NOVUS HOLDINGS LIMITED AND ITS SUBSIDIARIES

Registration Number: 2008/011165/06

CONDENSED CONSOLIDATED UNREVIEWED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2020

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

Unreviewed Interim Results for the six months ended 30 September 2020.

With extensive experience and a solid track record, Novus Holdings services the country and customers across the African continent through its print production of all short to long run requirements of magazines, retail inserts, catalogues, books, newspapers and commercial work. The Group produces educational materials for governments and multi-national publishers. Beyond traditional printing, the Group has a packaging division that offers wet-glue and wrap-around labels, pressure sensitive labels and flexible plastic packaging as well as operating a tissue manufacturing plant.

SALIENT FEATURES

- Revenue declined by 31,6% to R1 523 million (2019: R2 227 million)
- Headline earnings per share decreased by 83,8% to 4,8 cents per share (2019: 29,4 cents per share)
- Earnings per share decreased by 68,3% to 7,9 cents per share (2019: 24,8 cents per share)
- Net asset value per share decreased to 783,6 cents (2019: 918,4 cents) following a material impairment exercise at 31 March 2020
- Free cash flow* improved by R145,5 million to R91,1 million (2019: (R54,4 million))
- Cash conversion^ increased to 190,4% (2019: (22,9%))
- Cash closing position compared to 31 March 2020 improved by R70,6 million to R245,1 million

PERFORMANCE OVERVIEW

The Group's performance has been severely impacted by the effect of the COVID-19 lockdown and the pandemic's effect on the economy resulting in reduced demand across all product categories. The publishing sector was worst hit, with key customers announcing several title closures and reduction in volumes and pagination. All the Group's divisions stringently adhered to the Lockdown regulations and measures, with all operations only allowing for production of essential goods and aligned operational capacities accordingly with the reduced demand. The Labels Gravure division was significantly impacted by the ban on sales of alcoholic beverages with production only normalising in the second quarter. The already contracting Print industry, together with shifts in advertising spend, further exacerbated the Print segment's performance.

Group revenue therefore declined by 31,6% to R1 523 million and operating profit** declined by 106,3% to an operating loss of R9,2 million (2019: R146,1 million). The major impairment exercise conducted in FY20 resulted in depreciation savings impacting gross profit margin favourably, which remained flat at 21,4% despite margin compression and rising material costs.

Whilst performance has been bleak, the first half of the year once again saw the recognition of the majority of contractual print work for the Department of Basic Education, with the second half expecting to show a smaller portion of this work.

*Cash generated from operations less expenditure on property, plant and equipment and intangibles including proceeds on disposal of assets, less taxation paid.
** Operating profit/(loss) excluding "other gains/(losses)."
^Cash generated from operations less expenditure on property, plant and equipment and intangible assets, divided by EBITDA excluding "other gains/(losses)."

The Group continued with its objective of right-sizing the Print operations, reducing overhead costs and improving operational efficiencies. This was especially imperative in the Group's response to address the poor outlook of the Print industry. Whilst regrettable, retrenchment programmes were initiated throughout the Print segment and the Group's Central office, with retrenchment costs of R6,3 million incurred in the period. The second half of the year will see the inclusion of the remaining restructure costs with FY2022 expected to realise the benefit of the reduced structure.

Direct costs to conform to health and safety regulations arising from the gazetted COVID-19 regulations and to ensure the safety of our employees amounted to R1,4 million in the period. Load shedding also contributed negatively by R1,4 million in direct costs in the period. Informal relief continued to be offered to some customers experiencing financial difficulty and distress caused by COVID-19 by extending payment terms. The Group re-assessed the impact of COVID-19 on the trade and other receivables balances and increased the expected credit loss allowance by R14,1 million.

The Group's results for the period also accounted for the following:

- A net gain of R36,1 million within finance income relating mainly to the roll forward of forward exchange contracts (FECs) entered into prior to 31 March 2020. These were acquired at significantly favourable exchange rates compared to the prevailing rates when rolled forward and
- a profit on sale of assets within the Print segment of R12,7 million.

