

NUTRITIONAL HOLDINGS LIMITED
 Registration number 2004/002282/06
 (Incorporated in the Republic of South Africa)
 ("the Group" or "the Company")
 Share code: NUT
 ISIN: ZAE000156485

ABRIDGED AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR
 ENDED 28 FEBRUARY 2019, POSTING OF THE ANNUAL REPORT AND
 NOTICE OF ANNUAL GENERAL MEETING

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE
 INCOME

Figures in R thousands	Audited year ended 28 February 2019	Audited year ended 28 February 2018
Revenue	37 876	42 496
Gross profit	15 119	12 034
Operating expenses	(18 895)	(19 297)
	(3 776)	(7 263)
Other income	37	51
Loss on disposal of subsidiary		(2 484)
Profit on disposal of property, plant and equipment	122	
Operating loss before interest and taxation	(3 617)	(9 696)
Net interest expense	(1 785)	(1 535)
Loss before taxation	(5 402)	(11 231)
Taxation - deferred		(2 551)
Loss for the year	(5 402)	(13 782)
Other comprehensive income for the year net of taxation	-	-
Total comprehensive loss	(5 402)	(13 782)
Loss per share (cents) - basic and diluted	(0.06)	(0.38)
Headline loss per share (cents) - basic and diluted	(0.06)	(0.38)

Number of ordinary shares in issue

(000)

- issued net of treasury shares	13 653 368	3 653 368
- weighted-average	8 530 080	3 653 368
- Diluted weighted-average	8 530 080	3 653 368

Calculation of headline loss
(R'000)

Loss attributable to ordinary shareholders	(5 402)	(13 782)
Loss on disposal of subsidiary		2 484
Profit on disposal of property, plant and equipment	(122)	
Tax effect of adjustments		
Headline loss attributable to ordinary shareholders	(5 524)	(11 298)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in R thousands	Audited year ended 28 February 2019	Audited year ended 28 February 2018
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ASSETS

Non-current assets

Property, plant and equipment	23 214	23 730
Intangible assets	1 622	1 581
Deferred taxation	5 415	5 424
	30 251	30 735

Current assets

Inventories	3 322	3 828
Trade and other receivables	5 483	4 390
Cash and cash equivalents	838	21
	9 643	8 239
TOTAL ASSETS	39 894	38 974

EQUITY AND LIABILITIES

Stated capital	159 580	150 086
Reserves	10 733	10 939
Accumulated loss	(152 367)	(147 171)
Total shareholders' funds	17 946	13 854

Non-current liabilities

Loans from related party	12 552	8 910
Deferred taxation	5 415	5 424

	17 967	14 334
Current liabilities		
Trade and other payables	3 075	3 968
Loans from related parties		2 551
Bank overdraft	906	1 835
Secured loan		2 432
	3 981	10 786
Total liabilities	21 948	25 120
TOTAL EQUITY AND LIABILITIES	39 894	38 974
Net asset value per share (cents)	0.1	0.4

CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited year ended 28 February 2019	Audited year ended 28 February 2018
Figures in R thousands		
Cash used in operations	(3 513)	(1 886)
Net interest expense	(1 785)	(1 535)
Cash flows from operating activities	(5 298)	(3 421)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1 287)	(608)
Purchase of intangible assets	(79)	(323)
Proceeds on sale of property, plant and equipment	257	287
Disposal of subsidiary		
Cash flows from investing activities	(1 109)	(644)
Cash flows from financing activities		
Proceeds on share issue	9 494	
Net movement on related party loans	1 091	3 458
Net movement on secured loans	(2 432)	240
Repayment of instalment sale creditors		(20)
Cash flows from financing activities	8 153	3 678

Net increase(decrease) in cash and cash equivalents	1 746	(387)
Cash and cash equivalents at beginning of year	(1 814)	(1 427)
Cash and cash equivalents at end of year	(68)	(1 814)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2019

