

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 CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED  
 31 AUGUST 2019

Unaudited Condensed Consolidated Statement of Profit and Loss and Comprehensive Income for the period ended	Unaudited Six months 31 Aug 2019 R' 000	Unaudited Six months 31 Aug 2018 R' 000	Audited Year ended 28 Feb 2019 R' 000
Revenue	16,706	19,430	37,876
Operating loss before interest and taxation	(3,773)	(2,053)	(3,617)
Net finance costs	(957)	(753)	(1,785)
Loss before taxation	(4,730)	(2,806)	(5,402)
Taxation	-	-	-
Loss for the period	(4,730)	(2,806)	(5,402)
Other comprehensive income for the year net of taxation	-	-	-
Attributable to ordinary shareholders	(4,730)	(2,806)	(5,402)
Loss per share (cents) - basic and diluted	(0.03)	(0.08)	(0.06)
Headline loss per share (cents) - basic and diluted	(0.03)	(0.08)	(0.06)
Number of ordinary shares in issue (000)			
- issued net of treasury shares	13,653,368	3,653,368	13,653,368
- weighted-average	13,653,368	3,653,368	8,530,080
- Diluted weighted-average	13,653,368	3,657,257	8,530,080
Calculation of headline earnings (R' 000)			
Loss attributable to ordinary shareholders	(4,730)	(2,806)	(5,401)
(Profit) Loss on disposal of subsidiary	-	-	(122)

Loss on disposal of  
property, plant and  
equipment 53

Headline loss attributable  
to ordinary shareholders (4,677) (2,806) (5,523)

Unaudited Condensed Consolidated Statement of Financial Position for the period ended	Unaudited Six months 31 Aug 2019 R' 000	Unaudited Six months 31 Aug 2018 R' 000	Audited Year ended 28 Feb 2019 R' 000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	23,755	23,093	23,336
Intangibles	1,481	1,518	1,500
Deferred taxation	5,481	5,463	5,415
	30,717	30,074	30,251
Current assets			
Inventories	3,920	4,842	3,322
Trade and other receivables	4,146	4,344	5,483
Bank balance and cash	466	4,482	838
	8,532	13,668	9,643
<b>TOTAL ASSETS</b>	<b>39,249</b>	<b>43,742</b>	<b>39,894</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves			
Stated capital	159,580	150,086	159,580
Shares to be issued	-	10,000	-
Reserves	10,734	10,939	10,733
Accumulated loss	(157,098)	(149,977)	(152,367)
Total shareholders' funds	13,216	21,048	17,946
Non-current liabilities			
Loans from related parties	15,885	12,062	12,552
Secured loan	-	-	-
Deferred taxation	5,481	5,463	5,415
	21,366	17,525	17,967
Current liabilities			
Trade and other payables	4,663	3,811	3,075
Bank overdraft	4	1,358	906
	4,667	5,169	3,981
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>39,249</b>	<b>43,742</b>	<b>39,894</b>

Net asset value per share (cents)	0.1	0.2	0.1
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Unaudited Condensed Consolidated Statement of Cash Flows For the period ended	Unaudited Six months 31 Aug 2018 R' 000	Unaudited Six months 31 Aug 2018 R' 000	Audited Year ended 28 Feb 2019 R' 000
Cash utilised by operations	(455)	(2,378)	(3,513)
Net finance costs	(624)	(753)	(694)
Cash flows from operating activities	(1,079)	(3,131)	(4,207)
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,406)	(163)	(1,287)
Disposal of intangible assets	-	63	-
Purchase of intangible assets	-	-	(79)
Proceeds on sale of property, plant and equipment	15	-	257
Cash flows from financing activities			
Shares to be issued	-	10,000	-
Advances on related party loans	3,000	601	-
Proceeds on share issue	-	-	9,494
Net movement on secured loans	-	-	(2,432)
Net (decrease)increase in cash and cash equivalents	530	7,370	1,746
Cash and cash equivalents at beginning of period	(68)	(1,814)	(1,814)
Cash and cash equivalents at end of period	462	5,556	(68)

Unaudited Condensed Consolidated Statement of Changes in Equity for the period ended	Stated capital R' 000	Trea- sury shares R' 000	Share- based payment reserve R' 000	Reval- uation reserve R' 000	Accu- mulated loss R' 000	Equity R' 000
31 August 2019						
Balance at 28 February 2018 - audited	156,827	(6,741)	418	10,521	(147,171)	13,854
Total comprehensive loss for the period					(2,806)	(2,806)
Shares to be issued	10,000					10,000
Balance at 31 August						

2018 - unaudited	166,827	(6,741)	418	10,521	(149,977)	21,048
Cost of shares issued	(506)					(506)
Total comprehensive loss for the period	-	-	-		(2,596)	(2,596)
Share-based payment reserve		-	(205)		205	-

