

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 2017 AND NOTICE OF ANNUAL GENERAL MEETING

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE  
 INCOME

| Figures in R thousands                                     | Audited<br>year ended<br>28 February<br>2017 | Audited<br>year ended<br>29 February<br>2016 |
|--|--|--|
| Revenue  | 43 215                                       | 38 269                                       |
| Gross profit   | 16 389                                       | 12 490                                       |
| Other income   | 39   | 69   |
| Operating expenses   | (23 665)                                     | (17 252)                                     |
| Loss on disposal of intangible<br>assets                   | (7 633)                                      | -  |
| Operating loss before interest and<br>taxation             | (14 870)                                     | (4 693)                                      |
| Net interest expense                                       | (1 336)                                      | (710)  |
| Loss before taxation                                       | (16 206)                                     | (5 403)                                      |
| Taxation   | (825)  | (12)   |
| Loss for the year  | (17 031)                                     | (5 415)                                      |
| Other comprehensive income for the<br>year net of taxation | -  | (59)   |
| Total comprehensive (loss) profit                          | (17 031)                                     | (5 474)                                      |
| Loss per share (cents) - basic and<br>diluted              | (0.49)                                       | (0.16)                                       |
| Headline loss per share (cents) -<br>basic and diluted     | (0.24)                                       | (0.16)                                       |
| Number of ordinary shares in issue<br>(000)                |  |  |
| - issued net of treasury shares                            | 3 653 368                                    | 3 407 368                                    |

|  |           |           |
|--|-----------|-----------|
| - weighted-average                                     | 3 505 231 | 3 407 368 |
| - Diluted weighted-average                             | 3 521 251 | 3 458 193 |
| Calculation of headline loss<br>(R'000)                |           |           |
| Loss attributable to ordinary<br>shareholders          | (17 031)  | (5 415)   |
| Loss on disposal of intangible<br>assets               | 7 633     | -         |
| Profit on disposal of property,<br>plant and equipment |           | (19)      |
| Tax effect of adjustments                              | 908       | -         |
| Headline loss attributable to<br>ordinary shareholders | (8 489)   | (5 434)   |

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Figures in R thousands           | Audited<br>year ended<br>28 February<br>2017 | Audited<br>year ended<br>28 February<br>2016 |
|----------------------------------|--|--|
| <b>ASSETS</b>                    |  |  |
| Non-current assets               |  |  |
| Property, plant and equipment    | 24 730                                       | 24 764                                       |
| Intangible assets                | 1 762  | 13 834                                       |
| Deferred taxation                | 9 629  | 10 310                                       |
|                                  | 36 121                                       | 48 908                                       |
| Current assets                   |  |  |
| Inventories                      | 6 375  | 4 819  |
| Trade and other receivables      | 7 569  | 4 758  |
| Cash and cash equivalents        | 91   | 67   |
|                                  | 14 035                                       | 9 644  |
| Non-current assets held for sale |  | 20   |
| <b>TOTAL ASSETS</b>              | <b>50 156</b>                                | <b>58 572</b>                                |
| <b>EQUITY AND LIABILITIES</b>    |  |  |
| Stated capital                   | 150 086                                      | 145 750                                      |
| Reserves                         | 10 918                                       | 10 818                                       |
| Accumulated loss                 | (133 389)                                    | (116 358)                                    |
| Total shareholders' funds        | 27 615                                       | 40 210                                       |
| Non-current liabilities          |  |  |
| Loans from related party         | 7 813  | 7 374  |

|                                   |        |        |
|-----------------------------------|--------|--------|
| Instalment sale creditors         | -      | 20     |
| Secured loan                      | 2 192  | -      |
| Deferred taxation                 | 5 366  | 5 222  |
|                                   | 15 371 | 12 616 |
| Current liabilities               |        |        |
| Trade and other payables          | 5 442  | 4 499  |
| Loans from related parties        | 190    | 250    |
| Bank overdraft                    | 1 518  | 920    |
| Instalment sale creditors         | 20     | 77     |
|                                   | 7 170  | 5 746  |
| Total liabilities                 | 22 541 | 18 362 |
| TOTAL EQUITY AND LIABILITIES      | 50 156 | 58 572 |
| Net asset value per share (cents) | 0.8    | 1.2    |

