

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 2018

Unaudited Condensed Consolidated Statement of Profit and Loss and Comprehensive Income for the period ended	Unaudited Six months 31 Aug 2018 R'000	Unaudited Six months 31 Aug 2017 R'000	Audited Year ended 28 Feb 2018 R'000
Revenue	19,430	22,462	42,496
Operating loss before interest and taxation	(2,053)	(2,275)	(7,212)
Loss on disposal of subsidiary			(2,484)
Net finance costs	(753)	(701)	(1,535)
Loss before taxation	(2,806)	(2,976)	(11,231)
Taxation	-	(2,726)	(2,551)
Loss for the period	(2,806)	(5,702)	(13,782)
Other comprehensive income for the year net of taxation	-	-	-
Attributable to ordinary shareholders	(2,806)	(5,702)	(13,782)
Loss per share (cents) - basic and diluted	(0.08)	(0.16)	(0.38)
Headline loss per share (cents) - basic and diluted	(0.08)	(0.16)	(0.31)
Number of ordinary shares in issue (000)			
- issued net of treasury shares	3,653,368	3,653,368	3,653,368
- weighted-average	3,653,368	3,653,368	3,653,368
- Diluted weighted-average	3,657,257	3,667,633	3,661,146
Calculation of headline earnings (R'000)			
Loss attributable to ordinary shareholders	(2,806)	(5,702)	(13,782)
Loss on disposal of subsidiary	-	-	2,484

Headline loss attributable to ordinary shareholders	(2,806)	(5,702)	(11,298)
Unaudited Condensed Consolidated Statement of Financial Position for the period ended	Unaudited Six months 31 Aug 2018 R'000	Unaudited Six months 31 Aug 2017 R'000	Audited Year ended 28 Feb 2018 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	23,093	24,232	23,730
Intangibles	1,518	1,675	1,581
Deferred taxation	5,463	6,902	5,424
	30,074	32,809	30,735
Current assets			
Inventories	4,842	6,559	3,828
Trade and other receivables	4,344	8,659	4,390
Bank balance and cash	4,482	57	21
	13,668	15,275	8,239
TOTAL ASSETS	43,742	48,084	38,974
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	150,086	150,086	150,086
Shares to be issued	10,000	-	-
Reserves	10,939	10,949	10,939
Accumulated loss	(149,977)	(139,091)	(147,171)
Total shareholders' funds	21,048	21,944	13,854
Non-current liabilities			
Loans from related parties	12,062	8,484	8,910
Secured loan	-	2,313	-
Deferred taxation	5,463	5,366	5,424
	17,525	16,163	14,334
Current liabilities			
Trade and other payables	3,811	7,293	3,968
Bank overdraft	1,358	2,684	1,835
Loans from related parties	-	-	2,551
Secured loan	-	-	2,432
	5,169	9,977	10,786
TOTAL EQUITY AND	43,742	48,084	38,974

LIABILITIES

Net asset value per share (cents) 0.6 0.6 0.4

Unaudited Condensed Consolidated Statement of Cash Flows For the period ended	Unaudited Six months 31 Aug 2018 R'000	Unaudited Six months 31 Aug 2017 R'000	Audited Year ended 28 Feb 2018 R'000
Cash utilised by operations	(2,378)	(872)	(1,886)
Net finance costs	(753)	(701)	(1,535)
Cash flows from operating activities	(3,131)	(1,573)	(3,421)
Cash flows from investing activities			
Purchase of property, plant and equipment	(163)	(297)	(608)
Disposal of intangible assets	63	87	-
Purchase of intangible assets	-	-	(323)
Disposal of subsidiary	-	-	287
Cash flows from financing activities			
Shares to be issued	10,000	-	-
Advances on related party loans	601	481	3,458
	-	121	240
Advances on secured loan			
Repayment of instalment sale creditors	-	(20)	(20)
Net (decrease)increase in cash and cash equivalents	7,370	(1,201)	(387)
Cash and cash equivalents at beginning of period	(1,814)	(1,427)	(1,427)
Cash and cash equivalents at end of period	5,556	(2,628)	(1,814)

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 2017						
Balance at 28 February 2017 - audited	156,827	(6,741)	397	10,521	(133,389)	27,615
Total comprehensive loss for the period					(5,702)	(5,702)
Share-based payment reserve			31			31

Balance at 31 August 2017 - unaudited	156,827	(6,741)	428	10,521	(139,091)	21,944
Total comprehensive loss for the period	-	-	-		(8,080)	(8,080)
Share-based payment reserve		-	(10)		-	(10)

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)

Balance at 31 August 2018 - unaudited	156,827	(6,741)	428	10,521	(149,977)	11,048
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Unaudited Condensed Consolidated Group Segmental Analysis	Foods	Healthcare Solutions	Services	Consolidated
	R' 000	R' 000	R' 000	R' 000
<i>Business segments</i>				
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 for the six months ended 31 August 2017 - unaudited				(2,806)
for the year ended 28 February 2018 - audited				
Revenue from external sales	22,043	419	-	22,462
Revenue from internal sales	-	-	313	313
Segment Profit (Loss) before tax	(1,140)	(213)	(1,623)	(2,976)
Taxation				(2,726)
Loss for the period for the year ended 28 February 2018 - audited				(5,702)
Revenue from external sales	41,721	775	-	42,496
Revenue from internal sales	-	-	513	513
Segment Profit (Loss) before tax	(6,709)	(838)	(3,684)	(11,231)
Taxation				(2,551)
Loss for the year				(13,782)

COMMENTARY

BASIS OF PRESENTATION

The unaudited, condensed interim financial results for the period ended 31 August 2018 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, condensed interim financial results have been prepared under the supervision of the Group Financial Director, Mr RS Etchells.

