset printing

Heatset web offset printing is used for medium to high-volume magazines, retail inserts, catalogues and brochures. A combination of presses delivers quick make-ready and flexible formats and paper ranges. The presses are configured to offer a variety of in-line finishing and folding options as well as automatic palletisers to speed up the delivery of material. Heatset also prints alcohol-free – a more environmentally friendly process.

Paarl Media Commercial

Paarl Media Commercial in Gauteng produces high-volume retail and bookwork. It uses the basis and configuration of coldset printing presses, but incorporates the capabilities of heatset printing presses to provide greater flexibility, efficiency and quality.



Read more about key technology applied by this division on the website.

Performance



Number of employees

1 700

2014: 1 746

Number of lost-time injuries

12

2014: 16



Trading profit – excluding impairments and profit/(loss) on disposal of assets (R'000)

R625 083

2014: R656 981



Revenue – net of inter-segment revenue (R'000)

R4 043 480

2014: R3 898 384




Total assets – net of inter-segment assets (R'000)



R3 221 824

2014: R3 121 943

The print division remains at the core of Novus Holdings and contributed 95% to Group revenue and 98,5% to Group operating profit excluding capital items.

Commentary on the division's performance as follows:

Category	Share of Group revenue	Comments
 Magazines	22,5%	<p>The volume decline in this product category can be ascribed to the closure of magazines and a decline in the pagination and circulation of existing magazines.</p> <p>There was encouraging price recovery in this category during the year.</p>
 Retail inserts	28,6%	<p>Retail inserts are exposed to print media advertising spend, which declined from 27,8% of total ad spend to 25,3% in December 2014. Novus Holdings nevertheless maintained volume, thereby effectively gaining market share.</p>
 Books and directories	21,6%	<p>Workbook volumes increased satisfactorily during the year whereas educational textbooks declined due to the past year being a non-curriculum change year. Directory volumes continue to experience declines due to growth in digitalisation.</p>

Category	Share of Group revenue	Comments
 Newspapers	21,8%	Newsprint advertising spend declined by 4,5% to December 2014 and overall newspaper circulation followed the same trend, declining by 5,8%.
 Security products	0,4%	This product category experienced ad hoc allocation of work with the Mozambique elections being the most significant.

Growth and innovation initiatives

Novus Holdings is expanding its print capabilities with the acquisition of a digital print business and a digital press employing continuous digital ink technology (CDIT). This project is aimed at growth opportunities in the increasing shorter run book market and the variable print market and will be integrated to ensure that clients have a cost-effective and seamless experience of the delivery of a broad range of printed products. The project is expected to become operational by January 2016.

Environmental initiatives

Centralised regenerative thermal oxidisers (RTOs) were installed on all web presses to eliminate emissions, in accordance with stringent international standards. The result is that air released during production is free of odour, visual smoke, and

polluting substances. Energy is recovered from the oxidation process to be reused in the drying section, vastly reducing gas energy consumption.

The Komori presses used produce no emissions. Their KHS inking system keeps paper waste to an absolute minimum. There is also reduced solid waste, energy consumption and use of chemicals. The presses accommodate alcohol-free printing using eco-friendly inks, which allow for excellent stability and performance, even at the highest speeds.

The coldset web offset printing process allows ink to dry naturally through absorption. The process is much simpler than other printing methods and is therefore more energy-efficient and very environmentally friendly. As a result, there are no polluting emissions and all paper and plates are recycled.

Base cylinders used in publication gravure printing are coated with a separating solution to prevent the skin from sticking to the base copper. After printing, the skin is stripped off and shredded, and then sold to an agent and exported. Further recycling takes place with copper also recovered from the excess that builds up in the copper sulphate solution used in the plating process.

Toluene is a thinning agent used in gravure inks to ensure low viscosity. This allows the ink to be drawn easily into the engraved cells on the cylinders that are then transferred onto the substrate. Typical press-ready gravure inks are 20% ink solids and 80% solvent. This also facilitates rapid drying to prevent smudging as the volatile solvents quickly evaporate in the hot dryers after each printing station. In our process, up to 95% of the toluene is recovered and sold back to the ink manufacturers for reuse.

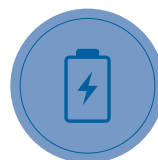
An upgraded paper waste and dust solution was installed at Paarl Media Cape using the energy-efficient HÖCKER system. It consists of individual units – a dust extraction system for the offset and gravure presses; a waste extraction system for the offset and gravure presses; and a waste extraction system for trims, binders, trimmers and guillotines. A HÖCKER system was also installed at Paarl Media KZN. The result is that compacting production by-products to a fraction of their original volume reduces storage and disposal costs.

Key focus areas for 2016

- Maintaining profitability in challenging economic and sector conditions
- Achieving the above through streamlining operations
- Introducing new technology to increase efficiency and address new markets

CASE STUDY

Biomass boiler improves energy efficiency



Increasing electricity and fuel prices coupled with a growing demand for green business practices have given momentum to Novus Holdings' undertaking to reduce the environmental impact of its printing operations. As part of this initiative, the Group installed a new biomass boiler at its Cape Town plant in August 2014.

The boiler works on the principle of combustion and is fuelled by sustainable biomass that burns at intense heat to generate the steam required in the gravure process. The gravure presses include the plant's newly acquired Cerutti Aurora press that is also arguably the most energy-efficient press in the world.

Traditional methods to create steam include electricity, oil or coal whereas the biomass boiler burns wood chips produced from alien vegetation, such as Port Jackson and Black Wattle – neither species being indigenous to the Western Cape. In addition to enabling a greener process, the new biomass boiler system assists in creating jobs through the collection of natural material for the production of the chips needed to fuel the boiler.

The biomass boiler works towards creating a carbon neutral footprint for the company while reducing the plant's electricity consumption and resultant medium-term production costs.

Operations report: other

Profiles

Paarl Labels

Paarl Labels allows Novus Holdings to present customers from a range of industries with a portfolio of flexible, reliable label printing solutions. Inline finishing includes a range of foiling, laminating, varnishing, die-cutting and embossing options suited to requirements from wine-label printing to the production of adhesive items for the food industry. The operation has the capability to introduce security holograms, 'back printing' and other unique special features. The Group is committed to development and innovation in the labels space to ensure that customers are able to select from the latest printing techniques.

Correll Tissue

Correll Tissue was acquired in June 2014 as the primary tissue paper manufacturing plant of Novus Holdings. The acquisition allows Novus Holdings to expand its manufacturing operations by harnessing the potential of waste paper that is produced by the printing operations, to make tissue paper. The plant is located in Durban and has capacity to convert most of the output produced by the tissue mill.



Read more about key technology applied by this division on the website.

Performance



Number of employees

215

2014: 65

Number of lost-time injuries

1

2014: 3



Trading profit – excluding impairments and profit/(loss) on disposal of assets (R'000)

R9 614

2014: R10 546



Revenue – net of inter-segment revenue (R'000)

R218 004

2014: R70 371

Total assets – net of inter-segment assets (R'000)



R299 883

2014: R38 901

The division currently contributes a small portion of revenue and profit after tax but is the area of biggest potential for the Group. Current projects in this regard include capital expenditure that has been committed to packaging gravure equipment for the production of wet glue labels, wrap-around labels,

shrink sleeves and other flexible packaging products. Further capital expenditure is planned to be incurred on this project. An additional tissue mill is currently on order from Italy, which is expected to expand current tissue production capacity to 300% of current capacity.

Commentary on the division's performance as follows:

Category	Share of Group revenue	Comments
 Labels	2,4%	A significant project includes a Mozambique beer labels contract landed during the past year. Self-adhesive capacity was expanded during the year to increase the division's market share in the printing of wine and other food labels.
 Tissue	2,7%	Correll Tissue supplies tissue paper which is produced under the Correll brands and as white label products for retailers.

Growth and innovation initiatives

A project was launched to expand the Paarl Labels offering into wet glue labels and flexible packaging products. The project includes expansion within the existing sheet-fed wet glue area and the introduction of a packaging gravure press. This 10-colour Cerutti 98X press is due to be commissioned in October 2015 along with cutting and finishing capacity. The introduction of this press will expand the Group's capabilities beyond wet glue label products. Products will include wraparound, shrink sleeve and wet glue labels plus a host of flexible packaging options.

The flexographic label plant in Paarl recently acquired a new MPS 430 8-colour press that meets the increasing demand for self-adhesive labels. With a sustained increase in demand projected, an additional 330 mm, six-colour press will be commissioned in the next financial year.

A significant tissue plant expansion plan is being implemented. This project follows the acquisition of Correll Tissue. An additional mill was acquired, along with wet work and stock preparation equipment from Italy. Additional converting capacity has also been acquired. The project is expected to be completed towards the beginning of the 2016 calendar year.

Environmental initiatives

The acquisition of Correll Tissue offers a significant vertical integration opportunity for the Group as it harnesses the potential of waste paper – currently produced by the extensive printing operations of the Group – in the production of tissue paper. This adds value to the manufacturing processes by effective use of waste paper. The Correll Tissue plant's capacity is sufficient to convert most of the output produced by the tissue mill. Investment in recycling processes has resulted in 90% of the plant's water requirements being reprocessed.

Key focus areas for 2016

- Expand capacity to gain market share through flexible packaging capacity
- Create additional tissue and converting capacity

A man in a blue striped shirt is looking down at a glowing blue sphere. The sphere has the Novus logo on it. The background is dark and out of focus.

CORPORATE GOVERNANCE

Prior to its JSE listing in March 2015, Novus Holdings formed part of the Media24 and Naspers governance structures. In preparation for the listing, the Group reviewed its governance structures to ensure alignment with the JSE Listings Requirements, King III and the Companies Act.

Whereas governance structures had to be adapted, the spirit and governance approach inherent in these requirements have been entrenched in Novus Holdings for many years. The Group operates from a strong ethical base and has developed solid relationships with key stakeholders.

Governance milestones for 2015

- The establishment of a social and ethics committee
- An independence review of the board and subsequent changes in composition
- The combination of the previously separate audit and risk committees into one
- The completion of the listing process

The Novus Holdings board (at that point in time the Paarl Media Group board) initiated the listing process during the current year. This was driven by executive management, with regular communication between the executive management, the board and major stakeholders.

Ethics at Novus Holdings

Novus Holdings has an active programme to uncover fraud, corruption and unethical behaviour and encourages employees to participate.





Acts of wrongdoing or irregularity may include:

- Immoral, illegal (e.g. fraud, corruption) or unethical behaviour that has been, or is likely to be, committed
- Inappropriate use or theft of company property, including intellectual property
- Instances or circumstances within the company where the health or safety of an individual has been threatened, is being threatened, or is likely to be threatened
- Actual and potential infractions of company policies
- Actual and potential operational risk, including regulatory non-compliance, faced or potentially facing the company
- Attempts to conceal or suppress information relating to any of the above

Novus Holdings uses the *OpenLine* reporting facility – a confidential reporting service for employees, business partners and other stakeholders of the company that is independently managed by Deloitte Tip-offs Anonymous. Each report made is reported to executive management and investigated with feedback to Deloitte to provide to the whistle-blower, if required.

Application of King III

King III principles	Novus Holdings application
Ethical leadership and corporate citizenship	<p>The board is committed to promoting the highest standards of ethical behaviour in the Group, evidence of which is set out above in terms of ethics interventions. A social and ethics committee was established on 23 February 2015 and will in the next year develop a plan to monitor and measure all aspects of the business related to the Group's ethical foundation and corporate citizenship. This includes non-financial performance, risks and the impact of the Group's operations.</p>
Board and directors	<p>The board applied the principles related to the board and its responsibilities as recommended by King III. In accordance with the Companies Act, the directors owe fiduciary and statutory duties to the company. All directors understand and accept these duties and are committed to perform their responsibilities in this regard to the best of their ability. As the chairman is not independent, a lead independent director has been appointed.</p> <p>A framework for the delegation of authority for the chief executive officer is currently being formulated, adopted and monitored through the audit and risk committee. See below for full details of the board's composition.</p> <p>As the board is newly constituted, an evaluation of the board, its committees and the company secretary will only be made in the next financial year.</p> <p>Furthermore, the board will establish and oversee the implementation of a governance framework between the Group and the subsidiary board of Paarl Media Paarl.</p> <div data-bbox="349 1088 409 1153">  </div> <p><i>Remuneration is disclosed as required in the report on page 92.</i></p> <p>Shareholders approved the remuneration policy at the shareholder meeting on Friday, 20 February 2015.</p>
Audit and risk committee	<p>The board has established an audit and risk committee comprising three independent non-executive directors, all of whom are suitably and adequately qualified. The board has delegated the adoption and implementation of a suitable assurance framework to the audit and risk committee. The committee has appointed and contracted with PricewaterhouseCoopers as the external auditor for the Group.</p> <div data-bbox="349 1415 409 1481">  </div> <p><i>Read more in the audit and risk committee report on page 107.</i></p>

King III principles	Novus Holdings application
Governance of risk	<p>The board will determine the levels of risk tolerance based on the risk management framework that is being established by the audit and risk committee. Risk assessments will form part of the Group's risk management policy, delegated to the audit and risk committee.</p> <p> <i>Read more in the risk report on page 88.</i></p>
Governance of information technology	<p>IT governance is monitored by the audit and risk committee, to whom the development of an IT governance framework and policy has been delegated. The board oversees all significant IT investments and expenditure.</p> <p> <i>Read more in the IT governance report on page 102.</i></p>
Compliance with laws, codes, rules and standards	<p>The board delegated the implementation of an effective compliance framework and processes to management.</p>
Internal audit	<p>The Group has an internal audit function. The audit and risk committee assumes responsibility for the monitoring of internal and external assurance.</p>
Governing stakeholder relationships	<p>The board has delegated the management of stakeholder relationships to various management levels in the Group by using different platforms for interaction.</p> <p> <i>Read more in the stakeholder section on page 24.</i></p>
Integrated reporting and disclosure	<p>The board has approved the integrated report, which includes all material matters related to the performance and sustainability of the Group.</p> <p> <i>See the scope and boundary on page 2 for detail about assurance.</i></p>



Read more in the full King III application table available on the Group's website.

Board of directors



Lambert Retief (62)
*BCom (Hons), CA(SA),
OPM Programme (Harvard)*
Chairman;
non-executive director
Appointed to the board on
1 July 2008



Stephen van der Walt (46)
*BCom, PGDA, CA(SA),
OPM Programme (Harvard)*
Chief executive officer;
executive director
Appointed to the board on
1 July 2008



Esmaré Weideman (53)
BCom, BJournalism (Hons)
Non-executive director
Appointed to the board on
1 May 2011



Edward van Niekerk (45)
BCom, PGDA, CA(SA)
Chief financial officer;
executive director
Appointed to the board on
6 June 2012



Sandile Zungu (48)
BSc Mech Eng, MBA (UCT)
Independent
non-executive director
Appointed to the board on
23 February 2015



Manie Mayman (60)
*BCom (Financial
Management Hons),
BCompt, BCompt (Hons),
CA(SA)*
Non-executive director
Appointed to the board on
24 March 2014



Bernard Olivier (61)
*BCom (Acc), CTA, CA(SA),
Senior Management
Programme (USB)*
Independent
non-executive director
Appointed to the board on
23 February 2015



Uys Meyer (56)
BAcc (Hons), CA(SA)
Lead independent
non-executive director
Appointed to the board on
1 October 2008



Gugulethu Dingaan (39)
BCom (Acc), HDipAcc, CA(SA)
Independent non-executive director
Appointed to the board on 23 February 2015



Fred Robertson (60)
Independent non-executive director
Appointed to the board on 23 February 2015



Jan Potgieter (46)
BCompt (Hons), CTA, CA(SA), Management Development Program (Michigan), Strategic Planning and Management in Retailing (Monash University)
Independent non-executive director
Appointed to the board on 23 February 2015



Keith Vroon (49)
BCom (Hons), CA(SA), HDip Tax
Alternate executive director
Appointed to the board on 1 October 2008



Bradley Meyers (37)
BCom (Hons), APT, CA(SA)
Company secretary
Appointed on 23 August 2013

Curricula vitae

1. Lambert Retief (62)

Lambert is a chartered accountant and a non-executive director of Pioneer Foods and Novus Holdings. He has held various executive positions in the printing industry bodies. He has been involved in the printing industry since 1978.

He has been on the board of a number of listed entities, namely Naspers, Quantum Foods Holdings and Zeder Investments. He is executive chairman of Huguenot Investments.

2. Stephen van der Walt (46)

Stephen, a chartered accountant, is the chief executive officer of the Group, and has previously held positions within the Group such as chief operating officer and chief financial officer. Prior to working at Novus Holdings, Stephen was an executive director and shareholder of a group of businesses specialising in international trade finance, corporate finance, working capital finance, and finance – specifically attributable to the direct marketing industry. Subsequently, he was contracted to safeguard and delist small capped banks to ensure an equitable solution for investors and investments in South Africa in late 1998.

3. Esmaré Weideman (53)

Esmaré has more than 25 years' experience as a journalist, political writer, news editor and editor at some of the country's most prestigious publications. She was editor-in-chief of Media24's flagship weekly magazines, Huisgenoot, YOU and DRUM, before being appointed Media24 chief executive officer in 2011.

4. Edward van Niekerk (45)

Edward is a chartered accountant with 20 years' experience. He is currently the chief financial officer of the Group, and has previously held positions as the Group financial manager and project manager. Prior to working at Novus Holdings, Edward held the positions of financial manager and financial director at S-U Management Services.

5. Sandile Zungu (48)

Sandile is a non-executive director of, among others, Grindrod, Taquanta and Outdoor Network. He serves on the Black Business Council and represented South Africa on the BRICS Business Council. Sandile was a member of the World Economic Forum in his capacity as Young Global Leader. A few of the notable positions he has previously held are chairman of Barnard Jacobs Mellet Holdings and Denel, and executive director of New Africa Investments.

6. Manie Mayman (60)

Manie was appointed as Media24 chief financial officer in January 2014, having worked for the company in several capacities before. He is a chartered accountant and holds a number of qualifications, including a Certificate in Retail Marketing of Petroleum Products from the College of Petroleum and Energy Studies at Oxford. He worked for the BP Group for nearly 22 years, the last four years as regional chief financial officer Africa for BP's Refining and Marketing Operations in sub-Saharan Africa. He was the Oasis Group chief financial officer before returning to Media24 in October 2011.

7. Bernard Olivier (61)

Bernard is a chartered accountant. He was an assurance partner at PricewaterhouseCoopers (PwC), based in the Johannesburg office, for over 29 years where he also fulfilled several roles in the management, regulatory affairs and governance of PwC. Bernard was on the Independent Regulatory Board for Auditors' inspection committee and was PwC South Africa's registered liaison partner with the US Public Company Accounting Oversight Board.

8. Uys Meyer (56)

Uys has broad financial market experience having worked for UAL Merchant Bank, Lombard Guarantee Insurance Company and FirstCorp Merchant Bank in various investment banking and trading-related positions. Having co-founded Decillion in 1996, he launched the group's hedge fund management business and managed this entity until his resignation in 2003. Uys founded BlueAlpha Investment Management in July 2003 and is currently the chief executive officer of the company.

9. Gugulethu Dingaan (39)

Gugulethu is an investment executive at WIPHOLD responsible for growing and managing its investment portfolio. She has a background in corporate finance with specific focus on mergers and acquisitions, transaction structuring and valuations. She is a director of Adcorp, Distell and SA Corporate Real Estate Fund Managers.

10. Fred Robertson (60)

Fred is the executive chairman and co-founder of Brimstone. He is a leading figure in the South African business community, having gained experience through his directorships of Remgro, AON Re Africa and Old Mutual Emerging Markets. Fred is chairman of Lion of Africa Insurance Company, Lion of Africa Life Assurance Company, Sea Harvest Holdings and House of Monatic.

11. Jan Potgieter (46)

Jan is chief operating officer of Italtile and non-executive director of Capital Property Fund. He has extensive experience in the retail and supply chain sectors through his role as financial director and then chief executive officer of Massdiscounters of Massmart Holdings. He has also served as a business manager at Clover SA and spent seven years at SABMiller in senior financial roles.

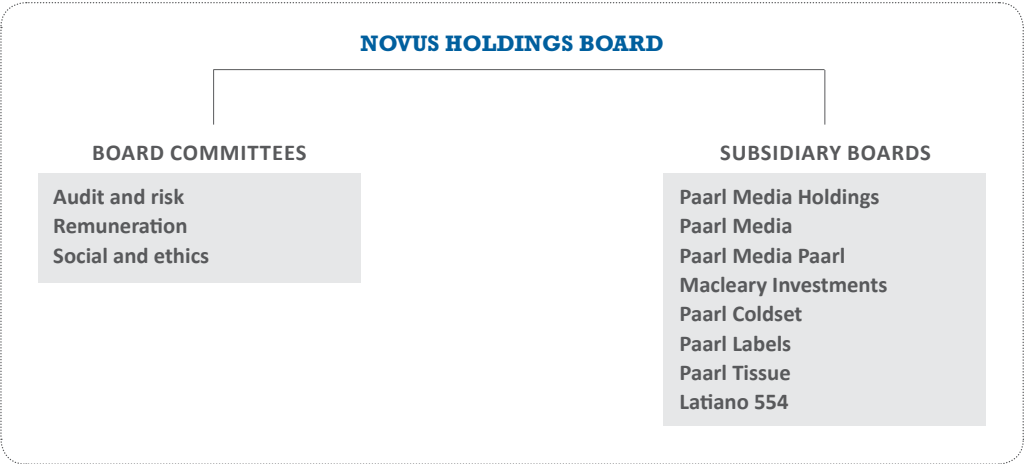
12. Keith Vroon (49)

Keith is a chartered accountant with 24 years' experience. He is currently the chief operating officer of the Group, and has held numerous other management positions at reputable companies, including the role of chief financial officer within the Group.

13. Bradley Meyers (37) (Company secretary)

Bradley is a chartered accountant. He has fulfilled a number of group accountant and financial manager roles within a number of well-known South African entities. He is currently the Group financial manager for Novus Holdings.

Board, committees and attendance



The Novus Holdings board consists of two executive directors, one alternate executive director and nine non-executive directors, six of whom are independent non-executive directors. In accordance with Novus Holdings’ board charter the board’s composition reflects a majority of non-executive directors, including a lead independent director. No one director has unfettered powers of decision-making.

The board is ultimately responsible for the management of Novus Holdings’ business, strategy and key policies. The board is also responsible for approving Novus Holdings’ financial objectives and targets.

Appointments to the board follow a formal and transparent procedure and are a matter for the board, subject to shareholder approval. The board also has the power to appoint additional directors.

The company’s executive directors are involved in the day-to-day business activities of the Group and are responsible for ensuring that the decisions of the board are implemented in accordance with the

mandates given by the board. The board has a minimum of four scheduled meetings per financial year. Ad hoc meetings are held to consider special business, if required.

Company secretary

The company secretary is responsible for providing the board with guidance on discharging its responsibilities in terms of legislation and regulatory requirements. Directors have unlimited access to the advice and services of the company secretary, who attends all board and committee meetings. The company secretary ensures that in accordance with the pertinent laws, the proceedings and affairs of the board, the company itself and, where appropriate, shareholders are properly administered. He is also the company’s delegated information officer. The company secretary ensures adherence to closed periods for trading in Novus Holdings shares.

The board is satisfied that the company secretary has the required competence, knowledge and experience and has an arm’s length relationship with the board.

Meeting attendance record

Board					
Director	13 Mar 14	5 Jun 14	14 Aug 14	10 Nov 14	23 Feb 15
LP Retief (chairman)	✓	✓	✓	✓	✓
STM van der Walt	✓	✓	✓	✓	✓
E van Niekerk	✓	✓	✓	✓	✓
E Weideman	✓	✓	✓	✓	✓
U Meyer	✓	✓	✓	✓	✓
M Mayman	✓	✓	✓	✓	✓
KA Vroon ¹	✓	✓	✓	✓	✓
NJ Retief ²	✓	✓	✓	✓	✓
SS de Swardt ²	✓	✓	✓	✓	✓
SDM Zungu ³					✓
BJ Olivier ³					✓
JN Potgieter ³					
F Robertson ³					
GP Dingaen ³					

¹ Changed to alternate director on 23 February 2015.