CONSOLIDATED STATEMENT OF CASH FLOWS

|   | Audited<br>year ended<br>28 February<br>2017 | Audited<br>year ended<br>29 February<br>2016 |
|---|--|--|
| Figures in R thousands                            |  |  |
| Cash used in operations                           | (9 130)                                      | (2 146)                                      |
| Net interest expense                              | (1 336)                                      | (710)  |
| Cash flows from operating activities              | (10 466)                                     | (2 856)                                      |
| Cash flows from investing activities              |  |  |
| Purchase of property, plant and equipment         | (1 396)                                      | (5 761)                                      |
| Purchase of intangible assets                     | (242)  | (1 043)                                      |
| Proceeds on sale of intangible assets             | 4 700  | -  |
| Proceeds on sale of property, plant and equipment | -  | 78   |
| Repayment in loans receivable                     | -  | 59   |
| Cash flows from financing activities              |  |  |
| Proceeds on share issue                           | 4 336  | -  |
| Advances on related party loans                   | 379  | 7 624  |
| Advances on secured loans                         | 2 192  | -  |
| Repayment of instalment sale                      | (77)   | (70)   |

creditors

|  |         |         |
|--|---------|---------|
| Net (decrease)/increase in cash and cash equivalents | (574)   | (1 969) |
| Cash and cash equivalents at beginning of year       | (853)   | 1 116   |
| Cash and cash equivalents at end of year             | (1 427) | (853)   |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2017

| Figures in R thousands                | Stated capital | Treasury shares | Total share capital |
|---------------------------------------|----------------|-----------------|---------------------|
| Balance at 28 February 2015 - audited | 152 491        | (6 741)         | 145 750             |
| Issue of shares                       | -              | -               | -                   |
| Share-based payment reserve           | -              | -               | -                   |
| Total comprehensive loss for the year | -              | -               | -                   |
| Balance at 29 February 2016 - audited | 152 491        | (6 741)         | 145 750             |
| Issue of shares                       | 4 336          | -               | 4 336               |
| Share-based payment reserve           | -              | -               | -                   |
| Total comprehensive loss for the year | -              | -               | -                   |
| Balance at 28 February 2017 - audited | 156 827        | (6 741)         | 150 086             |

  

| Figures in R thousands                | Share-based payment reserve | Revaluation reserve | Accumulated loss |
|---------------------------------------|-----------------------------|---------------------|------------------|
| Balance at 28 February 2015 - audited | 149                         | 10 580              | (110 943)        |
| Issue of shares                       | -                           | -                   | -                |
| Share-based payment reserve           | 148                         | -                   | -                |
| Total comprehensive loss for the year | -                           | (59)                | (5 415)          |
| Balance at 29 February 2016 - audited | 297                         | 10 521              | (116 358)        |
| Issue of shares                       | -                           | -                   | -                |
| Share-based payment reserve           | 100                         | -                   | -                |
| Total comprehensive loss              |                             |                     |                  |

|                             |     |        |           |
|-----------------------------|-----|--------|-----------|
| for the year                | -   | -      | (17 031)  |
| Balance at 28 February 2017 | 397 | 10 521 | (133 389) |

Total equity

Figures in R thousands

|                                       |          |  |  |
|---------------------------------------|----------|--|--|
| Balance at 28 February 2015 - audited | 45 536   |  |  |
| Issue of shares                       | -        |  |  |
| Share-based payment reserve           | 148      |  |  |
| Total comprehensive loss for the year | (5 474)  |  |  |
| Balance at 29 February 2016 - audited | 40 210   |  |  |
| Issue of shares                       | 4 336    |  |  |
| Share-based payment reserve           | 100      |  |  |
| Total comprehensive loss for the year | (17 031) |  |  |
| Balance at 28 February 2017           | 27 615   |  |  |

GROUP SEGMENTAL ANALYSIS

| Business Segments | Nutritional Foods | Health Solutions | Services | Consolidated |
|-------------------|-------------------|------------------|----------|--------------|
|-------------------|-------------------|------------------|----------|--------------|

R'000

For the year ended 29

February 2017 - audited

|                                  |         |       |          |          |
|----------------------------------|---------|-------|----------|----------|
| Revenue from external sales      | 42 162  | 1 053 | -        | 43 215   |
| Revenue from internal sales      | -       | -     | 1 250    | 1 250    |
| Segment (loss)/profit before tax | (2 363) | 4 362 | (18 205) | (16 206) |
| Taxation                         |         |       |          | (825)    |
| Loss for the year                |         |       |          | (17 031) |

|   |        |       |         |         |
|---|--------|-------|---------|---------|
| Total assets                                  | 41 806 | 7 921 | 429     | 50 156  |
| For the year ended 29 February 2016 - audited |        |       |         |         |
| Revenue from external sales                   | 37 070 | 1 199 | -       | 38 269  |
| Revenue from internal sales                   | -      | -     | 1 380   | 1 380   |
| Segment (loss) profit before tax              | (728)  | 722   | (5 397) | (5 403) |
| Taxation                                      |        |       |         | (12)    |
| Loss for the year                             |        |       |         | (5415)  |
| Total assets                                  | 41 176 | 7 221 | 12 366  | 60 763  |

For management purposes the Group is 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.