Figures in R thousands	Stated capital	Treasury shares	Total share capital
Balance at 1 March 2017 - audited	156 827	(6 741)	150 086
Issue of shares	-	-	-
Share-based payment reserve	-	-	-
Total comprehensive loss for the year	-	-	-
Balance at 29 February 2018 - audited	156 827	(6 741)	150 086
Issue of shares	9 494	-	9 494
Share-based payment reserve	-	-	-
Total comprehensive loss for the year	-	-	-
Balance at 28 February 2019 - audited	166 321	(6 741)	159 580

Figures in R thousands	Share-based payment reserve	Revaluation reserve	Accumulated loss
Balance at 1 March 2017 - audited	397	10 521	(133 389)
Issue of shares	-	-	-
Share-based payment reserve	21	-	-
Total comprehensive loss for the year	-	-	(173 782)
Balance at 29 February 2018 - audited	418	10 521	(147 171)
Issue of shares	-	-	-
Share-based payment reserve	(206)	-	206
Total comprehensive loss for the year	-	-	(5 402)
Balance at 28 February			

2019 - audited	212	10 521	(152 367)
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Total
equity

Figures in R thousands

Balance at 28 February

2017 - audited	27 615
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Issue of shares	-
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Share-based payment reserve	21
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Total comprehensive loss for the year	(13 782)
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Balance at 28 February

2018 - audited	13 854
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Issue of shares	9 494
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Share-based payment reserve	-
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Total comprehensive loss for the year	(5 402)
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Balance at 28 February

2019 - audited	17 946
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GROUP SEGMENTAL ANALYSIS

Business Segments	Nutritional Foods	Health Solutions	Services	Consolidated
R'000				
For the year ended 28 February 2019 - audited				
Revenue from external sales	37 876			37 876
Revenue from internal sales			600	600
Segment loss before tax	(2 629)		(2 773)	(5 402)
Taxation				
Loss for the year	(2 629)		(2 773)	(5 402)
Total external assets	38 699		1 197	39 896

For the year
ended 28
February 2018 -
audited

Revenue from external sales	41 721	775	-	42 497
Revenue from internal sales	-	-	513	513
Segment loss before tax	(6 509)	(874)	(3 848)	(11 231)
Taxation				(2 551)
Loss for the year				(13 782)
Total external assets	38 529		430	38 959

For management purposes the Group was previously organised into three major operating divisions, namely Foods, Healthcare solutions and Services. These divisions are the basis on which the company reports its primary segment information. Impilo Health Solutions Pty Ltd that made up the Healthcare segment was sold on 23 February 2018. Going forward the group only has two segments namely Foods and Services.

The Foods division involves the manufacture of staple dry foods for the mass feeding market. The Services division involves the providing of administration and management services to its subsidiaries.

These operating segments are monitored by the Group's Board and strategic decisions are made on the basis of adjusted segment operating results.

BASIS OF PRESENTATION

The financial results for the year ended 28 February 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 Standards Council, the Listing 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 corresponding

period, other than the adoption of IFRS 9 and IFRS 15, to the extent that they are applicable. The abridged financial results have been prepared under the supervision of RS Etchells, in his capacity as Chief Financial Officer.

NATURE OF BUSINESS

The Group's primary business focus during the year was the manufacture, marketing and selling of staple dry food products.

OVERVIEW

Nutritional Foods continues to underperform as a result of low tonnage volumes through its Klerksdorp factory. During the year under review management have realized that its stated turnaround strategy will take longer than anticipated. In order to ensure adequate cash flows to cover operational expenses during this period management have engaged with the Group's majority shareholders to ensure their continued support.

During the past 12 months, the company has not been able to pass on the rising costs of base raw materials such as maize, soya and sugar. This together with reduced sales volumes, as a result of pressure on disposable income of the company's target customer base, has resulted in lower manufacturing efficiencies and fixed cost recovery, contributing to operating losses.