² Resigned 23 February 2015.

³ Appointed 23 February 2015.

Audit and risk committee					
Director	5 Jun 14	20 Oct 14	10 Nov 14	2 Mar 15	27 Mar 15
U Meyer ¹	✓	✓		✓	✓
M Mayman ²	✓	✓	✓		
SS de Swardt ³	✓	✓	✓		
BJ Olivier (chairman) ^{4,5}				✓	✓
GP Dingaen ⁴				✓	✓

¹ Chairman to 23 February 2015.

² Resigned from committee on 23 February 2015.

³ Resigned as director on 23 February 2015.

⁴ Appointed to committee on 23 February 2015.

⁵ Chairman from 23 February 2015.

Remuneration committee					
Director	18 Aug 14	24 Oct 14	20 Nov 14	9 Feb 15	20 Feb 15
LP Retief		✓	✓	✓	✓
E Weideman ¹	✓	✓	✓	✓	✓
SS de Swardt ²	✓	✓	✓	✓	✓
SDM Zungu ³					
BJ Olivier (chairman) ^{3,4}					
JN Potgieter ³					

¹ Resigned from committee on 23 February 2015.

² Resigned as director on 23 February 2015.

³ Appointed to committee on 23 February 2015.

⁴ Chairman from 23 February 2015.

Social and ethics committee

No meetings held during the year. This committee was only formed on 23 February 2015.

Social and ethics committee
Director
E Weideman
M Mayman
F Robertson (chairman)

Audit and risk committee

The audit and risk committee is responsible for performing the functions required of it in terms of section 94(7) of the Companies Act. These functions include:

- nominating and appointing the Group’s auditors and ensuring that such auditors are independent of the Group;
- determining the auditors’ fees and terms of engagement;
- ensuring that the appointment of the auditors complies with the provisions of the Companies Act and any other relevant legislation;
- determining, from time to time, the nature and extent of non-audit services to be provided by the Group’s auditors and to preapprove any agreement in respect of such services;
- preparing a report to be included in the integrated report of the Group, in compliance with the Companies Act;
- dealing with any complaints (whether from within or outside the Group) relating to accounting practices, internal audits of the Group or the content of the Group’s financial statements and related matters; and
- making submissions to the board on any matter concerning the Group’s accounting policies and financial control.

The non-statutory functions of this committee are to assist the board in discharging its duties relating to the safeguarding of the assets of Novus Holdings, the operation of adequate systems, the formulation of internal controls and control processes and the review and preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance and accounting standards and addressing statutory and regulatory issues, including the nomination for appointment, removal and replacement of the external auditors, with the appointment being subject to the approval by shareholders at the next Annual General Meeting.

With regard to risk, this committee assists the board in ensuring that:

- the Group has implemented relevant risk management processes that will enhance Novus Holdings’ ability to achieve its strategic objectives; and
- the Group’s disclosure regarding risk is comprehensive, timely and relevant.



Read more in the risk report on page 88.

The audit and risk committee normally invites the chief executive officer, the chief financial officer, the chief operating officer, the head of internal audit and the external audit partners to attend meetings and to make proposals as necessary and invites the chairperson of the board to all audit and risk committee meetings.

The audit and risk committee reviews the expertise, experience and performance of the chief financial officer, Edward van Niekerk, annually and reports on whether or not it is satisfied therewith. The audit and risk committee confirms this review by reporting to the shareholders in the Novus Holdings integrated report that it has executed this responsibility. The audit and risk committee has determined that it is satisfied with Edward van Niekerk's current expertise, experience and performance as Novus Holdings' chief financial officer in the past reporting period. In addition, the audit and risk committee reviews and reports on the expertise, resources and experience of the company's finance function.

The audit and risk committee meets at least twice per financial year. Ad hoc meetings are held to consider special business, as required. All three members of the committee are independent non-executive directors of Novus Holdings.

Remuneration committee

The remuneration committee is responsible for the specific remuneration packages for executive directors, including, but not limited to, basic salary, performance-based short-term and long-term incentives, pensions and other benefits (recommendations in this regard are made after considering both the interests of the shareholders and the financial and commercial health of the Group), long-term incentive schemes and the allocation of shares and rights in terms thereof. The remuneration committee is also responsible for recommending to the board, fees for the directors and chairperson, as well as fees for members and chairpersons of committees of the board, for subsequent approval by shareholders.

The remuneration committee meets at least twice per financial year. Ad hoc meetings are held to consider special business, as required. The remuneration committee is comprised entirely of non-executive directors.



Read more in the remuneration report on page 92.

Social and ethics committee

The social and ethics committee monitors the Group's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice, in respect of social and economic development, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, including the impact of the Group's activities and of its products or services), stakeholder and consumer relationships and labour and employment issues.

The social and ethics committee draws to the attention of the board, matters within its mandate as occasion requires and reports to the shareholders at the company's Annual General Meeting on such matters.

To carry out its functions, the social and ethics committee will be entitled to request information from any director or employee of Novus Holdings, attend and be heard at the general shareholders' meetings, and receive notices in respect of such meetings.

The social and ethics committee meets at least twice per financial year. Ad hoc meetings are held to consider special business, as required.



Read more about current Novus Holdings social and environmental practices in the operations report from page 66.

A person wearing a blue lab coat and a blue hairnet is shown in profile, looking at a control panel with various buttons and knobs. The background is a laboratory or industrial setting with other equipment and a person in a blue lab coat and hairnet visible in the distance. A semi-transparent white box with the text "RISK REPORT" is overlaid on the image.

RISK REPORT

Risk report

The Novus Holdings board is responsible for the governance of risk and mandates the audit and risk committee to monitor risk management, which includes the assessment of risk management processes and plans. A risk register is maintained of significant risks facing the Group, and actions to manage these risks within the board-approved ranges of tolerance are monitored.

The Novus Holdings enterprise-wide risk management framework is designed to ensure that significant risks and related incidents are identified, documented, managed, monitored and reported in a consistent and structured manner across the Group. It is modelled on the COSO ERM (the Committee of the Sponsoring Organisations of the Treadway Commission Framework for Enterprise-wide Risk Management), as well as the internationally accepted COBIT framework for the governance of information technology. The risk management process is subject to continuous improvement.

As a leader in print and manufacturing, operating in a competitive and dynamic market, the Group is exposed to a wide range of risks. Identifying risks and drafting plans to manage these risks on a strategic and operational level form part of each division's business plan.



Read more about Novus Holdings' strategic risks in the operating environment and material matters section from page 28.

During the past year, Novus Holdings undertook various risk control assessments at all its facilities, which were used to improve the risk management processes at each site.

An integral part of the risk control process is the commitment, guidance and leadership provided by the senior management at site level and regular auditing by the Novus Group SHERQ manager. External risk audits are conducted annually.

The risk control audits included a physical survey of each operation and a detailed document review, covering the following disciplines:

- Management/risk control organisation
- Fire defence
- Engineering practices
- Security
- Emergency planning
- Motor fleet (including forklifts)

The newly acquired Correll Tissue plant will in future form part of the Group's risk management plan.

The following table summarises the top risks that the Group faced during the past financial year, with mitigating actions:

Risk type		Risk description	Mitigating management action
1	Regulatory	Regulatory pressure on the print media industry has increased and places the Group under continuous scrutiny. This might limit local growth opportunities through acquisition of printing-related businesses.	<ul style="list-style-type: none"> – The Group complies with relevant legislation. – It engages with legal advisors. – Alternative growth opportunities are pursued.
2	Strategic	The Group operates in fiercely competitive and maturing markets. Technological advances will have a significant impact on the sustainability of the Group. There is a risk that Novus Holdings may miss technological opportunities.	<ul style="list-style-type: none"> – Diversify revenue streams (products and geographies). – Continued focus on client retention, value for money offerings and satisfaction. – Extend our involvement in the African schoolbook market. – Investing in machinery to enable entry into other label and packaging markets.

	Risk type	Risk description	Mitigating management action
3	Strategic	Geo-political and market developments. The Group is sensitive to local political, economic and other events that may influence the consumption of media.	<ul style="list-style-type: none"> – Continuous monitoring of the global and South African situation and the relevant indicators. – Close cooperation with the Department of Basic Education.
4	Strategic	New competitors in the market: anti-competitive behaviour from existing competitors. Novus Holdings operates in a highly competitive market in South Africa.	<ul style="list-style-type: none"> – Continuously exploring ways to enhance the quality of the offering and further exploration of the target market. – Monitor events in local and international markets. – Monitor market share. – Investigate diversification opportunities.
5	Operational	Shrinking print orders in the traditional market for magazines and newspapers are now being replaced by orders that are more sporadic and sometimes one-off in nature. This could have a negative effect on efficiency (cost) of the business as the factory set-up and production planning becomes more volatile.	<ul style="list-style-type: none"> – Emphasis on unlocking synergies in the Group. – Standardisation as far as possible. – Focus on efficiency. – Focus on agility.
6	Operational	Inadequate short-term insurance cover for significant insurable events. A sudden, unforeseen event may occur which may damage assets of the Group, resulting in an interruption of the day-to-day operations.	<ul style="list-style-type: none"> – The annual short-term insurance renewal process (July) includes a review of: <ul style="list-style-type: none"> • The total value and locations of all insurable assets in the Group. • The quantum of potential income loss in the case of a material insurable event (determines the limit of the programme). • The period it would take the business to fully recover from the effects of an insurable event. – Regular reporting to the audit and risk committee.
7	Operational	Any adverse event (financial or otherwise) at a supplier or in the marine transport process that has an impact on the supply of paper to Novus Holdings may result in a loss of income to the Group due to the inability to print products (mainly magazines and newspapers).	<ul style="list-style-type: none"> – Maintain minimum paper stock levels. – Contracts with more than one international supplier and two South African suppliers are in place. – Insurance in place for paper damage during marine transport.

	Risk type	Risk description	Mitigating management action
8	Operational	<p>Failure of key infrastructure components for example:</p> <ul style="list-style-type: none"> – A sudden, unforeseen event affecting access to the main centres. – Eskom power supply outages. – Failure of IT infrastructure at the main centres. <p>Failure of infrastructure may disrupt significant parts of the business that may result in a loss of revenues.</p>	<ul style="list-style-type: none"> – Complete back-up processes are in place. – DR (disaster recovery) is complete. – BC (business continuity) plans to be documented for the Group. – Generators in place in all plants except Correll Tissue. – UPS (uninterrupted power supply) installed in all plants except Correll Tissue.
9	Operational	<p>Software problems in key applications resulting in interruption or delays in print and production. Software issues could interrupt prepress, printing, distribution and online activities, resulting in a loss of income.</p>	<ul style="list-style-type: none"> – Rigorous testing of programmes requiring business sign-off before implementation. – Managing access control, firewalls and antivirus software. – Ongoing maintenance of programmes. – Proper IT systems in place to support the business.
10	Operational	<p>Unionised strike action by employees resulting in an interruption of any area of the business could lead to loss of income as well as possible physical damage to assets.</p>	<ul style="list-style-type: none"> – Regular communication with labour unions. – Good conditions of employment. – Standardisation of terms and conditions of employment. – Short-term insurance is in place.
11	Operational and compliance	<p>Serious injury or death on duty caused by an incident at Novus Holdings facilities as a result of non-compliance with the South African Occupational Health and Safety Act (SA OH&S Act) may lead to criminal liability, fines and penalties for the company, its directors and/or officers.</p>	<ul style="list-style-type: none"> – Perform regular health and safety reviews. – The consequences of non-compliance to the SA OH&S Act are communicated to management and remedial action is taken where appropriate. – Training of relevant employees. – Short-term insurance includes financial compensation to employees in the case of death or serious injury on duty.
12	Operational	<p>Availability of top talent. The Group could be unable to attract and retain top-quality employees.</p>	<ul style="list-style-type: none"> – Talent management strategies are in place. – Novus Academy offering technical and non-technical training to employees. – Succession planning is in place.



REMUNERATION REPORT

This report sets out the remuneration philosophy, policy, principles and salient features which are mainly applicable to the chief executive officer (CEO), executive directors, non-executive directors, executives, senior management, management and specialists associated with Novus Holdings.

Remuneration philosophy

The remuneration policies are designed to achieve the alignment between Novus Holdings' business strategy and the behaviour of the CEO, executive directors, non-executive directors, executives, senior management, management and specialists and to ensure that the right skills are retained and attracted. Furthermore, it intends to ensure short-term success and long-term sustainability, while maintaining and reinforcing an entrepreneurial and team spirit – key points of the Novus Holdings' culture. Novus Holdings wants to reward employees in a manner which is fair, equitable and reflective of both Novus Holdings' and individual performance and which gives each participant an equal opportunity to earn reward in line with their contribution.

Novus Holdings' strategic objectives are set out in the integrated report. The composition of remuneration packages reflects and rewards the achievement of these objectives.

Key principles of the remuneration policy

To achieve a performance culture and an alignment with stakeholders, through value creation, the reward strategy is geared towards a high percentage of pay at risk for the achievement of targets which are aligned with company performance and individual performance. The policy strives to achieve a fair and sustainable balance between guaranteed package, short-term incentives and long-term incentives.

Governance and the remuneration committee

The remuneration committee is a subcommittee of the board and operates under terms of reference, which the board reviews annually. It was established to ensure remuneration practices to support the Novus Holdings strategic aim and in doing so attract and retain executives and employees at all levels successfully, while complying with all relevant legal and regulatory requirements. The remuneration committee also determines the evaluation and remuneration of the CEO and oversees the evaluation and the remuneration of executive directors, non-executive directors, executives, senior management, management and specialists, which is ultimately approved by the board and shareholders.

The remuneration committee is responsible to oversee and recommend to the board for approval the Novus Holdings reward philosophy, policy, remuneration mix and the implementation thereof.

With effect from 23 February 2015, the remuneration committee was reconstituted. This report therefore deals with the reward strategy followed for the year ended 31 March 2015, as proposed and approved by the previous remuneration committee, as well as the proposed reward strategy for the year ending 31 March 2016, as proposed and approved by the reconstituted remuneration committee, which will be subject to a non-binding advisory vote at the annual general meeting.

The remuneration committee actively engages with independent advisors and stakeholders to ensure that the remuneration philosophy, policy, strategy and practices are aligned with best practice and the strategic imperatives of Novus Holdings.

The remuneration structure for all employees, who are not executive directors, non-executive directors, executives, senior management, management and specialists, is determined and approved by the executive committee (ExCo).

The remuneration committee chairman formally reports to the board on the proceedings of the remuneration committee and, in line with King III, attends the annual general meeting to respond to any shareholder questions relating to remuneration and the remuneration reward strategy.

Members of the remuneration committee

The members of the committee for the year under review were:

- Mr SS de Swardt (chairman) (non-executive)*
- Mr LP Retief (non-executive)
- Ms E Weideman (non-executive)**
- Mr BJ Olivier (chairman) (independent non-executive)***
- Mr JN Potgieter (independent non-executive)***
- Mr SDM Zungu (independent non-executive director)***

* Resigned 23 February 2015.

** Committee membership ended 23 February 2015.

*** Appointed 23 February 2015.

The CEO and the group executive: human resources attend remuneration committee meetings by invitation, but do not participate in the voting process. Deloitte has been engaged as Novus Holdings' independent advisors and attend remuneration committee meetings in an advisory capacity. The company secretary, Mr BF Meyers, acts as secretary to the remuneration committee.

Advisors

The remuneration committee received advice and guidance from Deloitte on the guaranteed packages for executives for the 2015 and 2016 financial years and the development of a reward strategy (guaranteed packages and variable short-term and long-term incentives) for the 2016 financial year in terms of best practice and corporate governance expectations.

The company utilises the Deloitte Guide to Executive Remuneration (Remweb) and the PricewaterhouseCoopers (Remchannel) surveys to determine executive and senior management remuneration. In addition, Deloitte prepared a benchmarking study against peer group companies determined in terms of a "grid" utilising revenue/income, annual profit before tax and total assets to place Novus Holdings in a peer group to assess executive remuneration for reasonability and comparability.

Remuneration mix

The remuneration policy follows the internationally recognised practice of combining guaranteed packages with short-term and long-term incentives in order to compete for skilled resources and is aligned with achieving group objectives. The remuneration mix places a portion of the guaranteed remuneration at risk for significant upside based on performance.

Remuneration component	Strategic intent and drivers
Guaranteed package (total cost of employment)	Primarily to remunerate: <ul style="list-style-type: none"> – for skills of the individual – Market positioning – Cost of living increases

Policy application

Financial year ended 31 March 2015

Guaranteed package reflects individual's competence and is reviewed annually with individual performance-differentiated salary adjustments effective 1 April each year.

- During the 2015 financial year, executive remuneration distribution was adjusted to the 25th percentile as informed by the aforementioned surveys.
- Benchmarking exercises are performed internally and externally to ensure equity, fairness and market-relatedness.
- Interim reviews of the fixed-income component are undertaken to retain talent, taking into account market adjustments or employee promotions.
- The employment profile is based on the competence, output and behaviour required for a specific position; it must fit in the organisational structure and an appropriate employment grade should be assigned to the position.
- The guaranteed package comprises salary, compulsory benefits (i.e. retirement, health insurance and medical aid – refer below) and allowances (i.e. car and subsistence – refer below).

Financial year ending 31 March 2016

- As for financial 2015 above.
- Guaranteed packages continued to be based on the 25th percentile reviewed annually against Remweb and Remchannel surveys and compared to benchmark studies of peer companies as referred to above.
- An average annual increase of 6% was approved for executives, with effect from 1 April 2015, to ensure that the guaranteed packages are in line with the 25th percentile based on the surveys referred to above, while management and general staff received an average annual increase of 7%.

Remuneration component	Strategic intent and drivers
Benefits	– Integrated approach to wellness, driving employee engagement
Policy application	
Benefits include, but are not limited to, membership of a retirement plan (provident and pension fund) and health insurance, disability and death cover, to which contributions are made by both the company and the employee. The contributions towards the benefits form part of the guaranteed package.	

Remuneration component	Strategic intent and drivers
Allowances	– Compliance with legislation – Negotiated and contractual commitment
Policy application	
Offered in line with statutory requirements and co-determined substantive agreements. Allowances form part of the guaranteed package.	

Remuneration component	Strategic intent and drivers
Short-term incentives (STIs)	Primarily to remunerate for performance: <ul style="list-style-type: none"> – Group – Division – Team – Individual

Policy application

Financial year ended 31 March 2015

The incentive scheme is based on a scorecard system which comprises primary and secondary elements and predetermined participant amounts (“the pool”) developed and negotiated over an extended period of employment. The CEO determines the participants (a total of 48 participants).

The primary element comprises a score element whereby the CEO evaluates participants’ performance against predetermined objectives (50%) and an objective financial score element (the other 50%), which is based on the achievement of budgeted EBIT (before share-based payment charges) (“the target”). A phased approach (“sliding scale”) is used, which culminates in 75% of the applicable portion of the pool being allocated if 95% of the target is achieved.

According to the performance sliding scale, 89% of target was achieved, which entitled participants to 45% of 50%, i.e. 22,5% of the potential STI pay-out.

The participants’ overall score is the aggregate of their qualitative and quantitative scores, which is then applied to their individual pools.

The CEO considers exceptional performance, not taken into account in the evaluation, and adjusts the overall scores where considered relevant and appropriate.

The secondary bonus amounts are predetermined and accrue on the achievement of additional agreed upon targets not included in the scores referred to above.

The CEO presents the results of the primary incentives together with the motivation for exceptional performance adjustments and the achievement of the secondary criteria to the remuneration committee for evaluation and approval.

The CEO’s overall score is based on a self-assessment, which is reviewed and approved by the remuneration committee.

Other participants who do not participate in the STI scheme (senior management, management and specialists) participate in contractual arrangements and ad hoc incentive schemes as determined by Divisional heads and approved by ExCo.

Policy application

Financial year ending 31 March 2016

- Migration from a score card based arrangement to a self-funded bonus pool arrangement. Participants are determined by the CEO and include executives, senior management, management and specialists (a total of 48 participants).
- The incentive scheme is self-funded, dependent on the achievement and exceeding targeted level of performance.
- Target has been determined as budgeted EBIT determined in terms of IFRS. Any adjustment to the target is subject to the approval by the remuneration committee.
- Incentive pools comprise Novus (Group), Heatset, Coldset, Tissues and Labels.
- The on-target incentive pool is based on percentages of the guaranteed packages as follows: CEO maximum of 85%; executives maximum of 65%; senior management maximum of 35%; management and specialists maximum of 25%. These percentages are reviewed annually based on past performance and expectations for the following year.
- Where a participant is required to focus on both overall Group and Divisional performance, a portion of the bonus will be drawn from the Novus pool and a portion from the Divisional pool(s). The CEO is responsible to determine the allocations between Novus and the Divisional pool(s) based on the participants' roles and responsibilities and to drive the Novus team culture.
- A phased approach will be adopted. At 80% of target, an incentive pool starts to generate in Novus Holdings and Divisions culminating at 50% on the achievement of 95% of target. As stated above for financial year 2015, the sliding scale culminated at 75% of the incentive pools if 95% of target was achieved. This arrangement will be adjusted in financial year 2016 to 62,5% at 95% of target and in financial year 2017 to 50% at 95% of target. The objective is to exceed target. On exceeding target a portion of the beyond-target EBIT will be added to the on-target bonus pool. Between 100% and 110% of EBIT will result in an additional 10% of beyond target, and between 110% upwards will result in 15% of beyond 110% EBIT to be added to the pools.
- Upward or downward modifications to the pools will be made based on the performance of working capital management, cash flow management and productivity targets. Black Economic Empowerment objectives are included in all the participants' personal plans.
- Participants will draw from the pool based on their individual performance evaluations against predetermined objectives as agreed with and evaluated by the CEO.
- The incentive is capped at two times the on target pool.
- Clawback will be implemented based on fraud and misconduct at the discretion of the remuneration committee.
- For other participants (senior management, management and specialists) who do not participate in the STIs, the contractual and ad hoc incentives will continue as followed in the 2015 financial year.
- Specific terms and conditions relating to participation in the scheme will be applied.
- The scheme will be subject to review on an annual basis dependent on changing business objectives and strategy.

Remuneration component	Strategic intent and drivers
Long-term incentives (LTIs)	Used for: <ul style="list-style-type: none"> – Retention – Long-term performance – Ownership – Wealth creation

Policy application

Financial year ended 31 March 2015

Legacy phantom SAR schemes (currently being phased out)

- As part of the total reward philosophy of the Paarl Media Group Proprietary Limited prior to listing and becoming Novus Holdings Limited, two phantom share option schemes were established, namely the Paarl Media Holdings Proprietary Limited share appreciation rights (SAR) plan and the Paarl Coldset Proprietary Limited SAR plan.
- The schemes were intended to advance the interests of the company and its shareholders by attracting and retaining employees who can contribute to the success of the company, and stimulating the personal involvement of these employees by encouraging their continued service and to reward them for past performance.
- To maximise synergy between senior executives, management and shareholders of Novus Holdings, a new employee share option plan was established to replace the previous phantom schemes. In order to phase the phantom schemes out, the remuneration committee has resolved to make no further grants available to employees under the phantom schemes and to amend the rights of existing SARs by fixing their valuations. No further valuations will be made in terms of clause 13 of the Rules regarding the SARs in existence, and the value will be fixed until the SARs are exercised by the participants.
- In order to protect the value already created in the respective SAR schemes the remuneration committee proposed and the participants voted in favour of valuing the respective SARs as at 31 March 2015 based on the audited results for the financial year ended on that date, using the methodology outlined in the respective SARs plans and to fix that value for the remainder of the vesting periods.
- The vesting periods are unaffected by this change. The value at which it was fixed will earn interest at 7% p.a. On the vesting date, the gain and the interest earned will be subject to normal PAYE tax.
- It is foreseen that the phantom schemes will be phased out entirely by April 2017.