Print

Revenue declined by 34,8% to R1 117 million and operating profit by 109,6% to an operating loss of R11,3 million.

All product categories experienced volume declines with retail inserts significantly down by 59,6%. Magazine and Newspaper volumes decreased by 48,6% and 49,6%, respectively whilst Books and directories saw a slower decline of 4,9%.

Packaging

Revenue decreased by 27,9% to R275 million, with ITB Flexible Packaging Solutions (ITB) down 18,1% and Labels Gravure down 55,7%. The lack of demand for beverage labels significantly impacted the performance of the Labels Gravure division whilst ITB was impacted by the reduced demand stemming from the weaker economy. The segment yielded an operating profit of R2,7 million, down 92,2% compared to the prior year.

Tissue

Revenue remained flat year-on-year contributing R131 million. Gross margin showed an improvement of 5,8%. The Group consolidated the results of this division for the full period as a result of the delay in concluding the finalisation of the disposal of this business beyond the anticipated effective date of 01 June 2020.

CASH GENERATION

As part of the Group's response to mitigate the negative impact of the pandemic on its performance and liquidity, the Group has adopted an approach to preserve cash in order to maintain liquidity. This included reducing capital expenditure, resulting in an outflow of R7,1 million in the period (2019: R41,4 million), no dividend payment in the period (2019: R86,3 million) and realising proceeds from the sale of unutilised assets of R17,6 million. The Group remained focussed on reducing working capital, and whilst seeing minimal improvement compared to 31 March 2020, there was a greater improvement in September 2020 compared to September 2019 (R441 million), demonstrating these efforts. The Group closed the interim period on a cash balance of R245,1 million.

POST BALANCE SHEET EVENTS

At 31 March 2020, the Group reported that it was to dispose of its Tissue division for a purchase consideration of R60 million with an effective date of 01 June 2020, which will result in the remaining investment being accounted for as an associate. The transaction was however, as per the agreement, subject to certain suspensive conditions which were delayed under the difficult operating conditions. The effective date of the proposed transaction is to be revised to 01 October 2020 and as a consequence the Group has consolidated the results of this business up to 30 September 2020.

The aforementioned factors pertaining to the current and future performance of the Print segment informed the Group's decision to propose closure of the Linbro Park and restructuring of the City Deep print facilities and communicated to affected employees and stakeholders on 01 October 2020. At 31 March 2020, the Group impaired assets in the Linbro Park facility by R105,6 million to its fair value and no further impairments to assets were deemed necessary.

OUTLOOK

Notwithstanding the uncertainties of the local economy and the COVID-19 pandemic, Group management has demonstrated its ability to respond quickly to challenges and will continue to apply this skill going forward. With the inherent strength of the balance sheet and cash generating ability, this momentum will ensure the sustainability of the Group.

The Group expects demand to remain muted in the second half of the year, before stabilising again in the medium term. The restructuring programmes which have been initiated will incur some once-off costs in the second half of the financial year, but the future benefits in cost structure and efficiencies should materialise in the 2022 year and beyond. Management will maintain a close eye on market trends and continue to respond as and when required.

In the coming months additional capital resources will be freed up along with the further anticipated cash release to support Group initiatives at improving working capital efficiencies. Working capital is expected to show a further improvement to March 2021 with the Group maintaining a positive cash balance.

Barring any further unforeseen changes in the market the Labels Gravure division is expected to see some form of recovery as trading normalises whilst ITB's performance is expected to remain stable.

The Group remains committed to transformation and sustaining its current B-BBEE Level 2 rating.

RESULTS PRESENTATION

Shareholders are advised that a further presentation on the results will be made available on the Group's website **www.novus.holdings** by 18 November 2020.

CHANGES TO COMPANY SECRETARY

In compliance with paragraph 3.59 of the JSE Limited Listings Requirements, shareholders are advised that the Board of directors of Novus Holdings ("the Board") wishes to announce the resignation of Melonie Brink as Group Company Secretary with effect from 31 December 2020. The Board wishes to express their sincere thanks to Melonie for her commitment and contribution to Novus Holdings and wishes her well in her future endeavours.

