

Nutritional Holdings Limited  
 Reg no 2004/002282/06  
 (Incorporated in the Republic of South Africa)  
 ("the Group" or "the Company")  
 Share code : NUT                      ISIN code : ZAE000156485

UNAUDITED CONDENSED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST  
 2015

The unaudited financial statements are presented on a consolidated basis

Condensed Consolidated Income Statement for the period ended	Unaudited Six months 31 Aug 2015 R'000	Unaudited Six months 31 Aug 2014 R'000	Audited Year ended 28 Feb 2015 R'000
Revenue	18,162	19,300	37,753
Cost of Sales	(11,696)	(11,501)	(23,101)
Gross Profit	6,466	7,799	14,652
Operating loss before interest	(2,109)	(1,562)	(4,063)
Finance costs	(244)	(420)	(786)
(Loss) before taxation	(2,353)	(1,982)	(4,849)
Taxation	23	(44)	1,671
(Loss) for the period	(2,330)	(2,026)	(3,178)
Other comprehensive income for the year net of taxation Attributable to ordinary shareholders	- (2,330)	- (2,026)	4,921 1,743
(Loss) per share (cents) - basic and diluted	(0.08)	(0.11)	(0.15)
Headline (loss) per share (cents) - basic and diluted	(0.08)	(0.11)	(0.15)
Number of ordinary shares in issue (000)			
- issued net of treasury shares	3,407,368	1,907,368	3,407,368
- weighted-average	2,938,532	1,907,368	2,133,053
- Diluted weighted-average	2,938,532	1,907,368	2,133,053
Calculation of headline earnings			
(Loss) for the period	(2,330)	(2,026)	(3,178)
Profit on disposal of property, plant and equipment	-	-	(60)

Headline (loss) attributable to ordinary shareholders	(2,330)	(2,026)	(3,238)
Condensed Consolidated Statement of Financial Position for the period ended	Unaudited Six months 31 Aug 2015 R' 000	Unaudited Six months 31 Aug 2014 R' 000	Audited Year ended 28 Feb 2015 R' 000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	24,607	13,523	20,055
Intangibles	13,005	12,662	12,791
Deferred taxation	9,919	8,193	9,896
	47,531	34,378	42,742
Current assets			
Inventories	6,198	5,568	6,184
Trade and other receivables	4,842	5,262	5,675
Loans receivable	54	9	59
Bank balance and cash	93	138	1,693
	11,187	10,977	13,611
Non-current assets held for sale	-	70	20
<b>TOTAL ASSETS</b>	<b>58,718</b>	<b>45,425</b>	<b>56,373</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves			
Stated capital	145,750	131,722	145,750
Reserves	10,760	5,659	10,729
Retained earnings	(113,273)	(109,791)	(110,943)
Total shareholders' funds	43,237	27,590	45,536
Non-current liabilities			
Interest-bearing borrowings	66	133	98
Deferred taxation	4,737	2,992	4,737
	4,803	3,125	4,835
Current liabilities			
Trade and other payables	4,986	5,946	5,356
Bank overdraft	3,605	5,853	577
Loans from related parties	2,020	2,845	-
Current portion of interest-bearing borrowings	67	66	69
	10,678	14,710	6,002

TOTAL EQUITY AND LIABILITIES	58,718	45,425	56,373
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Net asset value per share (cents)	1.3	1.4	1.3
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Condensed Consolidated Statement of Cash Flows For the period ended	Unaudited Six months 31 Aug 2015 R' 000	Unaudited Six months 31 Aug 2014 R' 000	Audited Year ended 28 Feb 2015 R' 000
(Loss) before taxation	(2,353)	(1,982)	(4,849)
Depreciation	371	290	592
Profit on disposal of assets	-	-	(60)
Share based payments	31	-	149
Finance costs	244	420	786
(Increase) in working capital	(12)	(35)	(1,653)
Cash utilised by operations	(1,719)	(1,307)	(5,035)
Finance costs	(244)	(420)	(786)
Cash flows from operating activities	(1,963)	(1,727)	(5,821)
Cash flows from investing activities	(5,137)	(544)	(770)
Cash flows from financing activities	-	1,806	12,957
Net (decrease)increase in cash and cash equivalents	(7,100)	(465)	6,366
Cash and cash equivalents at beginning of period	1,116	(5,250)	(5,250)
Cash and cash equivalents at end of period	(5,984)	(5,715)	1,116