Novus Holdings Limited Share Trust

- The Novus Holdings Limited Share Trust was established and registered in South Africa to provide employees with the means to own shares in the Group.
- The Novus Holdings Limited Share Trust holds shares in Novus. The trustees made an initial offer of options to employees for shares in the Group at a price equal to the prelisting issue price of R13,25 on the date of the JSE listing. Going forward, the trust deed allows trustees to offer employees options for shares in the Group at a price equal to the closing price on the JSE on the day on which the award is made. The shares are held in trust on behalf of the employees until certain time periods have lapsed, after which the employee exercises his/her option, pay for and take delivery of the shares.
- In terms of the rules of the scheme, participants may pay for their option shares at any time after acceptance of the option, but the scheme shares will, on the basis that the purchase price has been paid in full, only be released and delivered to participants as follows:
 - After three years from the option date – no more than one third of the scheme shares
 - After four years from the option date – no more than two thirds of the scheme shares
 - After five years from the option date – balance of the scheme shares

Policy application

Financial year ended 31 March 2015

- The price a member pays at those dates will be the purchase price as determined on the option date. The option, once accepted, may not be exercised later than the sixth anniversary of the option date, failing which, it shall be deemed to have expired unless the trustees, in their discretion, determine such other period as they deem fit, subject to such period not being detrimental to the participant, unless consented to in writing.
- A maximum of 10% of the issued shares are approved to be allocated to participants. The shareholders have approved an initial offer of Novus Holdings share options to a maximum of 7% of the issued shares.

Financial year ending 31 March 2016

Increasingly in the US, UK and now in South Africa, appreciation schemes, such as the Share Option Scheme as referred to above, are being replaced with forms of "full-value" shares. Full-value shares align rewards with shareholder value and long-term sustainable performance. Full-value shares are less dilutive than share options as the reward mechanism is the delivery to the participant of a full share, rather than the participant's buying and selling of a larger number of shares in order to realise the appreciation in the share price. Full-value shares take the form of performance shares. They are conditional at a defined future date to the extent that performance conditions have been achieved. These schemes may be conditional or forfeitable share plans.

Accordingly, Novus Holdings LTI plan for new entrants and the granting of new options will provide for a number of performance conditions over and above equity growth, designed to align the interests of participants with those of the Novus Holdings shareholders. Executives and selected managers will be offered a weighted combination of:

- Share options in terms of the Share Option Scheme above;
 - Share appreciation rights (the share appreciation right is similar to the share option scheme referred to above, but because it is net settled it is less dilutive);
 - Awards of performance shares (full value); and
 - Grants of bonus shares (full value) (vesting will only occur to the extent that the Novus Holdings' performance warrants it and bonus shares are granted in recognition of an individual's past performance and are not tied additionally to the future Novus Holdings performance).
-

Other reward strategy principles

- The 25th percentile can be elevated to a maximum of the 50th percentile on the discretion of the CEO through the authorisation of the remuneration committee, on the basis of exceptional performance, skills and retention.
- The inception point for STI is the contractual bonuses for the 2015 financial year moderated/phased in terms of the financial year ending 31 March 2016 scheme rules.
- Secondary short-term incentives comparable to a commission structure for sales executives and exceptional performance may be proposed to the remuneration committee by the CEO. This will be considered in comparison to the guaranteed package and variable remuneration rewards.
- Participants must have line of sight and control over those factors against which they are measured.

The guaranteed package, STIs and LTIs for financial year ended 31 March 2015 are set out below:

Management level	Market position for guaranteed package	STIs maximum percentage for on-target performance	LTIs maximum %
Chief executive officer	25th percentile	85% of package	1% of shares in issue
Executives	25th percentile	65% of package	0,6% of shares in issue
Senior management	25th percentile	35% of package	0,3% of shares in issue
Management and specialists	25th percentile	25% of package	0,2% shares in issue

Remuneration in 2015

Guaranteed packages, STIs and LTIs (as measured under IFRS 2) for executive directors and non-executive directors are disclosed in the annual financial statements.

Non-executive remuneration

The remuneration committee has approved the following remuneration for non-executive directors, based on the outcome of a survey by independent advisors, which is based on the role fulfilled and committee responsibilities.

Period	Board of directors		Audit and risk committee		Social and ethics committee		Remuneration committee	
	Chairman R	Member R	Chairman R	Member R	Chairman R	Member R	Chairman R	Member R
2015/16 financial year	1 500 000	250 000	200 000	100 000	100 000	50 000	120 000	60 000
2016/17 financial year	1 590 000	265 000	212 000	106 000	106 000	53 000	127 200	63 600
<i>Change (%)</i>	<i>6,00</i>	<i>6,00</i>	<i>6,00</i>	<i>6,00</i>	<i>6,00</i>	<i>6,00</i>	<i>6,00</i>	<i>6,00</i>

A man with short blonde hair, wearing a dark blue jacket, is seen from the side, pointing his right index finger at a large computer monitor. The monitor displays a complex data visualization with various colored blocks and text. In the foreground, there is a control panel with numerous buttons, knobs, and a red emergency stop button. The background is a brick wall. A semi-transparent white box with a folded corner effect contains the text "IT GOVERNANCE REPORT".

IT GOVERNANCE REPORT

The Novus Holdings board is responsible for the governance of information technology (IT) as required by King III. IT is essential to managing the transactions, information and knowledge inherent to the operations of Novus Holdings, and is fundamental to supporting, sustaining and growing the business. The ability to apply sophisticated and leading-edge technology in its product and service offering is one of Novus Holdings' key competencies.

Novus Holdings has created internal capacity to support the effective and efficient management of all IT requirements in the Group. Network services is the only outsourced facet of IT, and where specialised skills are required for the repair and maintenance of presses, the support forms part of the buying agreement.

Novus Holdings operates according to a set of core systems that are all centralised for the Group and supported by a core team. Plant-specific and desktop support is done on-site.

An extensive IT integration, standardisation and upgrading project was launched in January 2014. EFI's Monarch, the global leading print enterprise resource planning (ERP) system, was selected as the best and most sustainable fit for Novus Holdings' requirements. The aim of the project is to reduce the number of systems and custom interfaces and create a standardised solution, thereby enabling the heatset division to support operations efficiently and to expand systems strategically. Benefits include better tools and processes to manage production efficiency, job profitability and to ensure consistent quoting.

The project follows a staged approach over 18 months and is governed by a project steering committee with an executive as project sponsor. Implementation is executed by a cross-functional team from the business representing all plants and all business process areas.

During the past year, requirement assessments, detail design, custom development, the training of the core team, upskilling of the business, and some configuration of the estimation system was done. Testing was started towards the end of the financial year.

In the next financial year integration testing and training will be followed by cutover planning towards going live. The last phase of the project carries the biggest risk to the business and will be managed with the appropriate controls in place.

The labels and tissue businesses are in the process of being integrated into the core business. The labels business is operated according to a manual process, which offers limited information. EFI's Radius offers an industry-specific solution that fits with Novus Holdings' label management requirements. The transition to this system was launched at the end of the financial year and the first phase will be completed in September 2015.

Correll Tissue requires a different IT approach to the rest of the business as paper manufacturing is geared towards made-to-stock requirements in contrast to made-to-order in the rest of Novus Holdings. This approach demands effective warehousing, batch processing and tracking abilities.

IT risks

The following are the most significant risks and mitigation actions related to IT:

- **Business continuity** – all plants have backup energy-generation facilities and Novus Holdings has a fully operational off-site failover facility for core and priority systems.
- **Security** – the protection of information, particularly related to portable devices, is managed through a data network and supported by user training. This includes training to raise awareness of phishing risks and password control.
- **Key resources** – a succession plan for key resources and the continuous active transfer of skills internally and from service providers was implemented.

Reporting and controls

The IT function in Novus Holdings forms part of the chief operating officer's accountabilities. The board receives quarterly reports on IT projects and approves any capital investment in IT systems. IT governance forms part of the internal audit scope and the audit and risk committee's work plan.

A photograph of a male worker in a blue polo shirt with white piping on the sleeves, focused on assembling small, dark, cylindrical metal components on a light-colored workbench. The background is a blurred industrial setting with overhead lights and structural elements. A semi-transparent white rectangular box is overlaid on the worker's torso, containing the text 'ANNUAL FINANCIAL STATEMENTS'. The box has a small white triangle at its bottom right corner.

ANNUAL FINANCIAL STATEMENTS

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Statement of responsibility by the board of directors for the year ended 31 March 2015

 The annual financial statements of the Group and the company are the responsibility of the directors of Novus Holdings Limited. In discharging this responsibility, they rely on the management of the Group to prepare the annual financial statements presented on pages 112 to 185 in accordance with International Financial Reporting Standards (IFRS) and the South African Companies Act, 71 of 2008, as amended. As such, the annual financial statements include amounts based on judgements and estimates made by management. The information given is comprehensive and presented in a responsible manner.

The directors accept responsibility for the preparation, integrity and fair presentation of the annual financial statements and are satisfied that the systems and internal financial controls implemented by management are effective.

The directors believe that the company and Group have adequate resources to continue operations as a going concern in the foreseeable future, based on forecasts and available cash resources. The financial statements support the viability of the Group and the company. The preparation of the financial results was supervised by the chief financial officer, Edward van Niekerk CA(SA).

The independent auditing firm, PricewaterhouseCoopers Inc., which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board, has audited the annual financial statements. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers Inc.'s audit report is presented on page 111. 

The annual financial statements were approved by the board of directors on 11 June 2015 and are signed on its behalf by:

LP Retief
Chairman

STM van der Walt
Chief executive officer

Certificate by the company secretary

In terms of section 88(2)(e) of the Companies Act, 71 of 2008, as amended, I, Bradley Meyers, in my capacity as company secretary of Novus Holdings Limited, confirm that for the year ended 31 March 2015, the company has lodged with the Companies and Intellectual Property Commission, all such returns as are required of a public company in terms of the Companies Act and that all such returns and notices are, to the best of my knowledge, true, correct and up to date.

BF Meyers
Company secretary
11 June 2015

Report of the audit and risk committee

The audit and risk committee has pleasure in submitting this report, as required by section 94 of the South African Companies Act, 71 of 2008 (the Act).

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

The audit and risk committee has adopted formal terms of reference, delegated to it by the board of directors, as its audit and risk committee charter. The audit and risk committee discharged the functions in terms of its charter, and ascribed to it in terms of the Act as follows:

- Reviewed the year-end financial statements, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
 - takes appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Act;
 - considers and, when appropriate, makes recommendations on internal financial controls;
 - deals with concerns or complaints relating to accounting policies, internal audit, the auditing or content of annual financial statements, and internal financial controls; and
 - reviews legal matters that could have a significant impact on the company financial statements.
- Reviewed the external audit reports on the annual financial statements.
- Approved the internal audit charter and audit plan.
- Reviewed the internal audit and risk management reports, and, where relevant, made recommendations to the board.
- Evaluated the effectiveness of risk management, controls and the governance processes.
- Verified the independence of the external auditors, nominated PricewaterhouseCoopers as the auditors for 2015 and noted the appointment of Mr Hugo Zeelie as the designated auditor.
- Approved the audit fees and engagement terms of the external auditors.
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditors.

MEMBERS OF THE AUDIT AND RISK COMMITTEE AND ATTENDANCE AT MEETINGS

The audit and risk committee consists of the non-executive directors listed hereunder and meets at least two times per annum in accordance with the audit and risk committee charter. All members act independently as described in section 269A of the Act. During the year under review five meetings were held.

- BJ Olivier (Chair)* – BCom (Acc), CTA, CA(SA)
- U Meyer – BAcc (Hons), CA(SA)
- GP Dingaan* – BCom (Acc), H Dip Acc, CA(SA)
- SS de Swardt# – BA (Hons) and BEcon

* Appointed 23 February 2015.

Resigned 23 February 2015.

INTERNAL AUDIT

The audit and risk committee has oversight of the Group's financial statements and reporting process, including the system of internal financial control. It is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority in the organisation to discharge its duties. The audit and risk committee oversees cooperation between internal and external auditors, and serves as a link between the board of directors and these functions. The head of internal audit reports functionally to the chair of the committee and administratively to the chief financial officer.

Based on the review of the group's system of internal controls and risk management, and considering the information and explanations given by management and discussions with the external auditor on the results of the audit, nothing has come to the attention of the committee that caused it to believe that the company's system of internal controls and risk management are not effective, and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

Report of the audit and risk committee (continued)

ATTENDANCE

The internal and external auditors, in their capacity as auditors to the Group, attended and reported at all meetings of the audit and risk committee. The Group risk management function was also represented. Executive directors and relevant senior managers attended meetings by invitation.

CONFIDENTIAL MEETINGS

Audit and risk committee agendas provide for confidential meetings between the committee members and the internal and external auditors.

INDEPENDENCE OF EXTERNAL AUDITORS

During the year under review, the audit and risk committee reviewed a representation by the external auditors and, after conducting its own review, confirmed the independence of the auditors.

EXPERTISE AND EXPERIENCE OF CHIEF FINANCIAL OFFICER AND THE FINANCE FUNCTION

As required by the JSE Listings Requirement 3.84(h), the audit and risk committee has satisfied itself that the chief financial officer has appropriate expertise and experience. In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the Group's requirements.

DISCHARGE OF RESPONSIBILITIES

The audit and risk committee determined that during the financial year under review it had discharged its legal and other responsibilities as outlined in terms of its remit, details of which are included in the full corporate governance report on <http://novus.holdings/governance/#Governance>. The board concurred with this assessment.



BJ Olivier

Chair: Audit and risk committee

11 June 2015

Directors' report to the shareholders

NATURE OF THE BUSINESS

Novus Holdings Limited was incorporated in 2008 under the laws of the Republic of South Africa. Our principal operations are in print media, printing on packaging and the manufacture of tissue paper. These activities are conducted primarily in South Africa.

FINANCIAL REVIEW

Novus Holdings delivered solid financial results for the 2015 financial year. Overall revenue is up 7% in 2015 with retail inserts and catalogues being the highest contributor at 29% of total revenue. The growth areas were Labels (organic) and Tissue (acquisitive), with the combined revenue for these two divisions at 5% of the total. Magazines, newspapers and books showed volume declines compared to 2014 but when inflationary price adjustments are added, revenue remained relatively flat.

The total revenue from foreign customers is R93 million (2014: R81 million).

The Group delivered a profit after tax of R364,8 million, which is lower than 2014 (R421,9 million) due to an impairment charge of R73,5 million and a slightly lower gross margin.

SHARE CAPITAL

The authorised share capital at 31 March 2015 was 3 000 000 000 ordinary no par value shares.

The following alterations to the company's authorised and issued shares took place during the year ended 31 March 2015:

- The company was converted from a private company to a public company and the share capital was converted from par value to no par value.
- The authorised share capital of the company was increased to 3 000 000 000 shares.
- Following this, Novus Holdings Limited implemented a capitalisation issue in which Media24 Proprietary Limited, being the sole shareholder of the company, was issued 2 999 999 shares for every share in issue resulting in Media24 holding 300 000 000 shares.
- Adbait Proprietary Limited's shareholdings in Paarl Media Holdings Proprietary Limited and Paarl Coldset Proprietary Limited, subsidiaries of the company, were exchanged for 19 545 857 shares in the company. As this was a transaction with non-controlling interests, it was accounted for in equity.
- Novus Holdings repurchased 26,7% of Media24's shareholding. This equates to 80 000 000 shares, which were cancelled and became authorised but unissued shares.
- 24 313 272 ordinary shares were issued to the Novus Holdings Share Trust (ESOP) in respect of options allotted to selected employees and 3 473 325 ordinary shares were issued to Latiano 554 Proprietary Limited (Latiano) in respect of the options allotted to Mr LP Retief in his capacity as non-executive chairman and director of the company. Both the shares issued to the ESOP and to Latiano are considered to be treasury shares.
- The JSE has granted the company a listing in the "Business Support Services" sector of the main board of the JSE. 80 000 000 ordinary shares were issued as part of a private placement representing 23,03% of Novus' issued ordinary shares subsequent to the listing.

PROPERTY, PLANT AND EQUIPMENT

At 31 March 2015, the Group's investment in property, plant and equipment amounted to R2,135 billion, compared with R2,151 billion in the prior year. Details are reflected in note 2 of the annual financial statements. Capital commitments at 31 March 2015 amounted to R57,5 million (2014: R31,2 million).

DIVIDENDS

The board recommends that a dividend of 64 cents per listed ordinary share be declared (2014: Nil).

GROUP

Novus Holdings Limited is a subsidiary of Media24 Proprietary Limited and is ultimately held by Naspers Limited. The name, country of incorporation and effective financial percentage interest of the holding company in each of Novus Holdings' principal subsidiaries are disclosed in note 5 to the annual financial statements. Details relating to significant acquisitions and divestitures in the Group during the year are highlighted in note 29 to the annual financial statements.

Directors' report to the shareholders (continued)

BORROWINGS

The company has unlimited borrowing powers in terms of its memorandum of incorporation.

EVENTS AFTER REPORTING DATE

With effect from 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 R7,9 million.

DIRECTORS AND AUDITOR

The names of directors, their attendance of meetings and their membership of board committees are set out on page 85.



The following directors resigned with effect from 23 February 2015:

- SS de Swardt
- NJ Retief

The following directors were appointed with effect from 23 February 2015:

- BJ Olivier
- F Robertson
- GP Dingaan
- JN Potgieter
- SDM Zungu

Mr KA Vroon resigned as director and was appointed as alternate director with effect from 23 February 2015.

PricewaterhouseCoopers Inc. will continue in office as auditor in accordance with section 90(6) of the South African Companies Act, 71 of 2008.

DIRECTORS' INTERESTS AND EMOLUMENTS

Particulars of the emoluments of directors and their interests in the issued share capital of the company and in contracts are disclosed in notes 16, 30 and 37 to the annual financial statements.

LP Retief
Chair

STM van der Walt
Chief executive

Independent auditor's report for the year ended 31 March 2015

TO THE SHAREHOLDERS OF NOVUS HOLDINGS LIMITED

We have audited the consolidated and separate financial statements of Novus Holdings Limited set out on pages 112 to 185, which comprise the statements of financial position as at 31 March 2015, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Novus Holdings Limited as at 31 March 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2015, we have read the directors' report to the shareholders, the report of the audit and risk committee and the certification by the company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.
Director: **H Zeelie**
Registered auditor
Cape Town, South Africa
11 June 2015

Statements of financial position

as at 31 March

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
ASSETS					
Non-current assets		2 298 867	2 255 728	1 297 121	1 059 255
Property, plant and equipment	2	2 134 523	2 150 677	–	–
Goodwill	3	132 052	86 701	–	–
Other intangible assets	4	27 254	14 920	–	–
Investments in subsidiaries	5	–	–	1 297 121	1 059 255
Loans and receivables		1 920	2 784	–	–
Derivative financial instruments	33	75	646	–	–
Deferred taxation assets	6	3 043	–	–	–
Current assets		1 222 840	905 116	16 370	13 764
Inventory	7	325 714	333 509	–	–
Trade and other receivables	8	351 508	287 861	–	–
Related-party receivables	30	150 895	180 130	13 743	13 743
Loans and receivables		1 333	500	–	–
Derivative financial instruments	33	1 486	4 504	–	–
Current income tax receivable		2 860	–	–	–
Cash and cash equivalents	9	389 044	98 612	2 627	21
TOTAL ASSETS		3 521 707	3 160 844	1 313 491	1 073 019
EQUITY					
Capital and reserves attributable to the Group's equity holders		2 536 235	2 085 069	1 310 864	1 072 998
Share capital	11	606 040	1	606 040	1
Treasury shares	11	(368 172)	–	(368 172)	–
Other reserves	12	(872 575)	(750 970)	862 819	862 819
Retained earnings		3 170 942	2 836 038	210 177	210 178
Non-controlling interest		30 480	121 536	–	–
TOTAL EQUITY		2 566 715	2 206 605	1 310 864	1 072 998
LIABILITIES					
Non-current liabilities		408 975	404 372	–	–
Post-employment medical liability	13	4 133	3 949	–	–
Provisions	14	13 390	11 106	–	–
Long-term liabilities	15	80 636	62 895	–	–
Cash-settled share-based payment liability	16	12 061	8 767	–	–
Deferred taxation liabilities	6	267 015	287 935	–	–
Deferred income	18	31 740	29 720	–	–
Current liabilities		546 017	549 867	2 627	21
Current portion of long-term liabilities	15	71 149	172 382	–	–
Trade and other payables	17	317 385	266 719	2 606	–
Related-party payables	30	3 087	1 849	21	21
Cash-settled share-based payment liability	16	26 477	28 898	–	–
Current income tax payable		–	7 072	–	–
Derivative financial instruments	33	18 877	11 662	–	–
Bank overdrafts and call loans	9	107 203	59 810	–	–
Deferred income	18	1 839	1 475	–	–
TOTAL EQUITY AND LIABILITIES		3 521 707	3 160 844	1 313 491	1 073 019

Income statements

for the year ended 31 March

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
Revenue	19	4 261 484	3 968 755	–	–
Cost of sales		(3 092 247)	(2 825 133)	–	–
Gross profit		1 169 237	1 143 622	–	–
Operating expenses		(534 255)	(476 122)	(1)	(2)
Other (expenses)/income	20	(73 484)	(18 477)	–	–
Operating profit/(loss)	21	561 498	649 023	(1)	(2)
Finance income	22	12 572	7 313	–	–
Finance costs	23	(67 735)	(59 007)	–	(1)
Share of net loss of associate		–	(872)	–	–
Profit/(loss) before taxation		506 335	596 457	(1)	(3)
Taxation	24	(141 531)	(174 598)	–	–
Net profit/(loss) for the year		364 804	421 859	(1)	(3)
Attributable to:					
Equity holders of the Group		334 904	394 083	(1)	(3)
Non-controlling interests		29 900	27 776	–	–
		364 804	421 859	(1)	(3)
Earnings per share (cents):					
Basic	25	110,92	131,36	–	–
Diluted		110,92	131,36	–	–

Statements of comprehensive income

for the year ended 31 March

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
Profit/(loss) for the year		364 804	421 859	(1)	(3)
Other comprehensive income					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Hedging reserve	12	(4 388)	(410)	—	—
Net fair value (losses)/gains, gross		(711)	2 503	—	—
Net fair value (gains)/losses, tax portion		199	(701)	—	—
Foreign exchange movement, gross		904	(27 267)	—	—
Foreign exchange movement, tax portion		(253)	7 635	—	—
Derecognised and added to asset, gross		4 115	40	—	—
Derecognised and added to asset, tax portion		(1 152)	(11)	—	—
Derecognised and reported in cost of sales, gross		(10 484)	24 154	—	—
Derecognised and reported in cost of sales, tax portion		2 994	(6 763)	—	—
<i>Items that will not be reclassified to profit or loss</i>					
Post-employment benefit obligations and provisions	13,14	(1 459)	(1 291)	—	—
Remeasurement of post-employment benefit obligations and provisions, gross		(2 026)	(1 793)	—	—
Remeasurement of post-employment benefit obligations and provisions, tax portion		567	502	—	—
Total other comprehensive income, net of tax		(5 847)	(1 701)	—	—
Total comprehensive income/(loss) for the year		358 957	420 158	(1)	(3)
Attributable to:					
Equity holders of the Group		329 655	392 410	(1)	(3)
Non-controlling interests		29 302	27 748	—	—
		358 957	420 158	(1)	(3)

Statement of changes in equity

for the year ended 31 March

COMPANY	Note	Share capital R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Total R'000
Balance as at 1 April 2013		1	—	862 819	210 181	1 073 001
Total comprehensive loss for the year		—	—	—	(3)	(3)
Balance as at 31 March 2014		1	—	862 819	210 178	1 072 998
Total comprehensive loss for the year		—	—	—	(1)	(1)
Share capital issued	11	1 666 039	—	—	—	1 666 039
Share issue expenses		(15 105)	—	—	—	(15 105)
Cancellation of repurchased shares	11	(1 044 895)	—	—	—	(1 044 895)
Shares issued to entities controlled by the Group	11	—	(368 172)	—	—	(368 172)
Balance as at 31 March 2015		606 040	(368 172)	862 819	210 177	1 310 864
Notes		11		12		