Furthermore, the Board advises shareholders that Ms. Keshree Alwar has been appointed as Group Company Secretary with effect from 01 January 2021. Keshree, who has been with the Group since 2016, holds a BCom (Hons) in Financial Accounting and is a qualified chartered accountant.

The Board is satisfied that Keshree has the competence, qualifications and experience to fulfil the role.

APPRECIATION

The Board would like to extend a special thanks to all employees for their courage and commitment to our business during the difficult times we have faced during Lockdown and the impact that the COVID-19 pandemic has had on us as a Group.

The Board would also like to extend its thanks to our shareholders, business partners, customers and suppliers for their ongoing support.

Despite the ongoing challenges we are facing, we remain committed to the task at hand and will continue to address the challenges we face with focus and determination showing the resilience that our stakeholders are accustomed to.

On behalf of the Board

Dr Phumla Mnganga
Chairman

Neil Birch
Chief executive officer

12 November 2020
Cape Town
Sponsor: Merchantec Capital

Condensed consolidated statement of financial position.

	Note	30 September 2020 Unreviewed R'000	30 September 2019 Reviewed R'000	31 March 2020 Audited R'000
Assets				
Non-current assets		**1 443 477**	2 163 447	1 491 127
Property, plant and equipment	13	**1 221 132**	1 841 528	1 268 439
Goodwill	6	**96 920**	182 709	96 920
Other intangible assets		**14 764**	22 743	15 978
Financial assets at fair value through other comprehensive income		**3 080**	3 209	3 255
Investment in associate		**2 477**	3 370	2 726
Other financial assets at amortised cost		**2 660**	3 480	2 926
Deferred taxation assets		**102 444**	106 408	100 883
Current assets		**1 573 332**	1 704 311	1 449 860
Inventory	15	**484 845**	631 457	486 634
Trade and other receivables	15	**494 081**	715 313	532 868
Contract assets	15	**206 806**	245 358	21 533
Derivative financial instruments	17	**1 004**	7 319	76 664
Current income tax receivable		**15 780**	11 631	28 614
Cash and cash equivalents		**245 141**	93 233	177 872
Non-current assets held for sale	14	**125 675**	—	125 675
Total Assets		**3 016 809**	3 867 758	2 940 987
Equity and Liabilities				
Capital and reserves attributable to the Group's equity holders		**2 253 713**	2 641 341	2 279 476
Share capital		**602 656**	602 656	602 656
Treasury shares		**(507 344)**	(507 344)	(507 344)
Other reserves		**(67 892)**	(73 052)	(19 496)
Retained earnings		**2 226 293**	2 619 081	2 203 660
Non-controlling interest		**2 760**	2 390	2 779
Total Equity		**2 256 473**	2 643 731	2 282 255
Liabilities				
Non-current liabilities		**193 392**	397 593	240 217
Post-employment benefit obligations and provisions		**17 267**	17 249	18 016
Long-term liabilities		**104 500**	142 329	116 342
Deferred taxation liabilities		**64 657**	211 432	97 900
Deferred grant income		**6 968**	26 583	7 959
Current liabilities		**566 944**	826 434	418 515
Current portion of long-term liabilities		**24 155**	29 202	26 055
Trade and other payables	15	**536 991**	501 980	384 972
Current income tax payable		**—**	—	2 847
Derivative financial instruments	17	**4 448**	457	—
Bank overdrafts		**—**	292 655	3 335
Deferred grant income		**1 350**	2 140	1 306
Total Equity and Liabilities		**3 016 809**	3 867 758	2 940 987

Condensed consolidated income statement and statement of comprehensive income.