Balance at 28 February 2019 - audited	166,321	(6,741)	213	10,521	(152,368)	17,946
Total comprehensive loss for the period	-	-	-	-	(4,730)	(4,730)
Balance at 31 August 2019 - unaudited	166,321	(6,741)	213	10,521	(157,098)	13,216

Unaudited Condensed Consolidated Group Segmental Analysis	Foods	Healthcare Solutions	Services	Consolidated
	R' 000	R' 000	R' 000	R' 000

*Business segments*

for the six months ended 31 August 2019 - unaudited

Revenue from external sales	16,706	-	-	16,706
Revenue from internal sales	-	-	300	300
Segment Profit (Loss) before tax	(3,078)	-	(1,652)	(4,730)
Taxation				-
Loss for the period				(4,730)

for the six months ended 31 August 2018 - unaudited

Revenue from external sales	19,430	-	-	19,430
Revenue from internal sales	-	-	300	300
Segment Profit (Loss) before tax	(1,744)	-	(1,062)	(2,806)
Taxation				-
Loss for the period				(2,806)

for the year ended 28

February 2019 - audited

Revenue from external sales	37,876	-	-	37,876
Revenue from internal sales	-	-	600	600
Segment Profit (Loss) before tax	(2,628)	-	(2,773)	(5,401)
Taxation				-
Loss for the year				(5,401)

## COMMENTARY

### BASIS OF PRESENTATION

The unaudited and un-reviewed, condensed interim financial results for the period ended 31 August 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Accountants Council, the Listings Requirements of the JSE Limited and the requirements of the Companies Act, No 71 of 2008. The results have been prepared in terms of IFRS on the historical cost basis, except for the measurement of land and buildings and certain financial instruments which are measured at fair value and are consistent, in all material respects, with the accounting policies and methods applied in the previous annual financial statements.

The unaudited and un-reviewed, condensed interim financial results have been prepared under the supervision of the Group Financial Director, Mr RS Etchells.

Neither these unaudited and un-reviewed, 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

For management purposes the Group is organized into two major operating divisions, namely Foods and Services. These divisions are the basis on which the Group reports its primary segment information.

The Group's primary business focus during the period under review was the manufacture and sale of basic staple dry food products to the LSM 3 to 6 market as well as mass feeding schemes and other contract manufacturing activities at its Klerksdorp based facility, Nutritional Foods ("Foods").

### OVERVIEW

The Group continued to struggle with a very low order book in its Food division as a direct result of reduced spending by both retail consumers and government departments. Despite having been awarded contracts to supply both the Department of Health and Basic Education with fortified food products, orders from both of these departments have been considerably down versus forecast during the period under review. In an attempt to off-set this, management have engaged with major brand owners in the breakfast and staple food categories, with a view to securing contract manufacturing off-take agreements. These discussions have started to bear fruit with 2 new off-take agreements having been negotiated during the latter part of the current period under review. It is anticipated that these off-take agreements will have a positive effect on the Foods division trading situation during the second part of the financial year to February 2020.

## FINANCIAL HIGHLIGHTS

Group Turnover decreased to R16,706 million compared to R19,430 million in the previous corresponding period. The Headline loss increased by 68,6% for the period under review, to R4,730 million compared to a loss of R2,806 million in the previous corresponding period. As a result of the significant increase in the number of shares in issue both the loss per share and headline loss per share decreased by 54,8% for the period under review, to 0,03 cents compared a loss of 0,08 cents in the previous corresponding period.

## GOING CONCERN

As stated in the overview above the Company has battled with a low order book during the period under review. Consequently, Foods has continued to incur operating losses. These losses continue to place strain on the Company's cash flow position.

Management have engaged with the Company's majority shareholder, who has agreed to support the Group until such time as a workable solution is found. Post the 31<sup>st</sup> of August a medium-term shareholders loan has been negotiated as well as a letter on comfort from the Company's majority shareholder pledging financial support to the Company, giving the Company sufficient funding to cover operating expenditure for the foreseeable future.

Shareholders are advised that the unaudited condensed consolidated interim results for the six months ended 31 August 2019 have been prepared on the going concern basis. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## CHANGES TO THE GROUP'S BOARD

Mr Anthony Richard Pinfold resigned as a Non-executive director with effect from 30 September 2019.

Mrs Jennifer Ann Etchells resigned as the Company Secretary with effect from 31 October 2019.

Mr Robert Stephen Etchells resigned as the CEO and Financial Director with effect from 31 October 2019.

## DIVIDENDS

No dividends were declared for the six months ended 31 August 2019.

On behalf of the board  
R.S.Etchells  
*Chief Executive Officer*

Umhlanga Rocks  
14 October 2019

Directors

RS Etchells (Chief Executive Officer & Group Financial Director)

TV Mokgatlha (Non-executive Chairman)

Dr PJ Mokgothu (Independent Non-executive)

Ms PM Chabele (Independent Non-executive)

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Designated Advisor

PSG Capital

Transfer secretaries

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Bryanston, 2121

Company secretary

JA Etchells CA(SA)