Statement of changes in equity (continued) for the year ended 31 March

GROUP	Notes	Share capital and premium R'000	Treasury shares R'000	Existing control business combination reserve R'000	Share-based compensation reserve R'000
Balance as at 1 April 2013		1	—	(753 792)	3 503
Total comprehensive income for the year		—	—	—	—
Profit for the year		—	—	—	—
Other comprehensive income		—	—	—	—
Share-based compensation movement		—	—	—	666
Balance as at 31 March 2014		1	—	(753 792)	4 169
Total comprehensive income for the year		—	—	—	—
Profit for the year		—	—	—	—
Other comprehensive income		—	—	—	—
Share-based compensation movement		—	—	—	1 131
Share capital issued	11	1 428 172	—	—	—
Share issue expenses		(15 105)	—	—	—
Cancellation of repurchased shares	11	(1 044 895)	—	—	—
Shares issued to entities controlled by the Group	11	—	(368 172)	—	—
Transactions with non-controlling interests	31	237 867	—	(117 509)	—
Balance as at 31 March 2015		606 040	(368 172)	(871 301)	5 300
Notes		11		12	12

Hedging reserve R'000	Actuarial reserve R'000	Total other reserves R'000	Retained earnings R'000	Attributable to equity holders of the Group R'000	Non- controlling interest R'000	Total equity R'000
(1 002)	—	(751 291)	2 443 246	1 691 956	93 788	1 785 744
(345)	—	(345)	392 792	392 447	27 711	420 158
—	—	—	394 083	394 083	27 776	421 859
(345)	—	(345)	(1 291)	(1 636)	(65)	(1 701)
—	—	666	—	666	37	703
(1 347)	—	(750 970)	2 836 038	2 085 069	121 536	2 206 605
(3 768)	(1 459)	(5 227)	334 904	329 677	29 280	358 957
—	—	—	334 904	334 904	29 900	364 804
(3 768)	(1 459)	(5 227)	—	(5 227)	(620)	(5 847)
—	—	1 131	—	1 131	22	1 153
—	—	—	—	1 428 172	—	1 428 172
—	—	—	—	(15 105)	—	(15 105)
—	—	—	—	(1 044 895)	—	(1 044 895)
—	—	—	—	(368 172)	—	(368 172)
—	—	(117 509)	—	120 358	(120 358)	—
(5 115)	(1 459)	(872 575)	3 170 942	2 536 235	30 480	2 566 715
12	12	12				

Statements of cash flows

for the year ended 31 March

	Notes	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
Cash generated from operating activities	27	802 486	777 283	2 606	—
Finance income	22	12 572	7 313	—	—
Finance costs		(26 223)	(59 007)	—	—
Taxation paid	28	(173 239)	(171 706)	—	—
Dividends received		—	3	—	—
Cash generated from operating activities		615 596	553 886	2 606	—
Cash flows from investment activities					
Property, plant and equipment acquired	2	(168 056)	(250 953)	—	—
Proceeds from Government grants		4 286	—	—	—
Proceeds from sale of property, plant and equipment		2 743	4 401	—	—
Proceeds from the sale of non-current assets held for sale	10	—	20 500	—	—
Purchase of intangible assets	4	(17 340)	(9 635)	—	—
Insurance proceeds		—	24	—	—
Cash movement in associate loan		—	1 046	—	—
Loans and receivables advanced		(787)	(851)	—	—
Loans and receivables repaid		818	—	—	—
Acquisition of subsidiaries/businesses	29	(103 844)	(91 904)	—	—
Cash utilised in investing activities		(282 180)	(327 372)	—	—
Cash flows from financing activities					
Proceeds from share issue	11	1 044 895	—	1 044 895	—
Repayment of long-term loans		(190 377)	(181 623)	—	—
Proceeds from long-term loans		100 000	100 000	—	—
Repayment of related-party loans		—	(302 865)	—	—
Repurchase of shares	11	(1 044 895)	—	(1 044 895)	—
Proceeds from related-party loans		—	13 753	—	—
Cash utilised in financing activities		(90 377)	(370 735)	—	—
Net increase/(decrease) in cash and cash equivalents		243 039	(144 221)	2 606	—
Cash and cash equivalents at the beginning of the year		38 802	183 023	21	21
Cash and cash equivalents at the end of the year	9	281 841	38 802	2 627	21

Notes to the annual financial statements

for the year ended 31 March 2015

ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. BASIS OF PREPARATION

The annual consolidated and separate financial statements of Novus Holdings Limited (previously Paarl Media Group Proprietary Limited) were prepared in accordance with the requirements of the JSE Limited Listings Requirements and the Companies Act, 71 of 2008. The Listings Requirements require the financial statements to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. The financial statements were prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.1.

These financial statements incorporate accounting policies that were consistently applied to all years presented, with the exception of the implementation of the following standards, interpretations and amendments to published standards that 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 32: Financial Instruments Presentation – Offsetting financial assets and financial liabilities	1 January 2014
Amendments to IAS 36: Impairment of Assets – Recoverable amount for non-financial disclosures	1 January 2014
Amendments to IAS 39: Financial Instruments – Novation of derivatives and continuation of hedge accounting	1 January 2014
IFRIC 21: Levies	1 January 2014

The relevance of these amendments to the published standards was 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.

Standards, interpretations and amendments to published standards which are not yet effective

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 31 March 2015, but not yet effective on that date. Management are in the process of assessing the impact of these

Notes to the annual financial statements (continued) for the year ended 31 March 2015

standards, interpretations and amendments on the reported results of the Group. The standards that are applicable to the Group, but that were not implemented early, are the following:

Standard/interpretation	Effective date: Years beginning on or after
Amendments to IAS 19: Employee benefits	1 July 2014
Amendments to IFRS 11: Joint arrangements	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
Amendments to IAS 1: Presentation of financial statements	1 January 2016
IFRS 9: Financial instruments	1 January 2018
IFRS 15: Revenue from contracts with customers	1 January 2017
Annual improvements 2010–2012 cycle	1 July 2014
Annual improvements 2011–2013 cycle	1 July 2014
Annual improvements 2012–2014 cycle	1 January 2016

1.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future and these accounting estimates are an integral part of the preparation of financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) Estimated impairment of goodwill and intangible assets

The Group tests annually whether goodwill has suffered any impairments, in accordance with the accounting policy stated in note 1.5. The recoverable amounts of cash-generating units are determined as being the higher of the value in use or fair value less costs to sell. Calculation of these amounts requires the use of estimates. Further details are provided in note 3.

b) Business combinations

Where the Group acquires control of another business, the consideration transferred has to be allocated to the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired business, with any residual recorded as goodwill. This process involves management making an assessment of the fair value of these items. Management's judgement is particularly involved in the recognition and measurement of the following items:

- Intellectual property. This include patents, licences, trademarks and similar rights for currently marketed products.
- Contingencies such as legal and environmental matters.
- The recoverability of any accumulated tax losses previously incurred by the acquired company.

In all cases management makes an assessment based on the underlying economic substance of the items concerned, and not only on the contractual terms, in order to fairly present these items.

c) Property, plant and equipment

It is necessary for the Group to make use of judgement when determining the useful life of the property, plant and equipment. Details of these estimates and assumptions are set out in the relevant notes to the consolidated financial statements.

1.2 Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss, or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries are adjusted to conform with the Group's accounting policies.

The investments of Novus Holdings Limited in the ordinary shares of its subsidiaries are carried at cost less impairment losses in the separate financial statements.

Common control transactions

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination (and where that control is not transitory) are referred to as common control transactions. The accounting policy for the acquiring entity is to account for the transaction at book value (predecessor values) in its consolidated financial statements. The book value of the acquired entity is the consolidated book value as reflected in the consolidated financial statements at the highest level of common control. The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired is allocated to the "existing control business combination reserve" in equity. Where comparative periods are presented, the financial statements and financial information presented are not restated.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded within the "existing control business combination reserve" in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

Notes to the annual financial statements (continued) for the year ended 31 March 2015

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss:

1.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

1.4 Property, plant and equipment

Property, plant and equipment are stated at cost, being the purchase cost plus any cost to prepare the assets for their intended use, less accumulated depreciation and any accumulated impairment losses. Cost includes transfers from equity of any gains/losses on qualifying cash flow hedges relating to foreign currency property, plant and equipment acquisitions. Property, plant and equipment, with the exception of land, are depreciated in equal annual amounts over each asset's estimated useful life to their residual values. Land is not depreciated as it is deemed to have an indefinite life.

Depreciation periods vary in accordance with the conditions in the relevant industries, but are subject to the following range of useful lives:

Item	Average useful life
Buildings	8 – 50 years
Plant and machinery	3 – 25 years
Furniture and fixtures	3 – 10 years
Motor vehicles	4 – 5 years
Office equipment	1 – 10 years
IT equipment	2 – 5 years

The Group applies the component approach whereby parts of some items of property, plant and equipment may require replacement at regular intervals. The carrying amount of an item of property, plant and equipment will include the cost of replacing the part of such an item when that cost is incurred, if it is probable that future economic benefits will flow to the Group and the cost can be reliably measured. The carrying amount of those parts that are replaced is derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Major leasehold improvements are amortised over the shorter of their respective lease periods and estimated useful economic lives.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the Group and the cost can be reliably measured. Major renovations are depreciated over the remaining useful economic life of the related asset.

Items of property, plant and equipment are reviewed for indicators of impairment at least annually. Where indicators of impairment are identified, the carrying values of property, plant and equipment are reviewed to assess whether or not the recoverable amount has declined below the carrying amount. In the event that the recoverable amount of the asset is lower than its carrying amount, the carrying amount is reduced and the reduction is charged to profit or loss. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other (expenses)/income" in profit or loss.

Work in progress is defined as assets still in the construction phase and not yet available for use. These assets are carried at initial cost and are not depreciated. Depreciation on these assets commences when they become available for use and depreciation periods are based on management's assessment of their useful lives.

1.5 Intangible assets

Goodwill

Goodwill is initially measured at cost, being an amount representing the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previously held equity interest over the fair value of the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the acquiree (a bargain purchase), the difference is recognised in profit or loss.

Goodwill arising on acquisition of subsidiaries is included in "goodwill" in the statement of financial position. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (which are expected to benefit from the business combination) for the purpose of impairment testing. An impairment test is performed by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of two to five years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of two to five years.

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed five years.

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for the year ended 31 March 2015

Work in progress is defined as intangible assets still in the development phase and not yet available for use. These assets are carried at initial cost and are not amortised. Amortisation on these assets commences when they become available for use and amortisation periods are based on management's assessment of their useful lives.

1.6 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective-interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "Other (expenses)/income" in the period in which they arise.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has

a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in the income statement. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within "Finance costs".

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective-interest method is used is amortised to profit or loss over the period to maturity.

b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within "Other (expense)/income".

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within "Finance income/cost".

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

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for the year ended 31 March 2015

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within "Other (expenses)/income".

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges for purchases of raw materials. Provisions are made for obsolete, unusable and unsaleable inventory and for latent damage first revealed when inventory items are taken into use or offered for sale.

1.8 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective-interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the estimated recoverable amount.

1.9 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

1.10 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

1.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

1.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective-interest method.

1.13 Employee benefits

Retirement benefits

The Group provides retirement benefits for its full-time employees, primarily by means of monthly contributions to a number of defined contribution pension and provident funds in the countries in which the Group operates. The assets of these funds are generally held in separate trustee-administered funds. The Group's contributions to retirement funds are recognised as an expense in the period in which employees render the related service.

Medical aid benefit

The Group's contributions to medical aid benefit funds for employees are recognised as an expense in the period during which the employees render services to the Group.

Post-employment medical aid benefit

Some Group companies provide post-employment healthcare benefits to their retirees. The entitlement to post-employment healthcare benefits is subject to the employee remaining in service up to retirement age and completing a minimum service period. The expected costs of these benefits are accrued over the minimum service period. Independent qualified actuaries carry out annual valuations of these obligations. All actuarial remeasurements resulting from experience adjustments and changes in actuarial assumptions are recognised immediately in other comprehensive income. The actuarial valuation method used to value the obligations is the projected unit credit method. Future benefits are projected using specific actuarial assumptions and the liability to in-service members is accrued over their expected working lifetime. These obligations are unfunded.

1.14 Share-based payments

The Group grants share options/share appreciation rights (SARs) to its employees under a number of equity compensation plans. The Group has recognised an employee benefit expense in the income statement, representing the fair value of share options/SARs granted to the Group's employees. A corresponding credit to equity was raised for equity-settled plans, whereas a corresponding credit to liabilities was raised for cash-settled plans. The fair value of the options/SARs at the date of grant under equity-settled plans is charged to income over the relevant vesting periods, adjusted to reflect actual and expected levels of vesting. For cash-settled plans, the Group remeasures the fair value of the recognised liability at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

A share option scheme/SAR is considered equity-settled when the option/gain is settled by the issue of shares. They are considered cash-settled when they are settled in cash or any other asset, i.e. not by the issue of shares. Each share trust deed and SAR plan deed, as appropriate, indicates whether a plan is to be settled by the issue of shares or not.

1.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes to the annual financial statements (continued) for the year ended 31 March 2015

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The normal South African company tax rate used for the year ended 31 March 2015 is 28% (2014: 28%). Deferred tax assets and liabilities were calculated using the 28% (2014: 28%) rate, being the rate that the Group expects to apply to the periods when the assets are realised or the liabilities are settled. Capital gains tax is calculated as 66,6% (2014: 66,6%) of the company tax rate.

1.16 Dividends withholding tax (DWT)

Shareholders are subject to DWT on dividends received, unless they are exempt in terms of the amended tax law. DWT is levied at 15% of the dividend received. The DWT is categorised as a withholding tax as the tax is withheld and paid to tax authorities by the company paying the dividend or by a regulated intermediary and not the beneficial owner of the dividend.

1.17 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.18 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective-interest method.

1.19 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the activities. Revenues are recognised upon completion of the services and delivery of the related product and customer acceptance. The recognition of print services and tissue revenue is based on delivery of the product to the distribution depot and acceptance by the distributor of the customer, or where the customer is responsible for the transport of the customers' products, acceptance by the customer or its nominated transport company. Revenues from distribution services are recognised upon delivery of the product to the retailer and acceptance thereof.

Where print and distribution services are provided to the same client, the terms of each separate contract are consistent with contracts where an unrelated party provides one of the services. Revenue is recognised separately for print and distribution services as the contracts are separately negotiated, based on fair value for each service.

Revenue is net of returns and allowances, trade discounts and volume rebates.

1.20 Other income

Interest and dividends received on financial assets are included in "Finance income" and "Other (expenses)/income" respectively. Interest is accrued using the effective-interest method and dividends are recognised when the right to receive payment is established.

1.21 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's shareholders.

1.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

1.23 Foreign currency translation***a) Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African rand (ZAR), which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Notes to the annual financial statements (continued) for the year ended 31 March 2015

1.24 Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred income (note 18) and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

1.25 Related parties

Individuals or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel are defined as all directors of Novus Holdings Limited as well as members of the Novus Holdings Limited executive committee and certain members of senior management.

2. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Plant and machinery R'000	Vehicles, computers and office equipment R'000	Work in progress R'000	Total R'000
Cost	738 455	2 491 776	120 684	32 378	3 383 293
Accumulated depreciation and impairment	(101 030)	(1 137 563)	(82 039)	–	(1 320 632)
Net book value at 1 April 2013	637 425	1 354 213	38 645	32 378	2 062 661
Additions	14 928	22 889	13 641	199 495	250 953
Disposals	(192)	(14 984)	(374)	–	(15 550)
Reclassifications	–	–	262	–	262
Transfer from non-current assets held for sale	–	15 106	–	–	15 106
Depreciation	(17 893)	(151 346)	(17 509)	–	(186 748)
Transfers from work in progress	37 091	67 464	3 158	(107 713)	–
Impairment	–	(7 379)	–	–	(7 379)
Acquisition of subsidiaries/businesses	–	30 534	838	–	31 372
Net book value at 31 March 2014	671 359	1 316 497	38 661	124 160	2 150 677
Cost	790 282	2 586 858	134 673	124 160	3 635 973
Accumulated depreciation and impairment	(118 923)	(1 270 361)	(96 012)	–	(1 485 296)
Additions	3 578	42 778	15 859	105 841	168 056
Disposals	(62)	(2 247)	(96)	–	(2 405)
Reclassifications	–	(936)	447	489	–
Depreciation	(18 191)	(164 534)	(18 260)	–	(200 985)
Transfers from work in progress	18 003	158 154	1 056	(177 213)	–
Impairment	(31 379)	(41 937)	(221)	–	(73 537)
Acquisition of subsidiaries/businesses	42 194	47 755	2 768	–	92 717
Net book value at 31 March 2015	685 502	1 355 530	40 214	53 277	2 134 523
Cost	853 071	2 803 275	152 184	53 277	3 861 807
Accumulated depreciation and impairment	(167 569)	(1 447 745)	(111 970)	–	(1 727 284)

The Group recognised an impairment of property, plant and equipment of R74 million (2014: R7 million). Of the impairments, R73 million relates to the "Printing" segment and R1 million relates to the "Other" segment. The impairment loss was included in "Other (expenses)/income" in the income statement. The impairments resulted from the recoverable amounts of the assets being lower than the carrying value thereof.

Notes to the annual financial statements (continued) for the year ended 31 March 2015

2. PROPERTY, PLANT AND EQUIPMENT (continued)

The impairments relate to the following:

Printing equipment (R29,0 million) and Buildings (R31,4 million)

A detailed assessment was done on printing equipment and buildings to remove inefficient and underutilised capacity and to evaluate the best geographic fit. The identified items will be phased out and disposed of. The carrying values were accordingly impaired to realisable values. These impairments resulted from a recent change in product focus and management's planned future use of the assets.

Inserting and other equipment (R13,1 million)

The inserting equipment was previously used in a leaflet distribution business that was closed down. The equipment was not suitable for use in the existing business and has been impaired to realisable value.

At 31 March 2015, the Group has pledged property, plant and equipment of R4,0 million (2014: R1,0 million) as security against certain finances leases.

The directors are of the opinion that the recoverable amount of each class of property exceeds the carrying amount at which it is included in the consolidated statement of financial position.

3. GOODWILL

	2015 R'000	2014 R'000
Cost		
Opening balance	86 701	55 830
Acquisition of subsidiaries	45 351	30 871
Closing balance	132 052	86 701
Accumulated impairment		
Opening balance	—	—
Impairment	—	—
Reclassifications	—	—
Closing balance	—	—
Net book value	132 052	86 701

Impairment testing of goodwill

The Group has allocated its goodwill to various cash-generating units. The recoverable amounts of these cash-generating units have been determined based on a value-in-use calculation. The value in use is based on discounted cash flow calculations. The Group based its cash flow calculations on three- to five-year budgeted and forecast information approved by the executive committee of the Group and the various boards of directors of Group companies. Long-term average growth rates were used to extrapolate the cash flows into the future. The discount rates used are pre-tax and reflect specific risks relating to the relevant cash-generating units in which they operate.

3. GOODWILL (continued)

The Group allocated goodwill to the following cash-generating units:

	Net book value R'000	Basis of determination of recoverable amount	Discount rate applied to cash flows %	Growth rate %
Cash-generating unit				
At 31 March 2015				
Paarl Media Cape	14 008	Value in use	18,7	1
Paarl Coldset	17 226	Value in use	18,7	3
Paarl Media Holdings	24 596	Value in use	18,7	3
Intrepid Printers	30 871	Value in use	18,7	3
Paarl Tissue	45 351	Value in use	18,7	10
	132 052			
At 31 March 2014				
Paarl Media Cape	14 008	Value in use	19,6	5
Paarl Coldset	17 226	Value in use	19,6	1
Paarl Media Holdings	24 596	Value in use	19,6	5
Intrepid Printers	30 871	Value in use	19,6	5
	86 701			

Goodwill represents the above cash-generating units' ability to generate future cash flows, which is a direct result of various factors, including technological innovations, the quality of the workforce acquired, supplier relationships and possible future synergies.

If one or more of the inputs were changed to a reasonable possible alternative assumption, there would be no further significant impairments that would have to be recognised.

4. OTHER INTANGIBLE ASSETS

	Patents, trade- marks and other rights R'000	Computer software R'000	Work in progress R'000	Total R'000
Cost	407	42 880	–	43 287
Accumulated amortisation and impairment	(384)	(30 142)	–	(30 526)
Net book value at 1 April 2013	23	12 738	–	12 761
Additions	–	3 936	5 699	9 635
Reclassifications	–	(262)	–	(262)
Amortisation	(23)	(7 191)	–	(7 214)
Net book value at 31 March 2014	–	9 221	5 699	14 920
Cost	407	46 816	5 699	52 922
Accumulated amortisation and impairment	(407)	(37 595)	–	(38 002)
Additions	–	2 493	14 847	17 340
Amortisation	–	(5 006)	–	(5 006)
Net book value at 31 March 2015	–	6 708	20 546	27 254
Cost	407	49 309	20 546	70 262
Accumulated amortisation and impairment	(407)	(42 601)	–	(43 008)

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

5. INVESTMENTS IN SUBSIDIARIES

The following information relates to the Group's financial interest in its significant subsidiaries, over which the Group has control through its direct and indirect interests in respective intermediate holding companies and other entities:

All subsidiaries share the same financial year-end as Novus Holdings Limited and are incorporated in South Africa.

Name of entity	Nature of business	Effective interest 2015 %	Effective interest 2014 %	Company carrying amount 2015 R'000	Company carrying amount 2014 R'000
Unlisted					
<i>Direct interests</i>					
Paarl Media Holdings Proprietary Limited	Printing	100,0	94,7	1 043 782	862 821
Paarl Coldset Proprietary Limited	Printing	100,0	87,4	253 339	196 434
Latiano 554 Proprietary Limited	Investment holding company	100,0	—	—	—
Paarl Packaging Proprietary Limited	Investment holding company	100,0	—	—	—
Novus Holdings Share Trust	Investment holding entity	100,0	—	—	—
				1 297 121	1 059 255
<i>Indirect interests</i>					
Macleary Investments 456 Proprietary Limited	Dormant	100,0	94,7		
Paarl Media Paarl Proprietary Limited	Printing	84,0	79,6		
Paarl Media Proprietary Limited	Printing	100,0	94,7		
Paarl Labels Proprietary Limited	Printing	100,0	94,7		
Media Administration Proprietary Limited	Dormant	100,0	94,7		
Extra Dimensions 1 Proprietary Limited	Dormant	100,0	94,7		
Blue Bantry Investments 253 Proprietary Limited	Dormant	100,0	87,4		
Intrepid Printers Proprietary Limited	Dormant	100,0	94,7		
Marano Investments Proprietary Limited*	Dormant	41,2	39,0		
Skotaville Web Proprietary Limited*	Dormant	49,0	46,4		
Paarl Tissue Proprietary Limited	Tissue manufacturing	100,0	—		

* The Group has control over these entities by virtue of its power to direct their relevant activities.

The summarised financial information contained below relates to subsidiaries of the Group that were considered to have significant non-controlling interests during the year. The carrying value of non-controlling interest at year-end is in respect of Paarl Media Paarl Proprietary Limited and is not considered to be significant. Refer to note 31 for transactions with non-controlling interests.