	Note	Six months ended 30 September 2020 Unreviewed R'000	2019 Reviewed R'000
Consolidated Income Statement			
Revenue	7	**1 523 150**	2 227 417
Cost of sales		**(1 197 309)**	(1 749 831)
Gross profit		**325 841**	477 586
Operating expenses		**(335 017)**	(331 511)
Other gains/(losses)		**12 400**	(18 334)
Operating profit		**3 224**	127 741
Finance income	8	**37 073**	1 811
Finance costs	9	**(8 045)**	(29 341)
Share of net (losses)/profits of associate accounted for using the equity method		**(249)**	228
Profit before taxation		**32 003**	100 439
Taxation		**(9 389)**	(29 522)
Net profit for the period		**22 614**	70 917
Net profit for the period attributable to:			
Equity holders of the Group		**22 633**	71 291
Non-controlling interest		**(19)**	(374)
		22 614	70 917
Consolidated Statement of Comprehensive Income			
Other comprehensive loss, net of taxation		**(52 089)**	(2 119)
Items that may be subsequently reclassified to profit or loss			
- Effect of cash flow hedges	17	**(72 171)**	(2 988)
- Tax effect		**20 207**	837
- Fair value reserve		**(174)**	45
- Tax effect		**49**	(13)
Total comprehensive (loss)/income		**(29 475)**	68 798
Total comprehensive (loss)/income attributable to:			
Equity holders of the Group		**(29 456)**	69 172
Non-controlling interest		**(19)**	(374)
		(29 475)	68 798
Earnings per share (cents)			
Basic	10	**7,87**	24,79
Diluted	10	**7,87**	24,79

Condensed consolidated statement of changes in equity.

	Share capital and premium R'000	Treasury shares R'000	Total other reserves R'000	Retained earnings R'000	Non-controlling interest R'000	Total equity R'000
For the six months ended 30 September 2019						
Balance as at 31 March 2019	602 656	(507 344)	(71 073)	2 630 131	2 764	2 657 134
Change in estimate	–	–	–	3 942	–	3 942
Total comprehensive income for the period	–	–	(2 119)	71 291	(374)	68 798
Profit for the period	–	–	–	71 291	(374)	70 917
Other comprehensive loss	–	–	(2 119)	–	–	(2 119)
Transactions with owners:						
Share based compensation movement	–	–	140	–	–	140
Dividends paid	–	–	–	(86 283)	–	(86 283)
Total transactions with owners	–	–	140	(86 283)	–	(86 143)
Balance as at 30 September 2019	602 656	(507 344)	(73 052)	2 619 081	2 390	2 643 731
For the six months ended 30 September 2020						
Balance as at 31 March 2020	602 656	(507 344)	(19 496)	2 203 660	2 779	2 282 255
Total comprehensive loss for the period	**–**	**–**	**(52 089)**	**22 633**	**(19)**	**(29 475)**
Profit for the period	**–**	**–**	**–**	**22 633**	**(19)**	**22 614**
Other comprehensive loss	**–**	**–**	**(52 089)**	**–**	**–**	**(52 089)**
Transactions with owners:						
Share based compensation movement	**–**	**–**	**3 693**	**–**	**–**	**3 693**
Total transactions with owners	**–**	**–**	**3 693**	**–**	**–**	**3 693**
Balance as at 30 September 2020	**602 656**	**(507 344)**	**(67 892)**	**2 226 293**	**2 760**	**2 256 473**

Condensed consolidated statement of cash flows.

	Note	Six months ended 30 September 2020 Unreviewed R'000	Six months ended 30 September 2019 Reviewed R'000	Year ended 31 March 2020 Audited R'000
Cash flows from operating activities				
Profit/(loss) before taxation		**32 003**	100 439	(446 280)
Non-cash movements in profit/(loss) before tax		**28 942**	131 699	782 742
Net changes in working capital		**33 665**	(243 505)	91 076
Cash generated from/(utilised in) operations		**94 610**	(11 367)	427 538
Finance income		**979**	1 811	3 695
Finance costs		**(2 688)**	(17 014)	(16 819)
Taxation paid		**(13 950)**	(28 384)	(38 003)
Related party dividends received		**–**	–	736
Net cash generated from/(utilised in) operating activities		**78 951**	(54 954)	377 147
Cash flows from investing activities				
Property, plant and equipment acquired		**(6 420)**	(41 090)	(79 525)
Proceeds on sale of property, plant and equipment		**17 624**	2 708	2 846
Proceeds from the sale of non-current assets held for sale		**–**	24 118	24 235
Financial assets at amortised cost advanced		**(73)**	–	(626)
Financial assets at amortised cost repaid		**339**	896	2 050
Purchase of intangible assets		**(718)**	(345)	(1 135)
Acquisition of associate		**–**	(3 143)	–
Acquisition of subsidiaries/businesses		**–**	–	(650)
Disposal of subsidiaries/businesses		**–**	25 655	34 134
Acquisition of associate		**–**	–	(3 143)
Net cash generated from/(utilised) in investing activities		**10 752**	8 799	(21 814)
Cash flows from financing activities				
Repayment of long-term loans		**(7 207)**	(6 580)	(13 506)
Repayment of leases		**(11 892)**	(6 529)	(27 132)
Dividends paid	16	**–**	(86 283)	(86 283)
Net cash utilised in financing activities		**(19 099)**	(99 392)	(126 921)
Net increase/(decrease) in cash and cash equivalents		**70 604**	(145 547)	228 412
Cash and cash equivalents at the beginning of the period		**174 537**	(53 875)	(53 875)
Cash and cash equivalents at the end of the period		**245 141**	(199 422)	174 537