Condensed consolidated Statement of Changes in Equity for the period ended	31 August 2015	Stated capital R' 000	Trea- sury shares R' 000	Share- based payment reserve R' 000	Reval- uation reserve R' 000	Re- tained earnings R' 000	Total ordinary Share- holders' funds R' 000
Balance at 28 February 2014 - audited		138,463	(6,741)	-	5,659	(107,765)	29,616
Total comprehensive loss for the period				-		(2,026)	(2,026)
Balance at 31 August 2014 - unaudited		138,463	(6,741)	-	5,659	(109,791)	27,590
Total comprehensive							

loss for the period				4,921	(1,152)	(3,769)
Share-based payment reserve			149			149
Issue of shares	14,028					14,028
Balance at 28 February 2015 - audited	152,491	(6,741)	149	10,580	(110,943)	45,536
Total comprehensive loss for the period					(2,330)	(2,330)
Share-based payment			31			31
Balance at 31 August 2015 - unaudited	152,491	(6,741)	180	10,580	(113,273)	43,237

Condensed Group Segmental Analysis	Nutritional Foods	Pharmaceutical	Services	Consolidated
	R' 000	R' 000	R' 000	R' 000
<i>Business segments</i>				
for the six months ended 31 August 2015 - unaudited				
Revenue from external sales	17,701	658	-	18,359
Segment Profit (Loss) before tax	181	400	(2,934)	(2,353)
Taxation				23
Segment (Loss) for the period				(2,330)
for the six months ended 31 August 2014 - unaudited				
Revenue from external sales	16,917	2,383	-	19,300
Segment Profit (Loss) before tax	206	156	(2,344)	(1,982)
Taxation				(44)
Segment (Loss) for the period				(2,026)
for the year ended 28 February 2015 - audited				
Revenue from external sales	33,904	3,849	-	37,753
Segment Profit (Loss) before tax	(157)	282	(4,974)	(4,849)
Taxation				1,671
Segment (Loss) for the year				(3,178)

## COMMENTARY

### Basis of presentation

The unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34 - Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) (the interpretations adopted by the International Accounting Standards Board (IASB)), The SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the South African Companies Act, No 71 of 2008, as amended.

### Accounting Policies

The unaudited condensed financial results have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost. The significant accounting policies used are in terms of IFRS and methods of computation are consistent in all material respects with those applied in the previous financial year, except for the adoption of improved, revised or new standards and interpretations. The aggregate effect of these changes in respect of the period ended 31 August 2015 is nil.

The unaudited condensed financial results have been prepared under the supervision of the Group Financial Director, RS Etchells.

Neither these condensed interim financial results, nor any reference to future financial performance included in this results announcement, has been audited or reviewed or reported on by the Company's external auditor, Grant Thornton.

### Nature of business

The Group companies comprise of 3 operational units and one service division.

#### Nutritional Foods -

Nutritional Foods, which is located in Klerksdorp, owns a mass production dry food manufacturing facility. The company formulates, manufactures and sells a large range of fortified dry food products and supplements into the LSM 3-6 market. In addition it has a wide basket of products serving the industrial catering sector throughout Southern Africa.

#### Impilo Health Solutions -

Impilo Health Solutions markets a range of basic family health care products via a licensing agreement with Avid Brands (Pty) Ltd (AVID). In terms of the agreement AVID manufacture, market and distribute the products directly to pharmacies for their own risk and reward. Impilo is paid a royalty fee of 10% of the net invoiced value of all sales. The Companies range of products includes registered medicines with the South African Medicines Control Council as well as certain complimentary medicines.

NH20 -

NH20 markets and distributes a range of "chlorine free" water purification products under licence from the manufacturers ACN Chemicals UK Limited. These products include "point of use" water purification drops called **OneDrop** as well as **BacSan**, an industrial application for use by municipalities and other bulk water suppliers. Both products carry certification from the CSIR.