5. INVESTMENTS IN SUBSIDIARIES (continued)

	2015 R'000	2014 R'000
Paarl Media Holdings Proprietary Limited		
Summarised statement of financial position		
Non-current assets	1 417 757	1 516 684
Current assets	1 985 815	1 660 267
Total assets	3 403 572	3 176 951
Non-current liabilities	267 964	266 911
Current liabilities	456 447	512 896
Total liabilities	724 411	779 807
Non-controlling interest	30 480	150 716
Summarised income statement		
Revenue	2 982 017	2 809 294
Net profit for the year	286 269	334 458
Other comprehensive income	(4 287)	(1 027)
Total comprehensive income	281 982	333 431
Total comprehensive income attributable to non-controlling interest	19 566	16 590
Summarised statement of cash flows		
Cash generated from operating activities	424 245	365 203
Cash utilised in investing activities	(114 852)	(201 079)
Cash utilised in financing activities	(207 632)	(210 396)
Paarl Coldset Proprietary Limited		
Summarised statement of financial position		
Non-current assets	687 117	715 268
Current assets	320 828	197 027
Total assets	1 007 945	912 295
Non-current liabilities	106 584	107 741
Current liabilities	1 043 429	1 032 614
Total liabilities	1 150 013	1 140 355
Non-controlling interest	—	(29 180)
Summarised income statement		
Revenue	1 174 953	1 163 839
Net profit for the year	86 433	88 092
Other comprehensive income	(440)	47
Total comprehensive income	85 993	88 139
Total comprehensive income attributable to non-controlling interest	9 729	11 158
Summarised statement of cash flows		
Cash generated from operating activities	222 603	232 521
Cash utilised in investing activities	(34 252)	(121 184)
Cash utilised in financing activities	(61 931)	(209 295)

Notes to the annual financial statements (continued) for the year ended 31 March 2015

6. DEFERRED TAXATION

The deferred tax assets and liabilities and movement thereon are attributable to the following items:

	Opening balance R'000	Charged to income R'000	Charged to other comprehen- sive income R'000	Acquisition of sub- sidiaries R'000	Closing balance R'000
2015					
<i>Deferred taxation assets</i>					
Receivables and other current assets	4 028	(246)	–	–	3 782
Provisions and other current liabilities	18 080	1 309	571	–	19 960
Income received in advance	1 690	(916)	–	–	774
Tax losses carried forward	18 780	(12 266)	–	–	6 514
Capitalised finance leases	–	1 277	–	–	1 277
Derivative assets	87	2 746	–	–	2 833
Hedging reserve	1 139	–	(252)	–	887
Share-based compensation	11 672	570	–	–	12 242
	55 476	(7 526)	319	–	48 269
<i>Deferred taxation liabilities</i>					
Property, plant and equipment	(339 344)	28 003	–	–	(311 341)
Receivables and other current assets	(3 432)	1 260	–	–	(2 172)
Derivatives	(39)	39	–	–	–
Hedging reserve	(596)	–	1 868	–	1 272
	(343 411)	29 302	1 868	–	(312 241)
Net deferred taxation	(287 935)	21 776	2 187	–	(263 972)

Note

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6. DEFERRED TAXATION (continued)

	Opening balance R'000	Charged to income R'000	Charged to other comprehen- sive income R'000	Acquisition of sub- sidiaries R'000	Closing balance R'000
2014					
<i>Deferred taxation assets</i>					
Receivables and other current assets	18 023	(14 005)	–	10	4 028
Provisions and other current liabilities	16 395	(264)	502	1 447	18 080
Income received in advance	850	840	–	–	1 690
Tax losses carried forward	1 082	17 698	–	–	18 780
Derivative assets	671	(584)	–	–	87
Hedging reserve	1 307	(257)	89	–	1 139
Share-based compensation	19 372	(7 700)	–	–	11 672
	57 700	(4 272)	591	1 457	55 476
<i>Deferred taxation liabilities</i>					
Property, plant and equipment	(342 987)	10 205	–	(6 562)	(339 344)
Receivables and other current assets	(399)	(3 033)	–	–	(3 432)
Derivatives	(376)	337	–	–	(39)
Hedging reserve	(668)	–	72	–	(596)
	(344 430)	7 509	72	(6 562)	(343 411)
Net deferred taxation	(286 730)	3 237	663	(5 105)	(287 935)
Note		24			

A summary of the Group's tax losses carried forward at 31 March and the expected dates of utilisation are set out below. All tax losses are within the South African tax jurisdiction.

	GROUP	
	2015 R'000	2014 R'000
Utilised in year one	6 769	8 454
Utilised within two to five years	16 495	58 617
	23 264	67 071

The ultimate outcome of additional taxation assessments may vary from the amounts accrued. However, management believes that any additional taxation liability over and above the amount accrued would not have a materially adverse impact on the Group's income statement and statement of financial position.

Deferred tax assets and liabilities are offset when the income tax relates to the same fiscal authority and there is a legal right to offset at settlement. The following amounts are shown in the consolidated statement of financial position:

	GROUP	
	2015 R'000	2014 R'000
Deferred tax assets	3 043	–
Deferred tax liabilities	(267 015)	(287 935)
	(263 972)	(287 935)

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

7. INVENTORY

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Raw materials (paper, ink and plates)	210 681	261 787	—	—
Finished products, trading inventory and consumables	62 916	48 915	—	—
Work in progress	54 494	27 320	—	—
Gross inventory	328 091	338 022	—	—
Less: Provision for slow-moving and obsolete inventories	(2 377)	(4 513)	—	—
Net inventory	325 714	333 509	—	—

The total provision charged to the income statement to write inventory down to net realisable value amounted to R1,8 million (2014: R1,3 million), and reversals of these provisions amounted to R2,2 million (2014: R1,2 million).

8. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Trade accounts receivable, gross	339 751	257 813	—	—
Less: Provision for impairment of receivables	(18 009)	(19 181)	—	—
	321 742	238 632	—	—
Prepayments	21 551	19 369	—	—
Accrued income	—	97	—	—
Employee debtors	357	349	—	—
VAT receivable	108	1 519	—	—
Sundry deposits	1 404	1 410	—	—
Other receivables	6 346	26 485	—	—
	351 508	287 861	—	—

The Group's maximum exposure to credit risk at the reporting date is the carrying value of the receivables mentioned above. The Group does not hold any form of collateral as security relating to trade receivables.

8. TRADE AND OTHER RECEIVABLES (continued)

The movement in the allowance account for impairment of trade receivables during the year was as follows:

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Provision for impairment of trade receivables				
Opening balance	19 181	89 639	—	—
Provision for impairment	3 039	5 023	—	—
Unused amounts reversed	(812)	(2 319)	—	—
Provisions utilised	(3 566)	(74 844)	—	—
Acquisition of business	167	1 682	—	—
Closing balance	18 009	19 181	—	—

The ageing of the provision per age class is presented below:

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
30 days and older	1 106	3 619	—	—
60 days and older	3 574	2 662	—	—
90 days and older	5 080	7 921	—	—
120 days and older	8 249	4 979	—	—
	18 009	19 181	—	—

The ageing of trade receivables, after provisions for impairment were raised, is presented below:

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Neither past due nor impaired	206 015	199 714	—	—
Past due:				
30 days and older	49 898	23 080	—	—
60 days and older	15 986	6 499	—	—
90 days and older	30 501	5 091	—	—
120 days and older	19 342	4 248	—	—
	321 742	238 632	—	—

Notes to the annual financial statements (continued) for the year ended 31 March 2015

8. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables, neither past due nor impaired by type of customer, are presented below:

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Listed South African companies	62 842	14 246	—	—
Government/parastatals	2 160	241	—	—
South African corporates	134 133	182 894	—	—
Corporates in the rest of Africa	6 880	2 333	—	—
	206 015	199 714	—	—

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Bank balances	389 044	98 589	2 627	21
Petty cash	—	23	—	—
Cash and cash equivalents	389 044	98 612	2 627	21
Bank overdrafts	(107 203)	(59 810)	—	—
	281 841	38 802	2 627	21
Total amount of undrawn facilities available for future operating activities and commitments	743 899	634 909	—	—

10. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In February 2013, management took a decision to sell machinery following the closure of the Shoppers Friend division, a division of Paarl Media Proprietary Limited within the "Other" segment. The machinery was presented as held for sale. The transaction was expected to be completed by 31 March 2014.

In 2014, a decision was taken to utilise the machinery within the Group. Accordingly, the machinery was reclassified to property, plant and equipment. Depreciation of R1,7 million was recognised for the period during which the machinery was previously classified as held for sale.

The Group acquired Intrepid Printers Proprietary Limited on 1 August 2013. At acquisition, the company had buildings classified as non-current assets held for sale. The sale these buildings was completed in January 2014.

	2015 R'000	2014 R'000
Opening balance	—	15 106
Acquisition of subsidiary	—	20 500
Disposal	—	(20 500)
Transfers to property, plant and equipment	—	(15 106)
Closing balance	—	—

10. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (continued)

In accordance with IFRS 5, the assets and liabilities held for sale were written down to their fair value less costs to sell of R15,1 million.

This was a non-recurring fair value, which was measured using inputs not based on observable market data and is therefore within level 3 of the fair value hierarchy.

11. SHARE CAPITAL

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Authorised				
3 000 000 000 ordinary no par value shares (2014: 1 000 ordinary shares of R1 each)	—	1	—	1
Issued				
347 332 454 ordinary no par value shares (2014: 100 shares of R1 each)	606 040	1	606 040	1

Prior to its listing on 31 March 2015 the Group was restructured as follows:

The company was converted from a private company to a public company and the share capital was converted from par value to no par value.

The authorised share capital of the company was increased to 3 000 000 000 shares.

Following this, Novus Holdings Limited implemented a capitalisation issue in which Media24 Proprietary Limited, being the sole shareholder of the company, was issued 2 999 999 shares for every share in issue resulting in Media24 holding 300 000 000 shares.

Adbait Proprietary Limited shareholdings in Paarl Media Holdings Proprietary Limited and Paarl Coldset Proprietary Limited, subsidiaries of the company, were exchanged for 19 545 857 shares in the company. As this was a transaction with non-controlling interests, it was accounted for in equity.

Novus Holdings repurchased 26,7% of Media24's shareholding. This equates to 80 000 000 shares, which were cancelled and became authorised but unissued shares.

A total of 24 313 272 ordinary shares were issued to the Novus Holdings Share Trust (ESOP) in respect of options allotted to selected employees and 3 473 325 ordinary shares were issued to Latiano 554 Proprietary Limited (Latiano) in respect of the options allotted to Mr LP Retief in his capacity as non-executive chairman and director of the company. Both the shares issued to the ESOP and to Latiano are considered to be treasury shares.

The JSE has granted the company a listing in the "Business Support Services" sector of the main board of the JSE. Subsequent to the listing, 80 000 000 ordinary shares were listed as part of a private placement representing 23,03% of Novus Holdings' issued ordinary shares.

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

12. OTHER RESERVES

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Other reserves in the statement of financial position comprise the following:				
Existing control business combination reserve	(871 301)	(753 792)	862 819	862 819
Share-based compensation reserve	5 300	4 169	–	–
Hedging reserve	(5 115)	(1 347)	–	–
Actuarial reserve	(1 459)	–	–	–
	(872 575)	(750 970)	862 819	862 819

The existing control business combination reserve is used to account for transactions with non-controlling shareholders in terms of the economic entity model, whereby the excess of the cost of the transactions over the acquirer's interest in previously recognised assets and liabilities is allocated to this reserve in equity. This reserve is also used in common control transactions (where all of the combining entities in a business combination are ultimately controlled by the same entity) where the excess of the cost of the transactions over the acquirer's proportionate share of the net assets acquired is allocated to this reserve.

The fair value of equity-settled share options issued to employees is accounted for in the share-based compensation reserve over the vesting period. The reserve is adjusted at each year-end when the entity revises its estimates of the number of share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to this reserve in equity for equity-settled plans.

The hedging reserve relates to the changes in the fair value of derivative financial instruments and the relevant underlying hedged items. It hedges forecast transactions or the foreign currency part of firm commitments. The changes in fair value are recorded in the hedging reserve until the forecast transaction or firm commitment results in the recognition of a non-financial asset or liability, when such deferred gains or losses are included in the initial measurement of the non-financial asset or liability.

The actuarial reserve relates to actuarial gains or losses on the post-employment medical liability and the provisions for long-service awards and pensioner gratuities.

13. POST-EMPLOYMENT MEDICAL LIABILITY

The employees of the Group participate in a number of post-retirement medical benefit schemes. The obligation of the Group to pay medical aid contributions after retirement is no longer part of the conditions of employment for new employees. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit for current employees is dependent on the employees remaining in service until retirement age and completing a minimum service period.

The Group provides for post-retirement medical aid benefits on the accrual basis determined each year by way of a valuation. The key assumptions and the valuation methods are described below. The directors believe that adequate provision has been made for future liabilities.

Key assumptions and valuation method

The actuarial valuation method used to value the liabilities is the Projected Unit Credit Method prescribed by IAS 19: Employee Benefits. Future benefit values are projected using specific actuarial assumptions and the liability for in-service members is accrued over the expected working lifetime.

13. POST-EMPLOYMENT MEDICAL LIABILITY (continued)

The most significant assumptions used for the current and previous valuations are outlined below:

	2015	2014
Discount rate	8,4%	9,1%
Health cost inflation	8,1%	8,3%
Expected retirement age	60	60
Membership discontinued at retirement	0%	0%

It is assumed that current in-service members would retire on their current medical scheme option and that there would be no change in options on retirement.

Actuarial assumptions are generally more suited to estimating the future experience of larger groups of individuals. The overall experience of larger groups is less variable and is more likely to tend to the expected value.

	2015 R'000	2014 R'000
Opening balance	3 949	3 893
Current service cost	90	100
Interest cost	354	61
Employer benefit payments	(70)	(40)
Remeasurements	(190)	(65)
Closing balance	4 133	3 949

As the value of the liability is based on a number of assumptions, a sensitivity analysis is presented below to show the effect of a one percentage point decrease or increase in the rate of healthcare cost inflation:

2015	Assumption		
Healthcare cost inflation	8,10%	-1%	+1%
Accrued liability 31 March	4 133	3 670	4 683
Percentage change		-11,2%	13,3%
Current service cost and interest cost	444	390	511
Percentage change		-12,2%	15,1%

2014	Assumption		
Healthcare cost inflation	8,30%	-1%	+1%
Accrued liability 31 March	3 949	3 506	4 486
Percentage change		-11,2%	13,6%
Current service cost and interest cost	161	141	185
Percentage change		-12,2%	15,0%

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

14. PROVISIONS

The long-service and retirement gratuity provisions were determined based on management's estimates and assumptions as below: The obligation of the Group to pay these benefits is no longer part of the conditions of employment for new employees. A number of pensioners and current employees, however, remain entitled to these benefits.

Key assumptions and valuation method

The actuarial valuation method used to value the provisions is the Projected Unit Credit Method as prescribed by IAS 19: Employee Benefits.

The most significant assumptions used for the current and previous valuations are outlined below:

	2015	2014
Discount rate	7,3%	8,52%
Normal salary increase rate	5,0%	6,0%
Expected retirement age	60	60

The discount rate and the normal salary increase rate assumptions should be considered in relation to each other.

Long-service bonus

As per the Group's remuneration policies a long-service bonus is paid to qualifying employees at the following intervals:

- 10 years uninterrupted service – 50% of one month's total cost to company
- 15 years uninterrupted service – 75% of one month's total cost to company
- 25 years uninterrupted service – 100% of one month's total cost to company
- 40 years uninterrupted service – 100% of one month's total cost to company

The accrued liability is determined on the basis that each employee's long-service benefit accrues uniformly over the period to which the benefit becomes payable.

	2015 R'000	2014 R'000
Opening balance	7 681	5 390
Current service cost	828	577
Interest cost	593	396
Employer benefit payments	(1 427)	(602)
Remeasurements	1 282	1 920
Closing balance	8 957	7 681

As the value of the liability is based on a number of assumptions, a sensitivity analysis is presented below to show the effect of a one percentage point decrease or increase in the salary increase rate.

14. PROVISIONS (continued)

Group

2015

Assumption

	5%	-1%	+1%
Normal salary increase rate			
Accrued liability 31 March	8 957	8 572	9 360
Percentage change		-4,3%	4,5%
Current service cost and interest cost	1 421	1 349	1 499
Percentage change		-5,1%	5,5%

2014

Assumption

	6%	-1%	+1%
Normal salary increase rate			
Accrued liability 31 March	7 681	7 381	7 996
Percentage change		-3,9%	4,1%
Current service cost and interest cost	973	927	1 023
Percentage change		-4,7%	5,1%

Retirement gratuity

The retirement gratuity is paid to qualifying employees in the event of retirement (normal, early and ill-health) at the age of 55 years or older and with at least 15 years of continued service at retirement.

The accrued liability was calculated by taking a pro rata proportion of the total calculated value. This proportion is based on the past service of members relative to their prospective total service.

	2015 R'000	2014 R'000
Opening balance	2 917	2 930
Current service cost	118	94
Interest cost	210	194
Employer benefit payments	(451)	(239)
Remeasurements	947	(62)
Closing balance	3 741	2 917

As the value of the liability is based on a number of assumptions, a sensitivity analysis is presented below to show the effect of a one percentage point decrease or increase in the salary increase rate:

2015

Assumption

	5%	-1%	+1%
Normal salary increase rate			
Accrued liability 31 March	3 741	3 445	4 048
Percentage change		-7,9%	8,2%
Current service cost and interest cost	328	295	365
Percentage change		-10,0%	11,4%

Notes to the annual financial statements (continued) for the year ended 31 March 2015

14. PROVISIONS (continued)

Retirement gratuity (continued)

2014	Assumption		
	6%	-1%	+1%
Normal salary increase rate			
Accrued liability 31 March	2 917	2 736	3 115
Percentage change		-6,2%	6,8%
Current service cost and interest cost	288	265	314
Percentage change		-8,1%	9,1%
Total provisions			
		2015 R'000	2014 R'000
Long-service bonus provision		8 957	7 681
Retirement gratuity provision		3 741	2 917
Other provisions		692	508
Total provisions		13 390	11 106

15. LONG-TERM LIABILITIES

	2015 R'000	2014 R'000
Total liabilities	8 171	7 974
Less: Current portion	(4 482)	(3 412)
Interest-bearing: Capitalised finance leases	3 689	4 562
Total liabilities	143 614	227 303
Less: Current portion	(66 667)	(168 970)
Interest-bearing: Loans and other liabilities	76 947	58 333
Net long-term liabilities	80 636	62 895

Capitalised finance leases

Currency of balance: South African rand

Type of lease: Lease of printing and tissue manufacturing equipment

Weighted average year-end interest rate: 10,03%

Final repayment dates: 2017 – 2019

15. LONG-TERM LIABILITIES (continued)

	2015 R'000	2014 R'000
Payable within one year	4 979	4 020
Payable within two to five years	4 004	4 908
	8 983	8 928
Future finance costs on finance leases	(812)	(954)
Present value of finance lease liabilities	8 171	7 974
Present value		
Payable within one year	4 482	3 412
Payable within two to five years	3 689	4 562
Present value of finance lease liabilities	8 171	7 974

Loans and other liabilities**Nedbank loan**

Currency of balance: South African rand

Year-end interest rate: 7,8% (three-month JIBAR +1,7%)

Final repayment date of loan: November 2016

Rand Merchant Bank loan

Currency of balance: South African rand

Year-end interest rate: 7,8% (three-month JIBAR +1,7%)

Final repayment date of loan: July 2017

	2015 R'000	2014 R'000
Repayment terms of loans		
Payable within one year	66 667	168 970
Payable within two to five years	76 947	58 333
	143 614	227 303

	2015 R'000	2014 R'000
Interest rate profile of long-term liabilities (long and short-term portion, including capitalised finance leases)		
Loans at fixed rates (1 to 12 months)	29 893	172 382
Loans at fixed rates (more than 12 months)	37 022	62 895
Loans linked to variable rates	84 870	–
	151 785	235 277

The interest rate profiles disclosed above take into account interest rate swaps used to manage the interest rate profile of certain of the Group's variable rate financial liabilities.

Notes to the annual financial statements (continued) for the year ended 31 March 2015

16. SHARE-BASED PAYMENTS

The Group operates a number of share incentive plans and share appreciation rights (SARs) schemes.

All share options are granted with an exercise price of not less than 100% of the market value or fair value of the respective company's shares on the date of the grant. All SARs are granted with an exercise price of not less than 100% of the fair value of the SARs on the date of the grant. All unvested share options/SARs are subject to forfeiture upon termination of employment. All cancelled options/SARs are options/SARs cancelled by mutual agreement between the employer and employee.

The share-based payment liabilities and reserves at 31 March are as follows:

	2015 R'000	2014 R'000
Share-based payment liability		
Non-current liability	12 061	8 767
Current liability	26 477	28 898
	38 538	37 665
Share-based compensation reserve		
Balance as at 31 March	5 300	4 169

The following significant share incentive plans were in operation during the financial year:

	Date of incorporation	Maximum awards permissible [#]	Vesting period	Period to expiry from date of offer	IFRS 2 classification
Share trusts					
Novus Holdings Share Trust	20 March 2015	10%	*	6 years	Equity-settled
LP Retief share option	27 February 2015	1%	*	6 years	Equity-settled
Share appreciation rights schemes					
Paarl Coldset Proprietary Limited	10 March 2012	5%	*	**	Cash-settled
Paarl Media Holdings Proprietary Limited	10 March 2010	5%	*	**	Cash-settled

Notes

[#] The percentage reflected in this column is the maximum percentage of the respective companies issued/notional share capital that the applicable trust may hold and subsequently allocate to participants subject to the following, where applicable.

* One-third vests after years three, four and five.

** Period to expiry from date of offer is five years and 14 days.

16. SHARE-BASED PAYMENTS (continued)

Movements in the share trust incentive plan are as follows:

	2015	2014
Novus Holdings Share Trust		
Shares		
Outstanding 1 April	—	—
Granted	24 260 097	—
Exercised	—	—
Outstanding 31 March	24 260 097	—
	R	R
Weighted average exercise price		
Outstanding 1 April	—	—
Granted	13,25	—
Exercised	—	—
Outstanding 31 March	13,25	—
Weighted average share price of options taken up during the year		
Shares	—	—
Weighted average share price	—	—

Movements in the share trust incentive plan are as follows:

	2015	2014
LP Retief share option		
Shares		
Outstanding 1 April	—	—
Granted	3 473 325	—
Exercised	—	—
Outstanding 31 March	3 473 325	—
	R	R
Weighted average exercise price		
Outstanding 1 April	—	—
Granted	13,25	—
Exercised	—	—
Outstanding 31 March	13,25	—
Weighted average share price of options taken up during the year		
Shares	—	—
Weighted average share price	—	—

Notes to the annual financial statements (continued) for the year ended 31 March 2015

16. SHARE-BASED PAYMENTS (continued)

Movements in the SARs schemes are as follows:

	2015	2014
Paarl Coldset Proprietary Limited		
SARs		
Outstanding 1 April	2 407 666	3 443 000
Movements in/(out)	30 000	(30 000)
Granted	–	1 123 334
Exercised	(33 333)	(2 128 668)
Forfeited	–	–
Outstanding 31 March	2 404 333	2 407 666
	R	R
Weighted average exercise price		
Outstanding 1 April	13,19	6,13
Granted	–	18,68
Exercised	10,41	4,67
Forfeited	–	–
Outstanding 31 March	13,23	13,19
Weighted average share price of options taken up during the year		
SARs	33 333	2 128 668
Weighted average SAR price	16,62	5,15
Paarl Media Holdings Proprietary Limited		
SARs		
Outstanding 1 April	3 903 341	2 203 343
Movements in/(out)	(150 000)	60 000
Granted	–	1 990 000
Exercised	(296 665)	(283 334)
Forfeited	(43 334)	(66 668)
Outstanding 31 March	3 413 342	3 903 341
Weighted average exercise price		
Outstanding 1 April	31,50	27,10
Granted	–	36,07
Exercised	28,43	28,37
Forfeited	28,55	29,66
Outstanding 31 March	31,81	31,50

16. SHARE-BASED PAYMENTS (continued)

	2015 R	2014 R
Weighted average share price of options taken up during the year		
SARs	296 665	283 334
Weighted average SAR price	36,82	36,07

Share option allocations outstanding to be implemented at 31 March by exercise price for the Group's significant share incentive plans.