Notes to the condensed consolidated interim financial statements.

For the six months ended 30 September 2020

1. BASIS OF PREPARATION

The condensed consolidated unreviewed interim financial statements for the six months ended 30 September 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS), (IAS) 34 Interim Financial Reporting and the IFRS Interpretations Committee (IFRIC), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act of South Africa and the JSE Limited ("JSE") Listings Requirements.

The condensed consolidated interim financial statements do not include all the notes of the type normally included in consolidated annual financial statements. Accordingly, this condensed consolidated interim financial statements are to be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2020.

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

None of the new or amended accounting pronouncements that are effective for the financial year commencing 01 April 2020 are expected to have a material impact on the Group.

2. ESTIMATES

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2020.

3. SEASONALITY OF OPERATIONS

Due to the seasonal nature of the operating segments within the Group, revenue and operating profit in the second half of the financial year will not necessarily be in line with the first six months.

4. PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The preparation of the condensed consolidated interim financial statements was supervised by the Chief Financial Officer, Harry Todd CA (SA). The condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

5. IMPACT OF THE COVID-19 PANDEMIC

The impact of COVID-19 and the current economic environment on the basis of preparation of the condensed consolidated interim financial statements has been considered. The directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information. Forecast liquidity has been assessed under various scenarios to support this assertion.

The Group continues to remain in a sound financial position and has access to sufficient borrowing facilities to meet its foreseeable cash requirements. As at 30 September 2020, the Group is in a strong liquidity position with a positive closing cash balance of R245,1 million.

Refer to the results commentary section for further information on the impact of COVID-19 on the results of the Group.

Notes to the condensed consolidated interim financial statements.

For the six months ended 30 September 2020

6. GOODWILL

Goodwill arises on the acquisition of interests in subsidiaries and is subject to an annual impairment assessment. Management performed an updated assessment at 30 September 2020, taking into account the revised year 1 forecasted cash flows which were updated for the known and estimated impact of the COVID-19 pandemic on these future cash flows resulting from revenue declines as a result of business interruption during lockdown and further reduced consumer demand due to the weakened economic environment. A pre-tax discount rate of 15,4% was applied to discount these cash flows. The changes in assumptions since 31 March 2020 are disclosed below. There has been no impairment charge recognised during the period. Movements in the Group's goodwill for the period are detailed below:

	Six months ended 30 September		*Year ended 31 March*
	2020 Unreviewed R'000	2019 Reviewed R'000	2020 Audited R'000
Goodwill			
Opening balance	**245 984**	245 287	245 286
Acquisition of subsidiaries	**—**	—	698
Accumulated impairment	**(149 064)**	(62 578)	(149 064)
Closing balance	**96 920**	182 709	96 920

The following assumptions were applied to the cash flows of the cash generating units ("CGUs") with goodwill allocated to them.

ITB

EBITDA in 2021 adjusted downwards to take into account the CGU's expected performance resulting from reduced demand. This led to a decrease in the value-in-use by R8,6 million since 31 March 2020, remaining above its carrying amount at 30 September 2020 and therefore no impairment is required. If one or more of the inputs were changed to a reasonable possible alternative assumption, there would be no further impairment that would have to be recognised.