Neither these unaudited, 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 sectors as well as mass feeding schemes and other contract manufacturing activities at its Klerksdorp based facility, Nutritional Foods ("NF").

NF operates a FSSC22000 accredited factory in the North-West province that manufactures and sells a basket of staple dry food products. The company's main customers being the National Department of Basic Education, via the National School Nutrition Program (NSNP), the National Department of Health, mining houses as well as industrial catering outlets. In addition, the company offers contract manufacturing services.

OVERVIEW

NF experienced little progress during the period under review due mainly to the Groups severely strained cash flow position as well as the lack of suitable BBBEE credentials. To this end management sort to find an equity investor that would be able to re-capitalise the Group as well as improve company's BBBEE scorecard.

In May 2018 management secured a provisional commitment from Baphalane Ba Mantserre Investment Holding Proprietary Limited ("BBMIH") to underwrite a R10m Claw Back Rights Issue. During the course of the following 3 months management worked closely with its designated advisors, PSG Capital, to finalise the Rights Issue, culminating in the opening of the Rights Issue at

the end of August 2018. After the issue of the new shares the Groups black ownership is at 76.4%, with the BBMIH holding 66.7% of the total number of shares in issue. Management are now busy finalizing the new BBBEE application for NF, which will result in the company achieving an improved BBBEE rating being.

Management are confident that this fact, together with the assistance of its new majority shareholders BBMIH, will greatly assist NF in securing new off-take agreements with mining houses and public sector clients.

In August 2017 Mr Thabo Mokgatlha resigned as CEO of the company in order to pursue his interest in community development. He was appointed as CEO OF BBMIH, the community investment company that is now the majority shareholder in NUT.

Mr. Rob Etchells was appointed as the Chief Executive Officer of the company and will continue to serve as the Group Financial Director in the interim whilst the board looks to appoint a suitably qualified replacement as Financial Director.

FINANCIAL HIGHLIGHTS

Group Turnover decreased to R19,430 million compared to R22,462 million in the previous corresponding period. The Headline loss decreased by 50.7% for the period under review, to R2,806 million compared to a loss of R5,702 million in the previous corresponding period. Both the loss per share and headline loss per share decreased by 50.7% for the period under review, to 0,08 cents compared a loss of 0,16 cents in the previous corresponding period. The main reason for the improvement being the once-off write-off of a deferred tax asset of R2,726 million in the previous corresponding period.

SUCCESSFUL CONCLUSION OF RIGHTS OFFER

In terms of the Subscription agreement with Baphalane Ba Mantserre Investment Holdings Proprietary Limited ("the Subscriber"), they committed to subscribe fully for the Rights offer shares which was effected on 10 September 2018. The R10 million for this Rights Offer was paid into the company's bank account on 1 June 2018, by the Subscriber. This amount has therefore been included in equity.

GOING CONCERN

As stated in the commentary above the Company has continued to make operating losses. These losses continue to place strain on already stressed cash flows. As a consequence, management was forced to review the status of the Company's disposable cash resources as well as its commitments to repay its overdraft facilities and certain shareholders loans. To this end management sought to find an equity investor that would be able to re-capitalise the Group as well as to negotiate an extension on existing shareholders loans. Management are happy to inform shareholders that they have successfully concluded an underwriting agreement with BBMIH to fully fund a R10m Claw Back Rights Issue. Furthermore, management were able to renegotiate the terms of the shareholders loans that were due at the end of March 2018 for a period of 3 years. This places the group in a more stable financial position with the ability to finance growth in its operations.

Shareholders are advised that the unaudited condensed consolidated interim results for the six months ended 31 August 2018 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 Thabo Mokgatlha resigned as Chief Executive Officer but has remained as a Non-executive director.

Mr Rob Etchells was appointed as Chief Executive Officer.

Dr C Kapnias resigned as Independent Non-executive directors with effect from 31 August 2018.

Mr GR Wambach retired as Independent Non-executive directors with effect from 31 August 2018.

Dr PJ Mokgothu and Ms PM Chabeli were appointed as Independent Non-executive directors with effect from 31 August 2018.

DIVIDENDS

No dividends were declared for the six months ended 31 August 2018.

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

Umhlanga Rocks
30 October 2018

Directors
RS Etchells (Chief Executive Officer & Group Financial Director)
AR Pinfold (Lead Independent Non-executive)
TV Mokgatlha (Non-executive Chairman)
Dr PJ Mokgothu (Independent Non-executive)
Ms PM Chabele (Independent Non-executive)

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Company secretary
JA Etchells CA(SA)