Novus Holdings Share Trust

	SHARE OPTIONS OUTSTANDING		SHARE OPTIONS CURRENTLY AVAILABLE		
	Outstanding at 31 March Number	Weighted average contractual life (Years)	Exercise price (R)	Exercisable at 31 March Number	Weighted average exercise price (R)
2015	13,25	24 260 097	6,01	13,25	—
		24 260 097		13,25	—

LP Retief share option

	SHARE OPTIONS OUTSTANDING		SHARE OPTIONS CURRENTLY AVAILABLE		
	Outstanding at 31 March Number	Weighted average contractual life (Years)	Exercise price (R)	Exercisable at 31 March Number	Weighted average exercise price (R)
2015	13,25	3 473 325	6,01	13,25	—
		3 473 325		13,25	—

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

16. SHARE-BASED PAYMENTS (continued)

SARs allocations outstanding to be implemented at 31 March by exercise price for the Group's significant SARs:

Paarl Coldset Proprietary Limited

	SHARES OUTSTANDING			SHARES CURRENTLY AVAILABLE		
	Outstanding at 31 March Number	Weighted average contractual life (Years)	Exercise price (R)	Exercisable at 31 March Number	Weighted average exercise price (R)	
2015						
	4,35	237 332	0,02	4,35	237 332	4,35
	8,33	520 000	1,04	8,33	290 000	8,33
	10,41	523 667	2,02	10,41	152 330	10,41
	18,68	1 123 334	3,66	18,68	—	—
		<u>2 404 333</u>		<u>13,23</u>	<u>679 662</u>	<u>7,41</u>
2014						
	4,35	237 332	1,01	4,35	237 332	4,35
	8,33	490 000	2,04	8,33	50 000	8,33
	10,41	557 000	3,01	10,41	—	—
	18,68	1 123 334	4,66	18,68	—	—
		<u>2 407 666</u>		<u>13,25</u>	<u>287 332</u>	<u>5,04</u>

Paarl Media Holdings Proprietary Limited

	SHARES OUTSTANDING			SHARES CURRENTLY AVAILABLE		
	Outstanding at 31 March Number	Weighted average contractual life (Years)	Exercise price (R)	Exercisable at 31 March Number	Weighted average exercise price (R)	
2015						
	24,96	730 002	2,02	24,96	216 659	24,96
	28,31	593 336	1,04	28,31	373 326	28,31
	28,38	240 004	0,02	28,38	240 004	28,38
	36,07	1 850 000	3,60	36,07	20 000	36,07
		<u>3 413 342</u>		<u>31,80</u>	<u>849 989</u>	<u>27,66</u>
2014						
	24,96	790 000	3,01	24,96	—	—
	28,31	646 668	2,04	28,31	173 329	28,31
	28,38	496 673	1,01	28,38	456 673	28,38
	36,07	1 970 000	4,60	36,07	—	—
		<u>3 903 341</u>		<u>31,50</u>	<u>630 002</u>	<u>28,36</u>

16. SHARE-BASED PAYMENTS (continued)**Share option/SARs grants during the year:**

This weighted average fair value was calculated using the Bermudan Binomial option pricing model, using the following inputs and assumptions:

	2015	2014
Novus Holdings Share Trust/LP Retief share option		
Weighted average fair value at measurement date	5,58	—
<i>Assumptions:</i>		
Weighted average share price	13,25	—
Weighted average exercise price	13,25	—
Weighted average expected volatility (%) [*]	25,9	—
Weighted average option life (years)	6	—
Weighted average risk-free interest rate (%) [#]	7,4	—
Weighted average annual sub-optimal rate (%)	100	—
Weighted average vesting period (years)	4,0	—
Paarl Coldset Proprietary Limited		
Weighted average fair value at measurement date	—	5,55
<i>Assumptions:</i>		
Weighted average SAR price	—	15,81
Weighted average exercise price	—	18,68
Weighted average expected volatility (%) [*]	—	36,60
Weighted average option life (years)	—	5,0
Weighted average risk-free interest rate (%) [#]	—	7,7
Weighted average annual sub-optimal rate (%)	—	148,0
Weighted average vesting period (years)	—	4,0
Paarl Media Holdings Proprietary Limited		
Weighted average fair value at measurement date	—	12,17
<i>Assumptions:</i>		
Weighted average SAR price	—	34,94
Weighted average exercise price	—	36,07
Weighted average expected volatility (%) [*]	—	36,60
Weighted average option life (years)	—	5,0
Weighted average risk-free interest rate (%) [#]	—	7,7
Weighted average annual sub-optimal rate (%)	—	148,0
Weighted average vesting period (years)	—	4,0

Notes

^{*} The weighted average expected volatility is determined using historical annual company valuations.

[#] Based on zero-rate bond yields at perfect fit.

Various early exercise expectations were calculated based on historical exercise behaviours.

Notes to the annual financial statements (continued) for the year ended 31 March 2015

16. SHARE-BASED PAYMENTS (continued)

The directors of Novus Holdings Limited have the following share trust and SARs:

2015

Director	SARs/Share scheme	Outstanding at 31 March 2014
STM van der Walt	Naspers	10 776
STM van der Walt	Naspers	4 019
STM van der Walt	Naspers	2 050
STM van der Walt	Paarl Coldset	177 332
STM van der Walt	Paarl Coldset	160 000
STM van der Walt	Paarl Coldset	127 000
STM van der Walt	Paarl Coldset	253 334
STM van der Walt	Paarl Media Holdings	100 000
STM van der Walt	Paarl Media Holdings	150 000
STM van der Walt	Paarl Media Holdings	300 000
STM van der Walt	Paarl Media Holdings	300 000
STM van der Walt	Novus Holdings Share Trust	—
KA Vroon	Paarl Coldset	40 000
KA Vroon	Paarl Coldset	90 000
KA Vroon	Paarl Media Holdings	53 334
KA Vroon	Paarl Media Holdings	40 000
KA Vroon	Paarl Media Holdings	120 000
KA Vroon	Novus Holdings Share Trust	—
E van Niekerk	Paarl Coldset	20 000
E van Niekerk	Paarl Media Holdings	20 000
E van Niekerk	Paarl Media Holdings	20 000
E van Niekerk	Paarl Media Holdings	20 000
E van Niekerk	Novus Holdings Share Trust	—
LP Retief	LP Retief Share Option	—

	Accepted during the year	Offer price R	Exercised during the year	Price on exercise date	Increase in value R'000	Cancelled during the year	Outstanding at 31 March 2015
	–	484,70	–	–	–	–	10 776
	–	770,00	–	–	–	–	4 019
	–	1 155,00	–	–	–	–	2 050
	–	4,35	–	–	–	–	177 332
	–	8,33	–	–	–	–	160 000
	–	10,41	–	–	–	–	127 000
	–	18,68	–	–	–	–	253 334
	–	28,38	–	–	–	–	100 000
	–	24,96	–	–	–	–	150 000
	–	28,31	–	–	–	–	300 000
	–	36,07	–	–	–	–	300 000
2 778 660	–	13,25	–	–	–	–	2 778 660
	–	10,41	–	–	–	–	40 000
	–	18,68	–	–	–	–	90 000
	–	28,38	–	–	–	–	53 334
	–	24,96	–	–	–	–	40 000
	–	36,07	–	–	–	–	120 000
1 910 329	–	13,25	–	–	–	–	1 910 329
	–	8,33	–	–	–	–	20 000
	–	28,38	(20 000)	36,82	169	–	–
	–	28,31	(6 666)	36,82	57	–	13 334
	–	24,96	–	–	–	–	20 000
1 041 997	–	13,25	–	–	–	–	1 041 997
3 473 325	–	13,25	–	–	–	–	3 473 325

Notes to the annual financial statements (continued) for the year ended 31 March 2015

16. SHARE-BASED PAYMENTS (continued)

The directors of Novus Holdings Limited have the following share trust and SARs:

2014

Director	SARs/Share scheme	Outstanding at 31 March 2013
STM van der Walt	Naspers	10 776
STM van der Walt	Naspers	—
STM van der Walt	Naspers	—
STM van der Walt	Paarl Coldset	266 000
STM van der Walt	Paarl Coldset	240 000
STM van der Walt	Paarl Coldset	127 000
STM van der Walt	Paarl Coldset	—
STM van der Walt	Paarl Media Holdings	100 000
STM van der Walt	Paarl Media Holdings	150 000
STM van der Walt	Paarl Media Holdings	300 000
STM van der Walt	Paarl Media Holdings	—
KA Vroon	Paarl Coldset	240 000
KA Vroon	Paarl Coldset	40 000
KA Vroon	Paarl Coldset	—
KA Vroon	Paarl Media Holdings	53 334
KA Vroon	Paarl Media Holdings	40 000
KA Vroon	Paarl Media Holdings	—
E van Niekerk	Paarl Coldset	90 000
E van Niekerk	Paarl Coldset	30 000
E van Niekerk	Paarl Media Holdings	20 000
E van Niekerk	Paarl Media Holdings	20 000
E van Niekerk	Paarl Media Holdings	20 000

Accepted during the year	Offer price R	Exercised during the year	Price on exercise date	Increase in value R'000	Cancelled during the year	Outstanding at 31 March 2014
–	484,70	–	–	–	–	10 776
4 019	770,00	–	–	–	–	4 019
2 050	1 155,00	–	–	–	–	2 050
–	4,35	(88 668)	18,68	1 271	–	177 332
–	8,33	(80 000)	18,68	828	–	160 000
–	10,41	–	–	–	–	127 000
253 334	18,68	–	–	–	–	253 334
–	28,38	–	–	–	–	100 000
–	24,96	–	–	–	–	150 000
–	28,31	–	–	–	–	300 000
300 000	36,07	–	–	–	–	300 000
–	4,35	(240 000)	18,68	3 439	–	–
–	10,41	–	–	–	–	40 000
90 000	18,68	–	–	–	–	90 000
–	28,38	–	–	–	–	53 334
–	24,96	–	–	–	–	40 000
120 000	36,07	–	–	–	–	120 000
–	4,35	(90 000)	18,68	1 290	–	–
–	8,33	(10 000)	18,68	104	–	20 000
–	28,38	–	–	–	–	20 000
–	28,31	–	–	–	–	20 000
–	24,94	–	–	–	–	20 000

Notes to the annual financial statements (continued) for the year ended 31 March 2015

17. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Trade payables	155 656	196 770	—	—
Amounts received in advance	6 805	5 119	—	—
Personnel accruals	6 069	5 807	—	—
Accrued leave pay	20 678	18 546	—	—
Accrued bonus	25 470	24 278	—	—
Accrued expenses	44 536	9 449	—	—
Value added tax	13 540	6 663	—	—
Amounts owing in respect of business combinations	40 407	—	—	—
Other current liabilities	4 224	87	2 606	—
	317 385	266 719	2 606	—

The fair values of trade and other payables approximate their carrying values.

18. DEFERRED INCOME

Deferred income consists of Government grants received.

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Opening balance	31 195	33 670	—	—
Grants received	4 286	—	—	—
Included in profit or loss	(1 902)	(2 475)	—	—
Closing balance	33 579	31 195	—	—
Non-current liability	31 740	29 720	—	—
Current liability	1 839	1 475	—	—
	33 579	31 195	—	—

On 26 March 2015, a grant of R4,3 million was received from the Department of Trade and Industry (dti) in terms of the Manufacturing Competitiveness Enhancement Programme (MCEP).

On 28 February 2013, a grant of R33,162 million was received from the dti in terms of the MCEP. The grant was provided on condition that the related capital expenditure project was an expansion and not a replacement of the project that burned down at Paarl Media Paarl and that the transfer of machinery and labour between these projects would not be allowed for the duration of the approval of the grant.

On 3 November 2011, a grant of R1,371 million was received from the dti in terms of the Enterprise Investment Programme (EIP).

19. REVENUE

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Printing revenue	4 058 897	3 918 137	—	—
Tissue revenue	116 253	—	—	—
Waste sales	43 799	35 257	—	—
Other revenue	42 535	15 361	—	—
	4 261 484	3 968 755	—	—
20. OTHER EXPENSES				
Dividends from investments	—	3	—	—
Profit/(loss) on sale of property, plant and equipment	338	(11 125)	—	—
Impairment of property, plant and equipment (note 2)	(73 537)	(7 379)	—	—
Cost associated with business combinations	(285)	—	—	—
Insurance proceeds	—	24	—	—
	(73 484)	(18 477)	—	—
21. EXPENSES BY NATURE				
Operating profit includes the following items:				
Depreciation classification				
Cost of providing goods	164 534	151 346	—	—
Selling, general and administrative costs	36 451	35 402	—	—
	200 985	186 748	—	—
Amortisation classification				
Cost of providing goods	3 509	5 714	—	—
Selling, general and administrative costs	1 497	1 500	—	—
	5 006	7 214	—	—
Operating leases				
Buildings	9 391	10 112	—	—
Other equipment	524	729	—	—
	9 915	10 841	—	—
Auditor's remuneration				
Fees	3 731	3 187	—	—
Prior year overprovision	(109)	(129)	—	—
Audit-related fees	1 950	—	—	—
Tax fees	1 183	257	—	—
All other fees	1 439	687	—	—
	8 194	4 002	—	—

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

21. EXPENSES BY NATURE (continued)

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Foreign exchange losses/(profits)				
On capitalisation of forward exchange contracts in hedging transactions	10 403	24 154	—	—
Other	(2 989)	3 073	—	—
	7 414	27 227	—	—
Advertising expense	11 009	9 393	—	—
Cost of inventories sold	1 872 684	1 863 300	—	—
Employee costs				
Salaries, wages and bonuses	508 781	451 422	—	—
Retirement benefit costs (defined-contribution plan)	40 612	40 136	—	—
Retirement benefit costs (defined-benefit plan)	1 146	—	—	—
Medical aid fund contributions	22 583	25 700	—	—
Post-retirement benefits	444	956	—	—
Share-based compensation charge	18 771	9 627	—	—
Long-service and retirement gratuities	1 475	2 671	—	—
Training costs	4 795	4 761	—	—
	598 607	535 273	—	—

22. FINANCE INCOME

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Bank	9 916	6 315	—	—
Other	2 656	998	—	—
	12 572	7 313	—	—

23. FINANCE COSTS

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Foreign exchange losses on translation of assets and liabilities	7 672	1 811	—	—
Foreign exchange losses on translation of foreign exchange contracts	32 595	19 180	—	—
Related-party balances	—	11 937	—	—
Loans and overdrafts	25 934	23 961	—	—
Interest rate swaps	326	1 915	—	—
Other	1 208	203	—	—
	67 735	59 007	—	—

24. TAXATION

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Major components of the income tax expense				
Current	163 307	177 835	—	—
Local income tax – current period	162 924	167 575	—	—
Local income tax – prior years	383	10 260	—	—
Deferred	(21 776)	(3 237)	—	—
Local income tax – current period	(18 753)	(496)	—	—
Local income tax – prior years	(3 023)	(2 741)	—	—
	141 531	174 598	—	—
Reconciliation of the income tax expense				
Reconciliation between the accounting profit and the income tax expense				
Accounting profit	506 335	596 457	(1)	(3)
Tax at the applicable tax rate of 28% (2014: 28%)	141 774	167 008	—	(1)
Tax effects of adjustments on taxable income				
Non-deductible expenses	2 271	404	—	—
Non-taxable income	(1 499)	(553)	—	—
Prior year adjustments	(2 640)	7 520	—	—
Tax attributable to loss of associate	—	244	—	—
Assessed loss not raised/(utilised)	1 447	(25)	—	1
Capital gains	178	—	—	—
	141 531	174 598	—	—

25. 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. Earnings per share for 2014 was restated to take into account the capitalisation shares issued of 299 999 900. 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 directors and employees are anti-dilutive.

Headline earnings per share

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

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

25. EARNINGS PER SHARE (continued)

2015	Gross R'000	Taxation R'000	Non-controlling interest R'000	Net R'000
Earnings				
Net profit attributable to shareholders				334 904
Headline adjustments	73 199	(20 495)	(2 427)	50 277
Profit on sale of property, plant and equipment	(338)	95	30	(213)
Impairment in value of property, plant and equipment	73 537	(20 590)	(2 457)	50 490
Headline earnings				385 181

2014	Gross R'000	Taxation R'000	Non-controlling interest R'000	Net R'000
Earnings				
Net profit attributable to shareholders				394 083
Headline adjustments	19 280	(5 398)	(1 881)	12 001
Loss on sale of property, plant and equipment	11 126	(3 115)	(1 141)	6 870
Insurance proceeds	(24)	7	4	(13)
Impairment in value of property, plant and equipment	7 379	(2 066)	(671)	4 642
Loss on sale of associate	799	(224)	(73)	502
Headline earnings				406 084

	2015	2014
Number of ordinary shares in issue at year-end	347 332 454	300 000 000
Weighted average number of shares		
Shares for earnings and diluted earnings per share adjusted for weighting	301 927 811	300 000 000
Earnings per ordinary share (cents)		
Basic	110,92	131,36
Diluted	110,92	131,36
Headline earnings per share (cents)		
Basic	127,57	135,36
Diluted	127,57	135,36

26. SEGMENTAL ANALYSIS

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 three operating segments based on its business by service or product. However, two operating segments were combined into one reportable segment as they are similar in nature and meet the aggregation criteria in terms of IFRS 8 paragraph 12. The reportable segments are "Printing", which comprises printing of books, magazines, newspapers and related products and "Other", which comprises Paarl Labels Proprietary Limited that prints self-adhesive labels and Paarl Tissue Proprietary Limited that manufactures tissue paper.

Revenue, other than to related parties, of approximately R539 million (2014: R469,4 million) is derived from a single external customer. These revenues are attributable to the Print segment. The total revenue from external foreign customers is R92,9 million (2014: R80,8 million).

	Printing R'000	Other R'000	Eliminations R'000	Total R'000
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
Cost of sale of goods	(2 770 327)	(169 642)	15 765	(2 924 204)
Selling, general and administrative expenses	(464 997)	(31 310)	–	(496 307)
Other losses	(72 869)	(615)	–	(73 484)
EBITDA	751 037	16 452	–	767 489
Depreciation	(193 566)	(7 419)	–	(200 985)
Amortisation	(4 972)	(34)	–	(5 006)
Trading profit	552 499	8 999	–	561 498
Finance income	22 349	125	(9 902)	12 572
Finance costs	(61 553)	(16 084)	9 902	(67 735)
Profit before taxation	513 295	(6 960)	–	506 335
Taxation	(143 534)	2 003	–	(141 531)
Profit after taxation	369 761	(4 957)	–	364 804
Non-controlling interest	(29 900)	–	–	(29 900)
Profit attributable to equity holders of the company	339 861	(4 957)	–	334 904
Additional disclosure				
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

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

26. SEGMENTAL ANALYSIS (continued)

	Printing R'000	Other R'000	Eliminations R'000	Total R'000
2014				
External revenue	3 898 384	70 371	–	3 968 755
Intersegmental revenue	132	26	(158)	–
Total revenue	3 898 516	70 397	(158)	3 968 755
Cost of sale of goods	(2 776 869)	(48 422)	158	(2 825 133)
Selling, general and administrative expenses	(273 487)	(8 673)	–	(282 160)
Other losses	(18 177)	(300)	–	(18 477)
EBITDA	829 983	13 002	–	842 985
Depreciation	(184 070)	(2 678)	–	(186 748)
Amortisation	(7 136)	(78)	–	(7 214)
Trading profit	638 777	10 246	–	649 023
Finance income	7 238	75	–	7 313
Finance costs	(57 349)	(1 658)	–	(59 007)
Share of net loss of associate	(872)	–	–	(872)
Profit before taxation	587 794	8 663	–	596 457
Taxation	(172 136)	(2 462)	–	(174 598)
Profit after taxation	415 658	6 201	–	421 859
Non-controlling interest	(27 701)	(75)	–	(27 776)
Profit attributable to equity holders of the company	387 957	6 126	–	394 083
Additional disclosure				
Capital commitments	30 875	289	–	31 164
Impairment of assets	7 379	–	–	7 379
Total assets	3 121 943	38 901	–	3 160 844
Total liabilities	926 228	28 011	–	954 239

27. CASH GENERATED FROM OPERATIONS

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Profit/(loss) before tax	506 335	596 457	(1)	(3)
Adjusted for:	336 407	166 480	—	—
Depreciation of property, plant and equipment	200 985	186 748	—	—
Amortisation of intangible assets	5 006	7 214	—	—
Impairment of property, plant and equipment	73 537	7 379	—	—
(Profit)/loss on disposal of property, plant and equipment	(338)	11 125	—	—
Finance income	(12 572)	(7 313)	—	—
Finance costs	67 735	59 007	—	—
Dividends received	—	(3)	—	—
Insurance proceeds	—	(24)	—	—
Movement in provisions for inventory write-down	(2 136)	(186)	—	—
Post-retirement medical liability expense	444	161	—	—
Long-service and retirement gratuity expense	1 749	1 858	—	—
Payments against provisions and post-retirement medical liability	(1 948)	(4 073)	—	—
Reversal of bad debt provision	(1 172)	(70 458)	—	—
Share-based payment expense	18 771	9 627	—	—
Share-based compensation payments	(16 767)	(37 163)	—	—
Foreign exchange movements	3 113	1 709	—	—
Share of net loss of associate	—	872	—	—
Changes in working capital	(40 256)	14 346	2 606	—
Inventories	18 551	(51 492)	—	—
Trade and other receivables	(16 967)	74 270	—	—
Trade and other payables	(41 840)	(8 432)	2 606	—
	802 486	777 283	2 605	(3)

28. TAX PAID

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Owing at the beginning of the year	(7 072)	1 986	—	—
Current tax for the year recognised in profit or loss	(163 307)	(177 835)	—	—
Acquisition of subsidiary	—	(2 929)	—	—
Owing at the end of the year	(2 860)	7 072	—	—
	(173 239)	(171 706)	—	—

Notes to the annual financial statements (continued) for the year ended 31 March 2015

29. BUSINESS COMBINATIONS

2015

On 1 June 2014, the Group acquired the entire business of Correll Tissue Proprietary Limited for a consideration of R144,3 million.

The acquisition was a result of management's diversification strategy.

Goodwill of R45,3 million relates to expected synergies resulting from the Group's use of waste paper generated at its existing printing plants as an input in the tissue manufacturing process. None of the goodwill recognised is expected to be deductible for income tax purposes.

	Notes	2015 R'000
Fair value of assets and liabilities acquired		
Property, plant and equipment	2	92 717
Inventory		8 620
Trade and other receivables		16 273
Trade and other payables		(13 070)
Finance lease liability		(5 640)
Identifiable assets and liabilities at acquisition date		98 900
Goodwill	3	45 351
Total purchase consideration		144 251
Consideration as at acquisition date		
Total purchase consideration		144 251
Amount owing in respect of acquisition	17	(40 407)
		103 844

Acquisition-related costs of R0,3 million were included in profit and loss.

Revenue of R116 million and a loss of R7,9 million have been included in the consolidated statement of comprehensive income since the acquisition date.

The Group's revenue and profit would have been R4 284,7 million and R363,2 million respectively if the acquisition had occurred at the beginning of the reporting period.

2014

On 1 August 2013, the Group acquired the entire share capital of Intrepid Printers Proprietary Limited for a cash consideration of R113 million. The acquisition will enable the Group to expand the range of print options available to clients in KwaZulu-Natal.

The goodwill of R30,9 million recognised at acquisition is attributable to expected synergies between the Group's existing operation in KwaZulu-Natal and the acquired entity. None of the goodwill recognised is expected to be deductible for income tax purposes.

29. BUSINESS COMBINATIONS (continued)

The following assets and liabilities were recognised at acquisition:

	Notes	2014 R'000
Property, plant and equipment	2	31 372
Non-current assets classified as held for sale		20 500
Trade and other receivables		38 455
Inventory		18 365
Cash		21 439
Long-term liabilities		(10 216)
Trade and other payables		(23 266)
Provisions		(6 143)
Taxation		(2 929)
Deferred tax	6	(5 105)
Total identifiable net assets		82 472
Goodwill	3	30 871
Total net assets recognised at acquisition		113 343
Consideration paid		(113 343)
Cash in entity acquired		21 439
Net cash outflow on acquisition		(91 904)

Acquisition-related costs of R0,9 million were included in profit and loss.