Novus Labels

EBITDA in 2021 adjusted downwards to take into account the CGU's expected performance. This led to a decrease in the value-in-use by R25,2 million since 31 March 2020, remaining above its carrying amount at 30 September 2020 and therefore no impairment is required. Due to the sensitivity of the value-in-use to any changes in key assumptions, this would lead to an impairment that would have to be recognised. If for example the assumed discount rate increased by 1% or if the assumed growth rate decreased by 1%, there would be an impairment charge of R2,9 million and R7,4 million respectively, with all other assumptions remaining constant.

Notes to the condensed consolidated interim financial statements.

For the six months ended 30 September 2020

7. REVENUE

	2020 Unreviewed R'000	2019 Reviewed R'000
Printing revenue	**1 134 103**	1 660 228
Distribution revenue	**21 205**	25 043
Tissue revenue	**127 370**	130 216
Packaging revenue	**221 916**	370 775
Waste revenue	**6 384**	13 301
Other revenue	**12 172**	27 854
	1 523 150	2 227 417

8. FINANCE INCOME

	2020 Unreviewed R'000	2019 Reviewed R'000
Net gain from foreign exchange translation and fair-value adjustments on derivative financial instruments	**36 094**	–
Bank	**577**	1 369
Other	**402**	442
Interest received	**979**	1 811
	37 073	1 811

The net gain of R36,1 million relates mainly to the gain resulting from the rolling forward of forward exchange contracts (FECs) entered into prior to 31 March 2020 which were acquired at significantly more favourable exchange rates compared to the prevailing rates. These contracts have therefore been rolled forward to be utilised for future purchases.

9. FINANCE COSTS

	2020 Unreviewed R'000	2019 Reviewed R'000
Net loss from foreign exchange translation and fair-value adjustments on derivative financial instruments	**–**	12 327
Bank	**2 688**	8 065
Interest on lease liabilities	**5 357**	8 930
Other	**–**	19
Interest paid	**8 045**	17 014
	8 045	29 341

Notes to the condensed consolidated interim financial statements.

For the six months ended 30 September 2020

10. EARNINGS PER SHARE

Basic earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the net profit attributable to ordinary shareholders. For the purpose of calculating earnings per share, treasury shares are deducted from the number of ordinary shares in issue. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after-tax dilutive effect. Currently, the share options granted and vested under equity settled schemes to participating employees and directors are considered 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 01/2019 issued by the South African Institute of Chartered Accountants (SAICA).

	Six months ended 30 September		*Year ended 31 March*
	2020 Unreviewed R'000	2019 Reviewed R'000	2020 Audited R'000
Calculation of headline earnings			
Net profit/(loss) attibutable to shareholders	**22 633**	71 291	(343 987)
Adjusted for:			
- (Profit)/loss on sale of property, plant and equipment	**(12 657)**	6 337	2 857
- Loss on sale of intangible assets	**257**	—	—
- Loss on sale of business	—	—	5 223
- Impairment in value of property, plant and equipment	—	—	438 042
- Impairment of goodwill	—	—	86 487
- Impairment of intangible assets	—	11 997	5 128
	10 233	89 625	193 750
Total tax effect of adjustments	**3 472**	(5 134)	(126 350)
Headline earnings	**13 705**	84 491	67 400
Number of ordinary shares in issue	**346 656 348**	346 656 348	346 656 348
Weighted average number of shares	**287 610 917**	287 610 917	287 610 917
Earnings per ordinary share (cents)			
Basic	**7,87**	24,79	(119,60)
Diluted	**7,87**	24,79	(119,60)
Headline earnings per ordinary share (cents)			
Basic	**4,77**	29,38	23,43
Diluted	**4,77**	29,38	23,43

Notes to the condensed consolidated interim financial statements.