The Foods division involves the manufacture of staple food for the mass feeding sector. The Healthcare Solutions division involves the supply of a range of chlorine free water purification products. The Services division involves the providing of administration and management services.

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 abridged financial results for the year ended 28 February 2017 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. 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 is to manufacture, market and sell staple dry food products, water purification and renewable energy solutions.

#### OVERVIEW

During the course of the year under review the Board of Directors resolved to diversify the company's exposure to include investments outside of the food manufacturing sector and to invest in a broader range of sectors within the industrial and manufacturing sectors.

As part of this strategic change of direction, the board raised funds via the issue of shares for cash. The proceeds from the share issue were used to cover operational costs in the services division of the group.

Further to this management concluded the acquisition of Velani Strategic Solutions Proprietary Limited ("VSS"), an accredited distributor of Bosch branded renewable energy and security solutions to commercial and industrial clients. It should be noted that VSS has not been consolidated into the current years financial results as operational control as well as the costs associated with such remain vested with the previous owners until such time as the profit warranty has been achieved. On achievement of the profit warranty the acquisition price payable for VSS will be settled via the issue of 300 million NUT shares at 3 cents per share.

Nutritional Foods continues to underperform with pressure on gross margins resulting from the high cost of raw material inputs. Volume increases remain a challenge with many potential volume-increasing opportunities not materializing to date.

This has been further tempered by the companies BBEE rating being reduced from a level 2 to level 5, based on the new BBEE scorecard system.

The Board has been approached by various parties that have shown an interest in acquiring and/or investing in the food business. The Board will continue to engage with these parties moving forward.

Cash flows remain a major challenge requiring tight control as we seek to manage the transition period from a food focused company to a predominantly energy focused company.

#### FINANCIAL PERFORMANCE

Group Turnover of R 43,215 million, 12.9% up on the R 38,269 million of the previous corresponding period. The headline loss increased by 49%, largely as a result of the impairment of a sundry debtor as well as the significant increase in financing costs on shareholders and sundry loans advanced to the Group. Management is pursuing the recovery of the sundry debtor which if successful will result in the reversal of the impairment in the next financial period. The high cost of borrowings is expected to continue during the course of 2017/18.

#### ISSUE OF SHARES FOR CASH

On 30 September 2016 the company issued 200 000 000 ordinary NUT shares to Ontario Private Equity Proprietary Limited at an issue price of 2 cents per share for a consideration of R4 million.

#### GOING CONCERN

Shareholders are advised that the audited results for the year ended 28 February 2017 have been prepared on a 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.

#### DIVIDEND

No dividend has been declared for the year.

#### AUDIT OPINION

Grant Thornton Durban have audited the annual financial statements for the year ended 28 February 2017 and their unmodified audit report is available for inspection at the Company's registered office.

These abridged results are extracted from 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.

#### NOTICE OF ANNUAL GENERAL MEETING

Shareholders are hereby advised that the integrated annual report was released today, which incorporates the notice of annual general meeting to be held at the Boardroom of Great Wall Motors SA (Pty) Ltd, 5 Sneezewood Lane, Glen Anil, Durban on Friday, 1 September 2017 at 10h00. The integrated report will also be available on the company's website at [www.nholdings.co.za](http://www.nholdings.co.za).

The date on which shareholders must be recorded as such in the share register for purposes of being entitled to attend and vote at this meeting is Friday, 25 August 2017 with the last day to trade being Tuesday, 22 August 2017.

#### CHANGES TO THE GROUP'S BOARD

Mr Ian Murgatroyd was appointed on 25 April 2016 and resigned as executive Commercial Director of the Group with effect from the 5 August 2016.

On behalf of the Board  
TV Mokgatlha  
Chief Executive Officer

Umhlanga Rocks  
31 May 2017

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

Auditors  
Grant Thornton (Durban)

Designated advisors  
PSG Capital Proprietary Limited

Transfer secretaries:

Terbium Financial Services Proprietary Limited, Beacon House,  
13 Beacon Road, Florida-North, 1709

Company secretary  
JA Etchells CA(SA)

Directors:

RS Etchells (Chief Financial Officer), C Kapnias (Non-  
Executive), TV Mokgatlha (Chief Executive Officer), AR Pinfold  
(Non-Executive), GR Wambach (Non-Executive Chairman)