Revenue of R105,2 million and profit of R10,7 million have been included in the consolidated statement of comprehensive income since the acquisition date.

The Group's revenue and profit would have been R4 003,8 million and R425,4 million respectively if the acquisition had occurred at the beginning of the reporting period.

30. RELATED PARTIES

The Group entered into transactions and has balances with a number of related parties including shareholders and entities under common control. Transactions that are eliminated on consolidation and profits or losses eliminated through application of the equity method are not included.

Relationships**Ultimate holding company****Holding company**

Naspers Limited

Media24 Proprietary Limited

Notes to the annual financial statements (continued) for the year ended 31 March 2015

30. RELATED PARTIES (continued)

The balances and transactions with related parties are summarised below:

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Related-party balances				
Loans receivable				
Paarl Media Proprietary Limited	—	—	13 743	13 743
Trade receivables				
Naspers Limited	—	77	—	—
Media24 Proprietary Limited	108 484	110 889	—	—
<i>Subsidiaries of holding company</i>				
New Media Publishing Proprietary Limited	26 577	35 639	—	—
Natal Witness Printing Company Proprietary Limited	6 325	7 516	—	—
Other	9 509	9 771	—	—
<i>Ultimate holding company and its subsidiaries</i>	150 895	163 892	13 743	13 743
<i>Joint ventures and associates of holding company</i>				
Ndalo Proprietary Limited*	—	14 671	—	—
Other related parties	—	1 567	—	—
Total related-party receivables	150 895	180 130	13 743	13 743

* Media24 Proprietary Limited sold its investment in Ndalo Proprietary Limited with effect from 31 March 2015. An amount of R16,5 million is included in Trade receivables at 31 March 2015.

The loan to Paarl Media Proprietary Limited bears no interest and is payable on demand.

The above receivables from related parties are non-interest-bearing, are unsecured and are provided on standard credit terms. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The Group does not hold any collateral as security.

30. RELATED PARTIES (continued)

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Related-party balances				
Loans payable				
Paarl Media Proprietary Limited	–	–	21	21
Trade payables				
<i>Subsidiary of ultimate holding company</i>				
Media24 Proprietary Limited	3 059	1 346	–	–
Other	1	484	–	–
<i>Joint ventures and associates of ultimate holding company</i>				
MWEB South Africa Proprietary Limited	27	19	–	–
Total related-party payables	3 087	1 849	21	21

The loan from Paarl Media Proprietary Limited is non-interest-bearing and is payable on demand.

The above trade payables are non-interest-bearing, are unsecured and are extended at standard credit terms.

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Finance costs to related parties				
Media24 Proprietary Limited	–	11 672	–	–
<i>Subsidiary of holding company</i>				
Boland Newspapers Proprietary Limited	–	265	–	–
	–	11 937	–	–
Purchases from related parties				
<i>Holding company</i>				
Media24 Proprietary Limited	26	4 099	–	–
<i>Subsidiary of ultimate holding company</i>				
MWEB South Africa Proprietary Limited	3 015	3 859	–	–
	3 041	7 958	–	–

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

30. RELATED PARTIES (continued)

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Sales to related parties				
Naspers Limited	138	138	—	—
Media24 Proprietary Limited	1 155 607	1 235 365	—	—
<i>Subsidiary of ultimate holding company</i>				
MIH Holdings Limited	4 436	1 294	—	—
<i>Subsidiaries of holding company</i>				
New Media Publishing Proprietary Limited	156 042	181 958	—	—
Natal Witness Printing Company Proprietary Limited	50 145	65 048	—	—
Nasou Via Afrika Proprietary Limited	8 180	32 423	—	—
CT Media Publications Proprietary Limited	22 445	22 099	—	—
Other	40 264	45 878	—	—
<i>Ultimate holding company and its subsidiaries</i>	1 437 257	1 584 203	—	—
<i>Joint ventures and associates of holding company</i>				
Ndalo Proprietary Limited	21 715	20 629	—	—
Rodale & Touchline Publishers Proprietary Limited	16 080	18 976	—	—
Other	4 049	3 353	—	—
	41 844	42 958	—	—
Total sales to related parties	1 479 101	1 627 161	—	—

The Group receives revenue from a number of its related parties mainly for the printing of magazines, newspapers and books.

Ordinary shares held by Media24 Proprietary Limited in the company were repurchased during the year. Refer to note 11 for further detail.

Directors emoluments

	Executive R'000	Non-executive R'000	Total R'000
2015			
Salaries	8 078	6 159	14 237
Incentive bonuses	3 286	2 019	5 305
Pension contributions	798	597	1 395
Fees for services as director	—	1 496	1 496
Total	12 162	10 271	22 433

The detail of directors' participation in share/SARs schemes is included in note 16.

30. RELATED PARTIES (continued)

The individual directors received the following remuneration and emoluments:

	Salary R'000	Bonus and performance- related payments R'000	Pension contributions R'000	Total R'000
Executive directors				
Mr STM van der Walt	3 653	2 306	361	6 320
Mr E van Niekerk	1 851	230	202	2 283
Mr KA Vroon (alternate)	2 574	750	235	3 559
	8 078	3 286	798	12 162

	Fees for services as director R'000	Salary R'000	Bonus and performance- related payments R'000	Pension contributions R'000	Total R'000
Non-executive directors					
Mr LP Retief ¹	619	859	–	94	1 572
Mr NJ Retief ²	180	–	–	–	180
Mr SS de Swardt ²	299	–	–	–	299
Mr U Meyer	398	–	–	–	398
Ms E Weideman ³	–	3 138	1 070	340	4 548
Mr M Mayman ³	–	2 326	1 075	163	3 564
Ms GP Dingaen ⁴	–	–	–	–	–
Mr SDM Zungu ⁴	–	–	–	–	–
Mr BJ Olivier ⁴	–	–	–	–	–
Mr F Robertson ⁴	–	–	–	–	–
Mr JN Potgieter ⁴	–	–	–	–	–
	1 496	6 323	2 145	597	10 561

Notes

¹ Payments to Mr LP Retief include payments for services in terms of a management agreement with the Group.

² Resigned on 23 February 2015.

³ Remuneration paid by Media24 Proprietary Limited in respect of services rendered in their capacity as directors of Media24 Proprietary Limited, and not as directors of Novus Holdings Limited.

⁴ Appointed on 23 February 2015.

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

30. RELATED PARTIES (continued)

Directors emoluments

	Executive R'000	Non- executive R'000	Total R'000
2014			
Salaries	5 412	5 379	10 791
Incentive bonuses	3 764	1 670	5 434
Pension contributions	608	550	1 158
Fees for services as director	—	1 410	1 410
Total	9 784	7 599	17 383

The individual directors received the following remuneration and emoluments:

	Salary R'000	Bonus and performance- related payments R'000	Pension contributions R'000	Total R'000
Executive directors				
Mr STM van der Walt	2 760	2 800	315	5 875
Mr E van Niekerk	1 030	216	106	1 352
Mr KA Vroon (alternate)	1 622	748	187	2 557
	5 412	3 764	608	9 784

	Fees for services as director R'000	Salary R'000	Bonus and performance- related payments R'000	Pension contributions R'000	Total R'000
Non-executive directors					
Mr LP Retief ¹	600	812	—	102	1 514
Mr NJ Retief	170	—	—	—	170
Mr SS de Swardt	265	—	—	—	265
Mr U Meyer	375	—	—	—	375
Ms E Weideman ²	—	2 924	1 237	316	4 477
Mr M Mayman ³	—	—	—	—	—
Mr JJ Pieterse ^{2,4}	—	2 393	273	177	2 843
	1 410	6 129	1 510	595	9 644

Notes

¹ Payments to Mr LP Retief include payments for services in terms of a management agreement with the Group.

² Remuneration paid by Media24 Proprietary Limited in respect of services rendered in their capacity as directors of Media24 Proprietary Limited, and not as directors of Novus Holdings Limited.

³ Appointed on 23 March 2014.

⁴ Resigned on 23 March 2014.

Key management compensation

The total of executive directors' and key management emoluments amounted to R89,0 million (2014: R71,7 million); comprising short-term employee benefits of R80,7 million (2014: R42,9 million) and share-based payments of R8,3 million (2014: R28,8 million).

Comparatives have not been restated to account for the change in the composition of key management.

31. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 23 February 2015, Adbait Proprietary Limited's shareholding in Paarl Media Holdings Proprietary Limited and Paarl Coldset Proprietary Limited were exchanged for 19 545 857 shares in Novus Holdings Limited in terms of the flip-up agreement.

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

	Note	2015 R'000
<i>Carrying amount of non-controlling interests at date of flip-up</i>		
Paarl Media Holdings Proprietary Limited		139 428
Paarl Coldset Proprietary Limited		(19 070)
		120 358
Fair value of Novus Holdings Limited shares issued	11	(237 867)
Amount debited to equity		(117 509)

32. COMMITMENTS

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Authorised capital expenditure				
Already contracted for but not provided for				
– Property, plant and equipment	57 479	31 164	–	–
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	427	693	–	–
– in second to fifth year inclusive	48	886	–	–

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

33. FINANCIAL RISK MANAGEMENT

All of the Group's financial assets are classified as "loans and receivables" and are carried at amortised cost, apart from derivatives, which are held for hedging purposes. Similarly, all of the Group's financial liabilities are classified as "other financial liabilities" and are carried at amortised cost apart from derivatives, which are held for hedging purposes.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group does not have a formal targeted debt to equity ratio.

Financial risk factors

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

Notes to the annual financial statements (continued) for the year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (Group treasury) under policies approved by the directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The directors provide written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. In terms of the memorandum of incorporation of the Group, no limitation is placed on its borrowing capacity. The facilities expiring within one year are subject to renewal at various dates during the next year.

The Group had the following unutilised borrowing facilities at 31 March:

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
On call	743 899	634 909	—	—

The following analysis sets out the periods when the cash flows are expected to occur for both the derivative and non-derivative liabilities as at 31 March:

	Carrying amount R'000	Contractual cash flows R'000	0 to 12 months R'000	One to five years R'000
Group				
At 31 March 2015				
Interest-bearing: Loans and other	143 614	155 342	75 925	79 417
Interest-bearing: Capitalised finance lease	8 171	8 983	4 979	4 004
Trade payables	155 656	155 656	155 656	—
Accrued expenses and other current liabilities	141 384	141 384	141 384	—
Related-party balances	3 087	3 087	3 087	—
Bank overdrafts	107 203	107 203	107 203	—
At 31 March 2014				
Interest-bearing: Loans and other	227 303	241 853	179 213	62 640
Interest-bearing: Capitalised finance lease	7 974	8 928	4 020	4 908
Trade payables	196 770	196 770	196 770	—
Accrued expenses and other current liabilities	15 089	15 089	15 089	—
Related-party balances	1 849	1 849	1 849	—
Bank overdrafts	59 810	59 810	59 810	—

33. FINANCIAL RISK MANAGEMENT (continued)**Liquidity risk (continued)**

	Carrying amount R'000	Contractual cash flows R'000	0 to 12 months R'000	One to five years R'000
Company				
At 31 March 2015				
Accrued expenses and other current liabilities	2 606	2 606	2 606	–
Related-party balances	21	21	21	–
At 31 March 2014				
Related-party balances	21	21	21	–

The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying amount R'000	Contractual cash flows R'000	0 to 12 months R'000	One to five years R'000
Group				
At 31 March 2015				
Forward exchange contracts				
– Outflow	(17 432)	(735 425)	(735 425)	–
– Inflow	–	717 993	717 993	–
Other derivatives – Interest rate swaps				
– Inflow	117	117	117	–
At 31 March 2014				
Forward exchange contracts				
– Outflow	(7 082)	(627 964)	(627 964)	–
– Inflow	–	620 882	620 882	–
Other derivatives – Interest rate swaps				
– Inflow	570	570	570	–

Notes to the annual financial statements (continued) for the year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

As part of the process of managing the Group's fixed and floating borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. Where appropriate, the Group uses derivative instruments, such as interest rate swap agreements, purely for hedging purposes. As at 31 March, the Group had the following interest rate swaps in place:

	Fair value of asset/(liability) amount R'000	Loan amount R'000	Rate of loan (variable) %	Rate of swap (fixed) %
Group				
At 31 March 2015				
Standard Bank	117	100 000	7,80	8,00
At 31 March 2014				
Rand Merchant Bank	53	500 000	7,50	7,59
Standard Bank	517	100 000	7,43	8,00

Refer to note 15 for the interest rate profiles and repayment terms of long-term liabilities as at 31 March. The interest rate swap covers the same period as the underlying loan.

At 31 March 2015, if the Group's interest rates on rand-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R1,5 million (2014: R1,3 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit risk

The Group is exposed to credit risk relating to the following assets:

Investments and loans

There is no concentration of credit risk within investments and loans and management monitors the credit risk regularly.

Trade and other receivables

Trade receivables consist primarily of invoiced amounts from normal trading activities. The majority of trade receivables consist of receivables within the print segment. Various credit checks are performed on new debtors to determine the quality of their credit history. These checks are also performed on existing debtors with long-overdue accounts. Furthermore, current debtors are monitored to ensure they do not exceed their credit limits.

Cash deposits and derivative assets

The Group is exposed to certain concentrations of credit risk relating to its cash and current investments. It places its cash and current investments mainly with major banking groups and high-quality institutions that have high credit ratings. The Group's treasury policy is designated to limit exposure to any one institution and invests its excess cash in low-risk investment accounts. As at 31 March 2015, the Group held the majority of its cash, deposits and derivative assets with local banks with a "Baa2" credit rating or higher (Moody's International Long-term Deposit rating). The counterparties that are used by the Group are evaluated on a continuous basis.

33. FINANCIAL RISK MANAGEMENT (continued)

Foreign exchange

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro and the US dollar. As the Group acquires a significant portion of the materials used in the printing process internationally, depreciation of the local currency against the euro or US dollar adversely affects the Group's earnings and its ability to meet cash obligations. The Group makes use of forward exchange contracts to hedge their exposure to foreign currency risk. The Group generally covers forward 75% to 100% of firm commitments in foreign currency for up to one year.

Management has set up a policy to manage their foreign exchange risk against their functional currency. The Group companies are required to hedge their foreign exchange risk exposure with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts, transacted with financial institutions. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group has classified its forward exchange contracts relating to forecast transactions and firm commitments as cash flow hedges, and states them at fair value. The transactions relate mainly to the acquisition of inventory items. A cumulative after tax loss of R5,1 million (2014: R1,3 million) has been deferred in a hedging reserve at 31 March 2015. This amount is expected to realise over the next year. Changes in the fair value of forward exchange contracts that economically hedge monetary liabilities in foreign currencies and for which no hedge accounting is applied, are recognised in the income statement. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of "finance costs – net" (see note 23). The fair value of all forward exchange contracts designated as cash flow hedges at 31 March 2015 was a liability of R17,4 million (2014: R7,1 million).

The ineffective portion recognised in the profit or loss that arises from cash flow hedges amounts to a gain of RNil (2014: RNil).

The notional principal amounts of the outstanding forward exchange contracts at 31 March 2015 were R735 million (2014: R457 million).

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months.

At 31 March 2015, if the currency had weakened/strengthened by 10% against the US dollar and euro with all other variables held constant, comprehensive income for the year would have been R50,4 million (2014: R52,2 million) higher/lower, mainly as a result of foreign exchange gains or losses on translation of US dollar and euro-denominated trade receivables, financial assets at fair value through profit or loss and foreign exchange losses or gains on translation of US dollar and euro-denominated borrowings.

Notes to the annual financial statements (continued) for the year ended 31 March 2015

33. FINANCIAL RISK MANAGEMENT (continued) Foreign currency exposure at the end of the reporting period

	GROUP	
	2015 R'000	2014 R'000
Total FECs outstanding at year-end (maturing within one year)		
Denominated in euro	52 224	33 700
Rand value	721 177	508 398
Denominated in US dollars	1 198	5 549
Rand value	14 248	60 393
Denominated in Swiss francs	–	724
Rand value	–	8 932
Derivative financial assets – Non-current portion		
Interest rate swaps	75	646
Derivative financial assets – Current portion		
Foreign exchange contracts	1 445	4 451
Interest rate swaps	41	53
	1 486	4 504
Derivative financial liabilities – Current portion		
Foreign exchange contracts	18 877	11 533
Interest rate swaps	–	129
	18 877	11 662
	R	R
Exchange rates used for conversion of foreign items were:		
Euro	13,12	15,09
US dollar	12,21	10,88
Swiss franc	N/A	12,34

The Group reviews its foreign currency exposure, including commitments, on an ongoing basis. The Group expects its foreign exchange contracts to hedge foreign exchange exposure.

34. FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS

The fair values, which approximate the carrying values, net gains and losses recognised in profit and loss, total interest income, total interest expense, and impairment of each class of financial instrument are as follows:

	Carrying value R'000	Net gains/ (losses) recognised in profit and loss R'000	Total interest income R'000	Impairment R'000
31 March 2015				
Group				
Assets				
Loans and receivables	3 253	–	80	–
Receivables and loans	485 448	–	2 577	2 227
Trade receivables	321 742	–	2 577	2 227
Other receivables	12 811	–	–	–
Related-party receivables	150 895	–	–	–
Derivative financial instruments	1 561	(447)	–	–
Foreign exchange contracts	1 445	(447)	–	–
Interest rate swaps	116	–	–	–
Cash and cash deposits	389 044	–	9 851	–
Total	879 306	(447)	12 508	2 227

Notes to the annual financial statements (continued) for the year ended 31 March 2015

34. FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS (continued)

	Carrying value R'000	Net gains/ (losses) recognised in profit and loss R'000	Total interest expense R'000	Impairment R'000
31 March 2015				
Group				
Liabilities				
Long-term liabilities	80 636	—	12 101	—
Interest-bearing: capitalised finance leases	3 689	—	1 623	—
Interest-bearing: loans and other	76 947	—	10 478	—
Short-term payables and loans	413 665	(1 811)	142	—
Interest-bearing: capitalised finance leases	4 482	—	—	—
Interest-bearing: loans and other	66 667	—	—	—
Trade payables	155 656	(1 811)	142	—
Accrued expenses and other current liabilities	183 773	—	—	—
Related-party payables	3 087	—	—	—
Derivatives	18 877	8 047	326	—
Foreign exchange contracts	18 877	8 047	—	—
Interest rate swaps	—	—	326	—
Bank overdrafts and call loans	107 203	—	13 833	—
Total	620 381	6 236	26 402	—

The fair values, together with the carrying values, net gains and losses recognised in profit and loss, total interest income, total interest expense, and impairment of each class of financial instrument are as follows:

	Carrying value R'000	Net gains/ (losses) recognised in profit and loss R'000	Total interest income R'000	Impairment R'000
31 March 2014				
Group				
Assets				
Loans and receivables	3 284	—	51	—
Receivables and loans	456 201	—	939	(3 562)
Trade receivables	238 632	—	939	(3 562)
Other receivables	37 439	—	—	—
Related-party receivables	180 130	—	—	—
Derivative financial instruments	5 150	—	—	—
Foreign exchange contracts	4 451	—	—	—
Interest rate swaps	699	—	—	—
Cash and cash deposits	98 612	—	6 264	—
Total	563 247	—	7 254	(3 562)

34. FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS (continued)

	Carrying value R'000	Net gains/ (losses) recognised in profit and loss R'000	Total interest expense R'000	Impairment R'000
31 March 2014				
Group				
Liabilities				
Long-term liabilities	62 895	–	3 210	–
Interest-bearing: capitalised finance leases	4 562	–	593	–
Interest-bearing: loans and other	58 333	–	2 617	–
Short-term payables and loans	386 090	(1 811)	16 798	–
Interest-bearing: capitalised finance leases	3 412	–	–	–
Interest-bearing: loans and other	168 970	–	16 790	–
Trade payables	196 770	(1 811)	8	–
Accrued expenses and other current liabilities	15 089	–	–	–
Related-party payables	1 849	–	–	–
Derivatives	11 662	8 047	1 915	–
Foreign exchange contracts	11 533	8 047	–	–
Interest rate swaps	129	–	1 915	–
Bank overdrafts and call loans	59 810	–	3 961	–
Total	520 457	6 236	25 884	

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

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market (for example, derivatives such as interest rate swaps, foreign exchange contracts and certain options) is determined through valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the annual financial statements (continued)

for the year ended 31 March 2015

34. FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS (continued)

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
At 31 March 2015				
Group				
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
At 31 March 2014				
Assets				
Interest rate swap	–	699	–	699
Foreign exchange contracts	–	4 451	–	4 451
	–	5 150	–	5 150
Liabilities				
Interest rate swap	–	129	–	129
Foreign exchange contracts	–	11 533	–	11 533
	–	11 662	–	11 662

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, and the duration of the relevant interest rate swap arrangement.

Price risk

The Group is not exposed to significant price risk.

35. FINANCIAL INSTRUMENTS BY CATEGORY

Financial instruments disclosed in the statement of financial position include interest-bearing borrowings, financial assets, cash and cash equivalents, trade and other receivables and trade and other payables.

The following is a summary of financial instrument categories applicable to the Group:

Financial assets

	Loans and receivables R'000	Fair value through profit or loss – designated R'000	Total R'000
2015			
Loans and receivables	3 253	80	3 333
Trade and other receivables	334 553	–	334 553
Related-party receivables	150 895	–	150 895
Derivative financial instruments	–	1 561	1 561
Cash and cash equivalents	389 044	–	389 044
	877 745	1 641	879 386
2014			
Loans and receivables	3 284	–	3 284
Trade and other receivables	276 071	–	276 071
Related-party receivables	180 130	–	180 130
Derivative financial instruments	–	5 150	5 150
Cash and cash equivalents	98 612	–	98 612
	558 097	5 150	563 247

Financial liabilities

	Financial liabilities at amortised cost R'000	Fair value through profit or loss – designated R'000	Total R'000
2015			
Long-term liabilities	151 785	–	151 785
Trade and other payables	339 429	–	339 429
Related-party payables	3 087	–	3 087
Derivative financial instruments	–	18 877	18 877
Bank overdrafts	107 203	–	107 203
	601 504	18 877	620 381
2014			
Long-term liabilities	235 277	–	235 277
Trade and other payables	211 859	–	211 859
Related-party payables	1 849	–	1 849
Derivative financial instruments	–	11 662	11 662
Bank overdrafts	59 810	–	59 810
	508 795	11 662	520 457

Notes to the annual financial statements (continued) for the year ended 31 March 2015

36. ANALYSIS OF SHAREHOLDERS

Size of holdings	Number of shareholders	Number of shares owned
1 – 1 000	371	169 200
1 001 – 50 000	656	5 359 711
50 001 – 100 000	43	3 088 091
100 001 – 10 000 000	112	82 356 323
10 000 001 and above	3	256 359 129
	1 185	347 332 454

The following shareholders hold 5% or more of the issued share capital of the company.

Name	% held	Number of shares owned
Media24 Proprietary Limited	61,18%	212 500 000
Novus Holdings Share Trust	7,00%	24 313 272
36ONE Asset Management	5,63%	19 554 595
Adbait Proprietary Limited	5,63%	19 545 857

Public shareholder spread

To the best of the knowledge of the directors, the spread of public shareholders in terms of section 4.25 of the JSE Limited Listings Requirements at 31 March 2015 was 27,38%, represented by 1 181 shareholders holding 87 500 000 shares in the company. The non-public shareholders of the company comprising four shareholders representing 256 359 129 ordinary shares are analysed as follows:

Shareholder	Number of shares	% of issued share capital
Media24 Proprietary Limited	212 500 000	61,18%
Novus Holdings Share Trust	24 313 272	7,00%
Adbait Proprietary Limited	19 545 857	5,63%
Latiano 554 Proprietary Limited	3 473 325	1,00%
	256 359 129	73,8%

37. DIRECTORS' INTERESTS IN SHARE CAPITAL AND TRANSACTIONS

Other than as disclosed in notes 16 and 30, no director of the company nor any director of any of its subsidiaries has or had any beneficial interest, directly or indirectly, in any transaction that is, or was, material to the business of Novus Holdings Limited and that was effected by Novus Holdings Limited during the current financial year or the immediately preceding financial year, or in respect of any previous financial year that remains in any respect outstanding or unperformed.