For the six months ended 30 September 2020

11. SEGMENTAL ANALYSIS

The Group has identified its operating segments based on business by service or product and aggregated it into the reportable segments based on the nature of the operating segment and it meeting the aggregation criteria in terms of IFRS 8 paragraph 12; as they have similar profit margins, production processes, customers and suppliers. These reportable segments are Print which comprises printing of books, magazines, retail inserts and newspapers; Packaging which produces flexible packaging products and prints flexible labels and Other which includes Tissue that manufactures tissue paper and all non-print or packaging related transactions.

	Printing R'000	Packaging R'000	Other R'000	Eliminations R'000	Total R'000
30 September 2020					
External revenue	**1 116 805**	**275 428**	**130 917**	**–**	**1 523 150**
Inter-segmental revenue	**2 895**	**–**	**–**	**(2 895)**	**–**
Total Revenue	**1 119 700**	**275 428**	**130 917**	**(2 895)**	**1 523 150**
Profit/(loss) before taxation	**35 145**	**(815)**	**(2 327)**	**–**	**32 003**
30 September 2019					
External revenue	1 713 702	382 252	131 463	–	2 227 417
Inter-segmental revenue	5 766	–	–	(5 766)	–
Total Revenue	1 719 468	382 252	131 463	(5 766)	2 227 417
Profit/(loss) before taxation	87 111	23 427	(10 099)	–	100 439
Total assets					
30 September 2020	**2 874 042**	**767 707**	**366 830**	**(991 770)**	**3 016 809**
31 March 2020	2 826 566	780 192	362 003	(1 027 774)	2 940 987
Total liabilities					
30 September 2020	**542 742**	**448 840**	**760 524**	**(991 770)**	**760 336**
31 March 2020	476 773	455 839	753 894	(1 027 774)	658 732
Property, plant and equipment additions					
30 September 2020	**4 173**	**1 942**	**305**	**–**	**6 420**
31 March 2020	63 856	12 371	3 298	–	79 525
Impairment of assets					
30 September 2020	**–**	**–**	**–**	**–**	**–**
31 March 2020	(445 028)	(14 638)	(69 991)	–	(529 657)

Notes to the condensed consolidated interim financial statements.

For the six months ended 30 September 2020

12. COMMITMENTS

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

	Six months ended 30 September		*Year ended 31 March*
	2020 Unreviewed R'000	2019 Reviewed R'000	2020 Audited R'000
Commitments			
Capital expenditure	**15 616**	15 155	13 857
Lease commitments	**–**	70 316	–
	15 616	85 471	13 857

13. PROPERTY, PLANT AND EQUIPMENT

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

	2020 Unreviewed R'000	2019 Reviewed R'000	2020 Audited R'000
Cash acquisitions the period	**6 420**	41 090	79 525
Depreciation during the period	**53 444**	81 447	158 845
Impairments during the period	**–**	11 997	438 042

The impairment in the prior period related mainly to the Print segment where production equipment had been identified as redundant and therefore impaired. Significant impairments across all segments were recorded at 31 March 2020.

14. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale includes the following amounts:

An amount of R65,0 million relating to the Novus Print KwaZulu-Natal division's building was considered held for sale due to the closure of this printing facility. This was considered to be appropriately classified at 30 September 2020.

Plant and equipment of R60,4 million included as part of the sale of the Tissue business was considered held for sale. Refer to note 18 for more detail on the status of this transaction subsequent to the reporting period.

Notes to the condensed consolidated interim financial statements.

For the six months ended 30 September 2020

15. CHANGES IN WORKING CAPITAL

Contract assets & Trade and other receivables

The increase in the contract asset balances compared to 31 March 2020 relates mainly to the seasonality of the business. Normal trade and other receivables have reduced due to the reduced trading activity in the Group resulting from general volume declines and reduced sales activity as a result of the COVID-19 regulations impacting the business. Informal relief continued to be offered to some customers experiencing financial difficulty and distress caused by COVID-19, by extending payment terms. The Group re-assessed the impact of COVID-19 on the trade and other receivables at the reporting date and factored in an increased default rate to calculate the expected credit loss allowance with the allowance increasing from R39,1 million to R53,2 million.

Inventory

Inventory balances have remained in line with 31 March 2020, however, paper stock on hand has decreased in line with reduced demand, with work-in-progress balances being higher due to timing of print projects.