It is anticipated that current inflationary pressure being experienced on maize and soya prices will result in operating margins remaining lower than ideal.

FINANCIAL PERFORMANCE

Group Turnover of R37.876 million, 10.9% down on the R42.496 million of the previous corresponding period.

The operating loss for the period under review of R3.617 million was an improvement of 63.1% from R9.696 in the previous corresponding period with the headline loss improving by 51.1%.

GOING CONCERN

The Group incurred an operating loss before interest and taxation for the year of R3.617 million (2018 R9.696 million) The Group's total assets exceed its total liabilities by R17.946 million (2018 R13.854 million) despite having an

accumulated loss of R152.367 million (2018 R147.171 million).

The Group continued to incur losses as a result of current depressed market conditions within the LSM 3-6 market segment.

An additional three million rand loan was agreed and advanced by the majority shareholder to the Group on 3 March 2019. This loan is repayable on 31 March 2022. The loan was advanced to finance working capital requirements of the Group.

A letter of financial support has been provided by the majority shareholder confirming its intent to provide financial and/or other support with a view to ensuring that the company is able to meet its liabilities in the ordinary course of business.

Given the directors evaluation that the group has sufficient cash resources to meet its obligations as they fall due, the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities and commitments will occur in the ordinary course of business.

DIVIDEND

No dividend has been declared for the year.

AUDIT CONCLUSION

SNG Grant Thornton and Mr E Lakhi as the individual auditor have audited the annual financial statements for the year ended 28 February 2019 and their unmodified report is available for inspection at the Company's registered office.

These abridged results are extracted from the audited information, but are not in itself audited. The directors therefore take full responsibility for the preparation of the abridged results and that the financial information has been correctly extracted from the underlying financial statements.

The auditor's report does not necessarily cover all of the information contained in this announcement/financial report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work, they should obtain a copy of that report, together with the accompanying financial information, from the registered office of the Company.

POSTING OF ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING
("AGM")

Shareholders of the Company are hereby advised that the Company's Annual Report, incorporating the full audited consolidated annual financial statements of the Company for the year ended 28 February 2019 and notice of the AGM of the Company was dispatched to shareholders today, 31 May 2019.

Notice is hereby given that the AGM will be held at 10h00 on Friday, 30 August 2019 at Unit 20, The Boulevard Business Park, 14 Belladonna Road, Cornubia Industrial Park, Durban to transact the business as set out in the notice of the AGM which forms part of the Annual Report.

The date on which shareholders must be recorded as such in the share register of the Company to be eligible to vote at the AGM is Friday, 23 August 2019, with the last day to trade being Tuesday, 20 August 2019.

CHANGES TO THE GROUP'S BOARD

C Kapnias resigned as a non-executive director on 31 August 2018. In terms of the Company's MOI, GR Wambach was due for re-election at the Company's annual general meeting held on 31 August 2018 ("AGM"). As GR Wambach's re-election was not proposed as a non-executive director at the Company's AGM his directorship terminated. Dr PJ Mokgothu and Ms PM Chabeli were appointed as non-executive directors on 31 August 2018.

On behalf of the Board
RS Etchells
Chief Executive Officer

Umhlanga Rocks
31 May 2019

Registered Office:
Unit 20, Boulevard Business Park, 14 Belladonna Road,
Cornubia, Kwa-Zulu Natal
Tel: +27 31 536 8066

Auditors
SNG Grant Thornton

Designated advisor
PSG Capital

Transfer secretaries:
4 Africa Exchange Registry Proprietary Limited, 1st Floor
Cedarwood House, Ballyclare Drive, Bryanston Ext 7

Company secretary
JA Etchells CA(SA)

Directors:

RS Etchells (Chief Executive Officer), TV Mokgatlha (Non-Executive Chairman), AR Pinfold (Independent Non-Executive), Dr PJ Mokgothu (Independent Non-Executive), Ms PM Chabeli (Independent Non-executive), MM Suping (Non-Executive)