## OVERVIEW

### Nutritional Foods Division

The first six months of the year have seen management focus on building relationships with key players in the feeding scheme space with specific emphasis on the National Schools Nutritional Program (NSNP). This process has been time consuming and to a large extent the benefits from this process will only come to light during the next 6 to 12 months due to the current contractual obligations of the various provincial departments. We are however confident that with time these discussions will start to bear fruit. During the period March to August 2015 the Company took advantage of the DTI's MCEP Incentive Programme investing in various items of new plant and machinery to better place itself with regards to being able to meet production demand as and when new business starts to come through the pipeline. To this end two complete "twin-screw" extrusion lines were purchased and installed at the Klerksdorp factory. These new extruders, together with two further "form, fill and seal" packing lines purchased in the same period, have given the Company the ability to quickly ramp up production with confidence. Despite complying with all the requirements of the MCEP Incentive Programme, management have been informed by the DTI that due to a lack of funding all claims have been suspended pending clarification from National Treasury. This has seriously affected the Company's cash flow situation due to an outstanding application of approximately R4,2 million. During the period under review the Company was able to "wash it's face" making a small operating profit for the period of R181 000.

### Impilo Health Solutions Division

As reported in the Financial Year End results of the pervious period ended 28 February 2015 the Company entered into a long term royalty agreement with Avid Brands whereby AVID took over complete control of the manufacture, marketing and sale of it's scheduled medicines and range of complementary medicines. AVID have been able to grow the turnover of "Impilo" branded products by 59% during the period under review resulting in Impilo Health Solutions making a profit of R400 000 for the six months to 31 August 2015. Management are confident that over time AVID will continue to grow turnover resulting in the royalty flow increasing accordingly.

### NH20 Division

Since the Company was formed, in the latter portion of the 2014/15 financial year, focus has been on introducing the 2 chlorine free water purification solutions to the market. OneDrop, a "point of use" water purifier, is listed with various retail outlets nationally. Management is currently pursuing the development of the industrial market with high regard to the current drought situation in Southern Africa and the resultant lack of clean drinking water.

## FINANCIAL HIGHLIGHTS

Group Turnover of R 18,162 million was 5.9% down on the R 19,300 million of the previous corresponding period. The headline loss increased slightly from a loss of R2,026 million to a loss of R2,330 million, with both the loss per share and Headline loss per share reducing from a loss of 11c to a loss of 8c.

The Group has no long term debt with all assets on it's balance sheet remaining unencumbered with the exception of a covering bond held by the Group's bankers over the property as security for certain overdraft facilities.

## Events after the reporting period

Shareholders are advised that a SENS announcement will be released during the course of today, 16 November 2015, detailing the proposed issue of shares for cash in terms of the general authority granted to the board at the last AGM held on 3 July 2015.

## Deferred Tax Assets

The Group is made up of three trading companies and the holding company. No deferred tax asset has been recognised for tax losses available for set-off against future taxable income where it is not probable that future taxable income will be available. Two of the companies in the Group earned a taxable income and it is probable that taxable profit will be available in future in order to utilise the assessed losses available. A deferred tax asset has therefore been raised on these two companies' assessed losses. These companies (separate taxable entities) did not suffer a loss in the current period in the tax jurisdiction to which the deferred tax assets relates. A deferred tax asset has also been recognised on the assessed loss of the other trading company to the extent of the deferred tax liability arising from capital allowances on the property, plant and equipment.

## Going concern

Shareholders are advised that the unaudited interim results for the six months ended 31 August 2015 have been prepared on the going concern concept. The annual report for the year ended 28 February 2015 contained emphasis of matter as to going concern.

## Changes to the Group's board

The were no changes to the board of directors during the period under review.

## Dividends

No dividends were declared as at 31 August 2015.

On behalf of the board

T.V.Mogkatlha

*Chief Executive Officer*

Umhlanga Rocks  
16 November 2015

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Directors  
TV Mogkatlha (Chief Executive Officer)  
RS Etchells (Group Financial Director & Chief Operating Officer)  
TR Hendry (Independent Non-executive)  
C Kapnias (Independent Non-executive)  
AR Pinfold (Non-executive)  
GR Wambach (Independent Non-executive Chairman)

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