Trade and other payables

At 31 March 2020, the trade and other payables balance reduced due to various factors including: a reduction in stock purchases due to timing of Print projects; reduced activity at year-end due to the COVID-19 lockdown and early settlement of offshore creditors which was motivated by the anticipated unfavourable exchange rate fluctuations. This however has increased as a result of re-negotiations with local suppliers as part of management's efforts to secure more favourable creditor terms in pursuit of its cash preservation strategy and partly due to the seasonality of the business.

16. DIVIDENDS

No dividend was paid during the interim period ended 30 September 2020. In September 2019, a dividend of R86 million that relates to the period to 31 March 2019 was paid.

Notes to the condensed consolidated interim financial statements.

For the six months ended 30 September 2020

17. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

17.1 *Financial risk factors*

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

The condensed consolidated interim Group financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 March 2020. There have been no material changes in the Group's credit, liquidity and market risk or key inputs in measuring fair value since 31 March 2020.

17.2 *Fair value estimation*

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

	Level 2	Level 3	Total
	Significant other observable inputs R'000	Significant unobservable inputs R'000	R'000
30 September 2020			
Assets			
Financial assets at fair value through other comprehensive income	**3 080**	**–**	**3 080**
Foreign exchange contracts	**1 004**	**–**	**1 004**
	4 084	**–**	**4 084**
Liabilities			
Foreign exchange contracts	**4 448**	**–**	**4 448**
	4 448	**–**	**4 448**
30 September 2019			
Assets			
Financial assets at fair value through other comprehensive income	3 209	–	3 209
Foreign exchange contracts	7 319	–	7 319
	10 528	–	10 528
Liabilities			
Contingent consideration	–	6 466	6 466
Foreign exchange contracts	457	–	457
	457	6 466	6 923
31 March 2020			
Assets			
Financial assets at fair value through other comprehensive income	3 255	–	3 255
Foreign exchange contracts	76 664	–	76 664
	79 919	–	79 919

Notes to the condensed consolidated interim financial statements.

For the six months ended 30 September 2020

17. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

17.3 *Valuation techniques used to derive 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.

Financial assets at fair value through other comprehensive income - the use of quoted market prices or dealer quotes for similar instruments.

Valuation techniques and key inputs used to measure significant Level 3 fair values

Contingent consideration – expected cash outflows are estimated and calculated based on the terms of the purchase agreement

The derivative asset at 31 March 2020 was due to the rand weakening against the Euro at the end of March 2020, the average forward cover rate was 19% lower than the closing mark-to-market rate. The realisation of this foreign exchange gain had a corresponding impact of increasing current tax payable and reducing the deferred tax liability balance.

18. EVENTS AFTER REPORTING DATE

Sale of Tissue business

At 31 March 2020, the Group reported that it had entered into a series of transactional agreements in order to dispose of its Tissue division with an effective date of 01 June 2020 which will result in the Group retaining 49% of the issued share capital of the newly incorporated company into which the assets will be housed. The purchase consideration is an amount of R60 million plus an additional consideration for any stock or current assets which may be required at the effective date. The Group owned premises from which the division operates will be leased to the acquiring company with an option to purchase in future, subject to certain terms and conditions. The transaction was however, as per the agreement, subject to the certain suspensive conditions which were delayed under the difficult operating conditions. The effective date of the proposed transaction is to be revised to 01 October 2020 and as a consequence the results of this business have been consolidated up to 30 September 2020, after which this will be equity accounted going forward.

The Group continued with its objective of right-sizing the Print operations, reducing overhead costs and improving operational efficiencies. Subsequent to this review, and resulting from the significant decline in print volumes and reduction in advertising spend resulting in reduced retail and catalogue work and contracting print industry, on 01 October 2020 the Group announced to affected employees and stakeholders the proposed closure of it's Linbro Park and restructuring of it's City Deep print facilities. At 31 March 2020, the Group impaired assets in the Linbro Park facility by R105,6 million to its fair value. This was reconsidered at 30 September 2020 and no further impairments to assets are required.

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