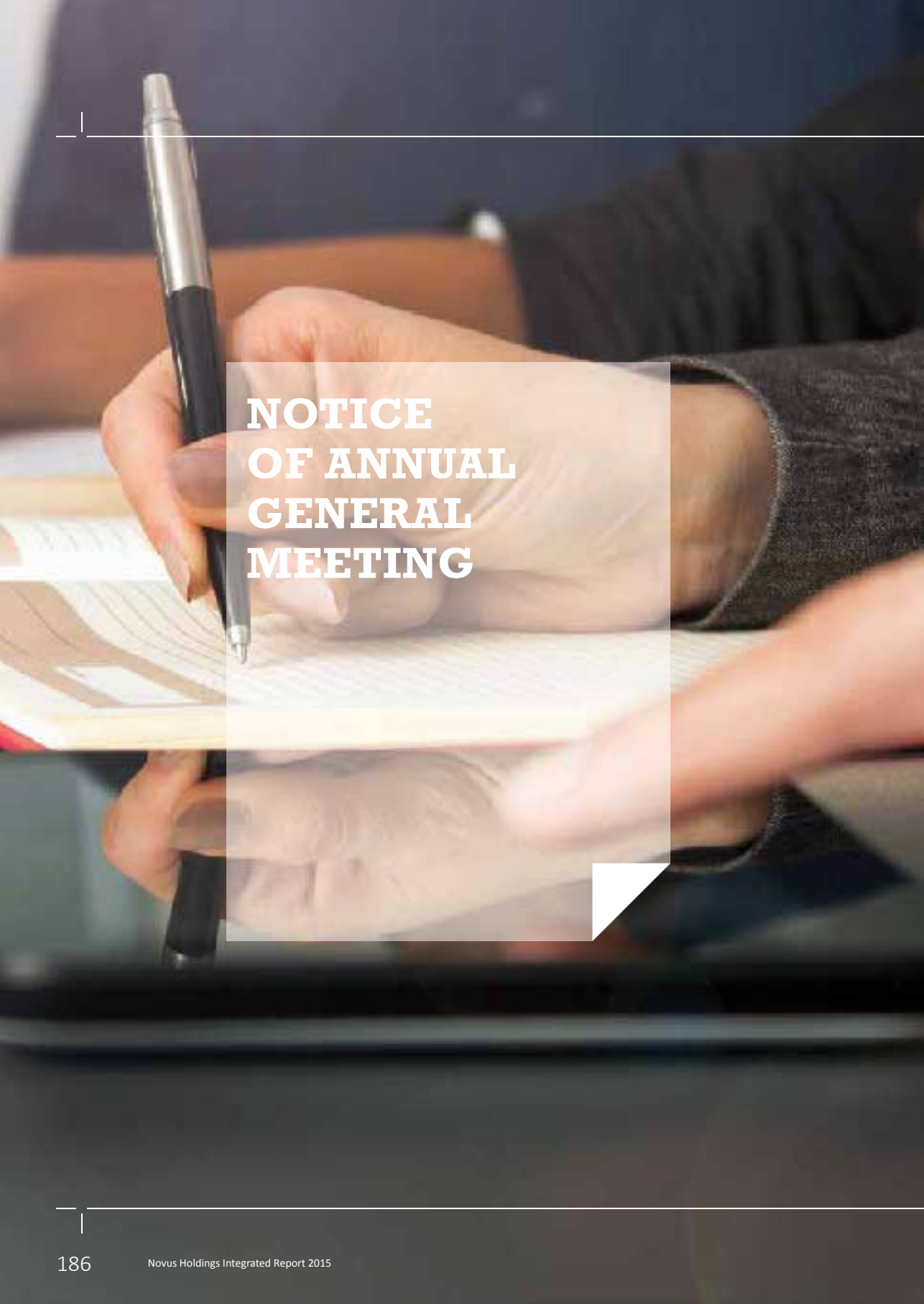
Directors' interests in shares

	Direct	Indirect	Total
Executive			
– STM van der Walt	–	2 778 660	2 778 660
– E van Niekerk	–	1 041 997	1 041 997
– KA Vroon (alternate)	–	1 910 329	1 910 329
			<u>5 730 986</u>
Non-executive			
– LP Retief	19 545 857	3 473 325	<u>23 019 182</u>
			<u>23 019 182</u>

Mr Lambert Retief holds an interest in the company through Adbait Proprietary Limited, which holds 19 545 857 shares. Detail of directors' participation in share/SARs schemes is included in note 16.

38. EVENTS AFTER REPORTING DATE

With effect from 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 R7,9 million.

A close-up photograph of a person's hand holding a black and silver pen, writing on a yellow notepad. The notepad has some faint, illegible handwriting. A semi-transparent white rectangular box is overlaid on the right side of the image, containing the text 'NOTICE OF ANNUAL GENERAL MEETING' in white, bold, sans-serif capital letters. The background is blurred, showing a dark blue or black surface.

NOTICE OF ANNUAL GENERAL MEETING

NOVUS HOLDINGS LIMITED

(Being a profit company in terms of the Companies Act, 71 Of 2008 and registered under registration number 2008/011165/06 – “the company”)

NOTICE IS HEREBY GIVEN OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS, TO BE HELD AS FOLLOWS –

Place: 10 Freedom Way, Marconi Beam, Montague Gardens (the registered office of the company)
Date: 7 August 2015
Time: 10:00

CONVENED PURSUANT TO CLAUSE 24.2 OF THE MEMORANDUM OF INCORPORATION OF THE COMPANY (MOI) IN ACCORDANCE WITH SECTION 61(7), IN CONJUNCTION WITH SECTION 62(1)(a), OF THE COMPANIES ACT, 71 OF 2008, AS AMENDED (the Companies Act)

1 INTRODUCTION AND EXPLANATORY NOTES

1.1 Purpose – the company proposes:

- 1.1.1 for the purpose of the Annual General Meeting (i) to present the directors’ report and the audited annual financial statements of the company for the immediate preceding financial year, an audit and risk committee report and the social and ethics committee report (if any); (ii) to consider and, if approved, to adopt with or without amendment, the resolutions set out below; and (iii) to consider any matters raised by the shareholders of the company, with or without advance notice to the company; and, more particularly,
- 1.1.2 to confirm the appointment of a number of executive directors;
- 1.1.3 to elect and approve the appointment of a number of directors;
- 1.1.4 to elect and approve the appointment of the audit and risk committee;

- 1.1.5 place a certain number of the authorised share capital of the company under the control of the directors of the company;
- 1.1.6 approve ancillary matters, all as set in the further resolutions hereunder; and
- 1.1.7 authorise any director or secretary of the company to sign and give effect to the resolutions set out hereunder.

1.2 Attendance and voting – the shareholders are notified that:

- 1.2.1 **Identification of shareholders –** participants at the Annual General Meeting must provide satisfactory identification in accordance with section 63(1) of the Companies Act and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified – forms of identification include valid identity documents, driver’s licences and passports.
- 1.2.2 **Appointment of proxy –** a shareholder of the company who is entitled to attend the Annual General Meeting and to vote thereat is entitled in accordance with the MOI of the company to appoint one proxy to attend the Annual General Meeting on his/her behalf, to participate and speak and vote thereat in the place of the shareholder and/or appoint a person/s to exercise voting rights in accordance with section 57(1) of the Companies Act.
- 1.2.3 **Status of proxy –** a proxy need not also be a shareholder of the company.

- 1.2.4 **Proxy form** – a form of proxy, which includes the relevant instructions for its completion, is attached for the use of holders of certificated shares and “own name” dematerialised shareholders who wish to be represented at the Annual General Meeting. Completion of a form of proxy will not preclude such a shareholder from attending and voting (in preference to that shareholder’s proxy) at the Annual General Meeting. Holders of dematerialised shares, other than “own name” dematerialised shareholders, who wish to vote at the Annual General Meeting, must instruct their Central Securities Depository Participant (CSDP or participant) or broker accordingly in the manner and cut-off time stipulated by their CSDP or broker. The form appointing a proxy and the authority (if any) under which it is signed, must reach the transfer secretaries of the company (**Link Market Services South Africa Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein 2001 or PO Box 4844, Johannesburg 2000**) by no later than 10:00 on Wednesday, 5 August 2015 (i.e. at least 48 hours before the commencement of the Annual General Meeting or adjourned meeting at which the proxy intends to exercise that shareholder’s rights). A form of proxy is enclosed with this Notice. The form of proxy may also be obtained from the registered office of the company;
- 1.2.5 **Electronic participation** – the company will not provide for electronic participation at the Annual General Meeting.

- 1.2.6 All resolutions put to the vote shall be decided by a polled vote in accordance with clause 26.3 of the memorandum of incorporation of the company.

- 1.3 It is recorded that words and phrases defined anywhere in the text of this document shall have the meaning throughout this document, unless specifically provided otherwise.

2 RECORD DATE AND REQUISITE QUORUM AND MAJORITY FOR THE RESOLUTIONS TO BE PASSED AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

- 2.1 The **record date** for the Annual General Meeting (being the date used for the purpose of determining which shareholders are entitled to participate in and vote at the meeting) is Friday, 31 July 2015.
- 2.2 The requisite **quorum** is determined, subject to the Companies Act, in accordance with clause 24.4.1 of the MOI, read in conjunction with the definition of “shareholder” in clause 1.1.26 of the MOI, to count the number of shareholders for purposes of a quorum.
- 2.3 For the special resolutions set out hereunder to be passed, it must be supported by at least 75% of the voting rights of all shareholders present at the Annual General Meeting, exercised on this special resolution.
- 2.4 For ordinary resolution number 9 set out hereunder to be passed, it must be supported by at least 75% of the voting rights of all shareholders present at the Annual General Meeting, exercised on this ordinary resolution.

2.5 For the ordinary resolutions set out hereunder (except for ordinary resolution number 9) to be passed, it must be supported by more than 50% of the voting rights of all shareholders present at the Annual General Meeting, exercised on each of these ordinary resolutions respectively.

2.6 The special resolution and ordinary resolutions accordingly passed at the Annual General Meeting of shareholders are as set hereunder.

3 INTEGRATED ANNUAL REPORT AND NO CHANGE STATEMENT

3.1 **Integrated annual report** – the integrated report of the company for the financial year ended 31 March 2015 is available on **www.novus.holdings** or on request during normal business hours at the registered office of the company, **10 Freedom Way, Marconi Beam, Montague Gardens** (contact person Bradley Meyers) and in Johannesburg at the sponsor of the company, **Investec Bank Limited, 2nd Floor, 100 Grayston Drive, Sandown, Sandton 2196, South Africa** (contact person Robert Smith). In particular, reference is also made to the remuneration payable to the non-executive directors and members of the board committees as contained in this integrated report that have been approved by the shareholders of the company for the time being on 20 February 2015 in accordance with sections 66(8) and (9) of the Companies Act for the ensuing two financial years ending respectively on 31 March 2016 and 31 March 2017.

3.2 **No change statement** – other than the facts and developments reported on in the integrated report and annual financial statements, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

4 ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF FINANCIAL STATEMENTS

Resolved that, the financial statements of the company and the Group for the twelve (12) months ended 31 March 2015 (as approved by the board of directors of the company) and the reports of the directors, the auditor and the audit and risk committee to be considered and accepted.

Note: The full set of the financial statements form part of this notice. A copy of the full annual financial statements of the company for the financial year ended 31 March 2015 can be obtained from **www.novus.holdings** or on request during normal business hours at the registered office of the company, **10 Freedom Way, Marconi Beam, Montague Gardens** (contact person Bradley Meyers) and in Johannesburg at the sponsor of the company, **Investec Bank Limited, 2nd Floor, 100 Grayston Drive, Sandown, Sandton 2196, South Africa** (contact person Robert Smith).

5 ORDINARY RESOLUTION NUMBER 2 – APPOINTMENT OF AUDITOR

Resolved that, on the recommendation of the company's audit and risk committee, the firm PricewaterhouseCoopers Inc. as independent registered auditor of the company be appointed (noting that Mr Hugo Zeelie is the individual registered auditor of that firm who will undertake the audit) for the period until the next Annual General Meeting of the company.

Note: The audit and risk committee of the company has satisfied itself that PricewaterhouseCoopers Inc. (including the individual registered auditor who undertakes the audit) is independent as contemplated by the South African independence laws and the applicable rules of the International Federation of Accountants (IFAC) and nominated the reappointment of PricewaterhouseCoopers Inc. as independent registered auditor to the company, to report on the financial year ending 31 March 2016, until the conclusion of the 2016 Annual General Meeting. Furthermore, the audit and risk committee has, in terms of paragraph 3.86 of the JSE Listings Requirements, considered and satisfied itself that PricewaterhouseCoopers Inc., the reporting accountant and individual auditor are accredited to appear on the JSE List of Accredited Auditors, in compliance with section 22 of these Listings Requirements.

6 ORDINARY RESOLUTION NUMBER 3 – ELECTION OF DIRECTORS

Resolved that, in accordance with clause 30.2.5 of the MOI, the election and appointment of directors, whose names and particulars are as set out in ordinary resolution numbers 4 and 5 below, be and is hereby approved in a single vote in respect of all the aforementioned directors.

7 ORDINARY RESOLUTION NUMBER 4 – CONFIRMATION OF APPOINTMENT OF EXECUTIVE DIRECTORS

Resolved that, in accordance with clause 33.1 of the MOI read in conjunction with clause 30.2.1 of the MOI and pursuant to the authority granted in terms of clause 30.2.5 of the MOI, the appointment of the executive directors, who do not retire by rotation, be and is hereby confirmed

and approved, the names and particulars of which directors and the respective dates of their appointment are as set out hereunder –

- Stephen Tjaart Mauritz van der Walt (Appointed 1 July 2008)
- Edward van Niekerk (Appointed 6 June 2012)

Note: The board of directors of the company unanimously recommends the approval of the appointments of the directors in question. Their abridged curricula vitae appear in the integrated report.

8 ORDINARY RESOLUTION NUMBER 5 – APPOINTMENT OF DIRECTORS

Resolved that, in accordance with clause 30.3.4.1 of the MOI read in conjunction with clause 30.3.4.2 of the MOI and pursuant to the authority granted in terms of clause 30.2.5 of the MOI, the election and appointment of directors, who retire by rotation and, being eligible, offer themselves for re-election, be and is hereby approved in a single vote, the names and particulars of which directors and the respective dates of their election and appointment are as set out hereunder –

- Lambert Phillips Retief (Appointed 1 July 2008)
- Uys Meyer (Appointed 1 October 2008)
- Esmaré Weideman (Appointed 1 May 2011)

Note: One third of the number of directors in office is subject to rotation and the directors to retire in each year shall be those who have been longest in office since their last election. The board of directors of the company unanimously recommends the approval of the appointments of the directors in question. Their abridged curricula vitae appear in the integrated report.

9 ORDINARY RESOLUTION NUMBER 6 – APPOINTMENT OF AUDIT AND RISK COMMITTEE

Resolved that, as required in terms of the Companies Act and as recommended by the King Report on Governance for South Africa 2009 (chapter 3), the election and appointment of the audit and risk committee members, whose names and particulars and the respective dates of appointment are as set out hereunder, be and is hereby approved in a single vote in respect of all the aforementioned audit and risk committee members, namely –

- Bernard John Olivier
(Appointed 23 February 2015)
- Uys Meyer* (Appointed 1 October 2008)
- Gugulethu Patricia Dingaan
(Appointed 23 February 2015)

Note: The board of directors of the company unanimously recommends the approval of the appointments of the audit and risk committee members in question, and is satisfied that all of them are suitably skilled and experienced independent non-executive directors and that they collectively have sufficient qualifications and experience in all necessary disciplines to fulfil their duties, as contemplated in regulation 42 of the Regulations 2011 to the Companies Act. They have a comprehensive understanding of financial reporting, internal financial controls, risk management and governance processes within the company, as well as International Financial Reporting Standards and other regulations and guidelines applicable to the company. They keep up to date with developments affecting their required skills set. Their abridged curricula vitae appear in the integrated report.

* *Subject to his re-election as director pursuant to ordinary resolution number 5 above.*

10 ORDINARY RESOLUTION NUMBER 7 – ENDORSEMENT OF THE NOVUS HOLDINGS REMUNERATION POLICY

Resolved that, by way of a non-binding advisory vote, the company's remuneration policy (excluding the remuneration of the non-executive directors and the members of statutory and board committees for their services as directors and members of committees – considering clause 3.1 above), as set out on page 101 of the integrated report and on the company's website at **www.novus.holdings**, is endorsed.

Note: Chapter 2 of the King Report on Governance for South Africa 2009, dealing with boards and directors, requires companies to table their remuneration policy every year for shareholders in a non-binding advisory vote at the Annual General Meeting. This vote enables shareholders to express their views on the remuneration policies adopted for, among others, executive directors and on their implementation. The remuneration policy of Novus Holdings Limited, which is titled "the Novus Holdings remuneration policy", is available on the company's website at **www.novus.holdings**. The remuneration policy deals with, inter alia, the company's approach to remuneration governance, reward philosophy and strategy and guidelines on the various components making up the remuneration packages of employees of the company including the remuneration arrangements in place for the non-executive directors. Please note that the remuneration to be paid to non-executive directors for their services as directors will require the approval of the shareholders of the company by special resolution (see paragraph 3.1 above), in terms of the Companies Act, such remuneration having been benchmarked in relation with other similar-sized public-listed companies in South

Africa. This ordinary resolution number 7 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the board will take the outcome of the vote into consideration when considering the remuneration policy in the remuneration of, among others, executive directors.

11 ORDINARY RESOLUTION NUMBER 8 – GENERAL ISSUE OF SHARES

Resolved that, in terms of section 38, as read with section 40, of the Companies Act and clause 7.7 of the MOI, the company be and is hereby authorised, by way of a general authority, to proceed with the issue of unissued ordinary no par value shares in the authorised ordinary share capital of the company –

- i. limited to 10% (ten per cent) of the issued ordinary share capital of the company on the record date of this Annual General Meeting, amounting to 34 733 245 shares of the company's issued ordinary share capital of the company on the record date;
- ii. subject thereto that a rights issue that may be undertaken by the company, be included in the above 10% limitation that will also apply to such rights issue;
- iii. which shares be and is hereby placed under the control of the directors until the next Annual General Meeting of the company; and
- iv. the directors be and is hereby authorised to allot and issue any such shares as they may deem fit, subject to the Companies Act, the MOI of the company and the Listings Requirements.

Note: The reason for this ordinary resolution is that the board of directors requires authority to issue ordinary no par value shares from time to time as may be required, inter alia, as part of the company's fund raising exercises and to maintain a healthy capital adequacy ratio.

12 ORDINARY RESOLUTION NUMBER 9 – GENERAL ISSUE OF SHARES FOR CASH

Resolved that subject to ordinary resolution number 8 being approved and included in the number of unissued ordinary no par value shares referred to in ordinary resolution number 8 above, in terms of section 38, as read with section 40, of the Companies Act and clauses 7.7 and 7.8 of the MOI, the company be and is hereby authorised, as a general approval and authority to allot and issue ordinary no par value shares and options or convertible securities that are convertible into an existing class of equity securities for cash without restriction, as the directors may deem fit, subject to compliance with the Companies Act, the MOI of the company and the Listings Requirements, provided that:

- i. this general approval shall expire at the date of the company's next Annual General Meeting in 2016 or 15 (fifteen) months from the date of this meeting of shareholders, whichever is the earlier;
- ii. any such issue will be securities of a class already in issue, or limited to such securities or rights that are convertible into a class already in issue;
- iii. the securities will be issued only to public shareholders (as defined in the Listings Requirements) and not to related parties;

- iv. during the period permitted in terms of this general approval the general issue of securities of a specific class will, in any financial year not exceed, in the aggregate, 10% of the issued ordinary share capital of the company on the record date of this Annual General Meeting in that class at the record date, amounting to 34 733 245 shares of the company's issued ordinary share capital of the company on the record date, it being recorded that ordinary no par value shares issued in terms of ordinary resolution number 8 above will diminish the number of ordinary no par value shares that may comprise the 10% of ordinary no par value shares that can be issued as contemplated in ordinary resolution number 8 above and this ordinary resolution number 9;
- v. in determining the price at which an issue of equity securities may be made in terms of this general authority, the maximum discount permitted will be 10% of the weighted average traded price of the equity securities as measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities – the JSE (i.e. JSE Limited, registration number 2005/022939/06, a licensed financial exchange in terms of the Financial Markets Act, 19 of 2012, as amended) will be consulted for a ruling if the company's securities have not traded on the JSE in such 30 (thirty) business day period; and
- vi. upon any issue of ordinary shares which, together with prior issues of ordinary shares during the same financial year, will constitute 5% (five per cent) or more of the total number of ordinary shares in issue prior to that issue, the company shall publish an announcement in terms of section 11.22 of the JSE Listings Requirements.

Note: The reason for this ordinary resolution is that the board of directors requires authority to issue ordinary no par value shares for cash as may be required as part of the company's normal fund raising exercises and to maintain a healthy adequacy ratio.

13 SPECIAL RESOLUTION NUMBER 1 – FINANCIAL ASSISTANCE

Resolved that, the board may, subject to sections 44 and 45 of the Companies Act and the MOI, authorise the company to generally provide direct or indirect financial assistance as contemplated by sections 44 and 45 of the Companies Act:

- i. by way of loan, guarantee, the provision of security, or otherwise to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the company, or any related or inter-related company to the company, or for the purchase of any securities of the company, or any related or inter-related company; and/or

- ii. to a director or prescribed officer of the company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member,

provided that no such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this special resolution number 1 or the date of the Annual General Meeting of the company to be held in 2016, whichever is the earlier.

The **reason** for and **effect** of this special resolution number 1 is to, in terms of sections 44 and 45 of the Companies Act read with the JSE Listings Requirements in so far as may be necessary, grant the directors of the company the authority to provide financial assistance to the potential recipients as set out in the resolution.

Note: Both sections 44 and 45 of the Companies Act provide, among others, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors of the company must be satisfied that:

- (i) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test as contemplated in section 4 of the Companies Act; and
- (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

14 ORDINARY RESOLUTION NUMBER 10 – SIGNING POWERS

Resolved that, any director of the company and, where applicable, the company secretary, be and is hereby authorised to do all such things, sign all such documentation and take all such actions as may be necessary to implement the abovementioned special and ordinary resolutions, hereby ratifying, allowing and confirming all and whatsoever the director and, where applicable, the company secretary, shall lawfully do or cause to be done or might have done in the premises by virtue of these present.

CORPORATE INFORMATION

Novus Holdings Limited

(Previously Paarl Media Group Proprietary Limited)
(Incorporated in the Republic of South Africa)
JSE share code: NVS
ISIN: ZAE000202149

Registered office

10 Freedom Way, Milnerton, Cape Town 7441
PO Box 37014, Chempet 7442

Independent non-executive directors

Uys Meyer (lead independent director),
Sandile Zungu, Bernard Olivier, Fred Robertson,
Jan Potgieter, Gugulethu Dingaan

Non-executive directors

Lambert Retief (chairman)
Esmaré Weideman
Manie Mayman

Executive directors

Stephen van der Walt (CEO)
Edward van Niekerk (CFO)
Keith Vroon (COO)*

* *Alternate*

Company secretary

Bradley Meyers

Investment bank and sponsor

Investec Bank Limited, 2nd Floor,
100 Grayston Drive, Sandown, Sandton 2196
PO Box 785700, Sandton 2146

Transfer secretary

Link Market Services South Africa Proprietary Limited,
13th Floor, Rennie House, 19 Ameshoff Street,
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Independent reporting accountants and auditors

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