



OMNIA



OMNIA HOLDINGS LIMITED

ANNUAL FINANCIAL STATEMENTS

for the year ended
31 March 2021

Contents

Statement of responsibility by the board of directors	1
The CEO and finance director responsibility statement	2
Certificate by the company secretary	3
Preparation of financial statements	3
Directors' report	4
Audit committee report	6
Independent auditor's report	10
Omnia Holdings Limited consolidated annual financial statements	15
Shareholders' analysis	82
Shareholders' diary	83
Contact information	84

Statement of responsibility by the board of directors

for the year ended 31 March 2021

The board of directors is responsible for the preparation, integrity and fair presentation of the consolidated annual financial statements of Omnia Holdings Limited.

The consolidated annual financial statements for the year ended 31 March 2021 are presented on pages 15 to 81 and have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, the Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, to the extent applicable, the JSE Listings Requirements, and the Companies Act 71 of 2008, as amended (Companies Act). They are based on appropriate accounting policies, which have been consistently applied and which are supported by reasonable and prudent judgements, including judgements involving estimations. The going concern basis has been adopted in preparing the consolidated annual financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The board of directors is also responsible for the Group's systems of internal controls. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the consolidated annual financial statements and to adequately safeguard, verify and maintain accountability of assets. These controls are monitored throughout the Group by management and employees with the necessary segregation of authority and duties. Processes are in place to monitor internal controls, to identify material breakdowns and implement timely corrective action. The board of directors is committed to the continuous improvement of the control environment.

The consolidated annual financial statements have been audited by PricewaterhouseCoopers Inc (PwC). The independent auditor was granted unrestricted access to all financial records and related data, including minutes of meetings of shareholders, the board, and committees of the board. The directors believe that all representations made to the independent auditor during its audit were valid and appropriate. The report of the auditor is presented on pages 10 to 14.

The directors of the company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission.

The directors' report and the annual financial statements were approved by the board on 23 June 2021 and are signed on its behalf by



R Havenstein
Chair



T Gobalsamy
Chief executive officer



S Serfontein
Finance director

23 June 2021


The CEO and finance director responsibility statement

for the year ended 31 March 2021

The directors, whose names are stated below, hereby confirm that:

- (a) the annual financial statements set out on pages 15 to 81, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Signed by the CEO and the finance director



T Gobalsamy
Chief executive officer



S Serfontein
Finance director

23 June 2021

Certificate by the company secretary

for the year ended 31 March 2021

In terms of section 88(2)(e) of the Companies Act, I confirm that, to the best of my knowledge, Omnia Holdings Limited has lodged with the Companies and Intellectual Property Commission for the financial year ended 31 March 2021 all such returns and notices as are required of a public company in terms of the Companies Act, and that all such returns and notices are true, correct and up to date.



M Nana
Company secretary

23 June 2021

Preparation of financial statements

for the year ended 31 March 2021

The Group consolidated financial statements were published on 23 June 2021 and are for the year ended 31 March 2021. These comprise the audit committee's report to stakeholders, the Directors' report, the Declaration by the company secretary, the External auditor's report, the basis of reporting and significant accounting policies, and the financial statements.

These financial statements have been audited as required by the Companies Act and their preparation was supervised by the finance director, Stephan Serfontein CA(SA).

Directors' report

for the year ended 31 March 2021

The board of directors present their report which forms part of the consolidated annual financial statements of Omnia Holdings Limited (Omnia or the Group) for the year ended 31 March 2021. The annual financial statements set out fully the financial position, results of operations, statement of changes in equity and cash flows for the Group for the financial year ended 31 March 2021. The consolidated annual financial statements for the year ended 31 March 2021 were prepared by the Group finance staff of Omnia, and supervised by Stephan Serfontein CA(SA), the finance director.

Business profile

Omnia Holdings Limited is incorporated and domiciled in the Republic of South Africa, and listed on the JSE Limited (JSE) in 1980. Omnia is a diversified chemicals Group that supplies chemicals and specialised services and solutions for the agriculture, mining and chemical application industries. Using technical innovation combined with intellectual capital, the Group, with the expertise of its 4 200 employees working in 25 countries, adds value for customers at each stage of the supply and service chain. With its vision of protecting life, sustaining livelihoods and creating a Better World as a footprint, the Group's solutions promote the responsible use of chemicals by reducing the impact on the environment and encouraging shifts towards cleaner technologies. The subsidiaries of the Group are involved in the development, manufacture, distribution and sale of fertilizers, speciality fertilizers, unique agriculture biological (AgriBio) products, mining explosives and accessories and chemicals.

Financial results

Notwithstanding the impact of COVID-19 and general economic and sector challenges, the Group operating profit (from continuing operations) increased by 62% to R1 205 million (2020: R744 million). The Group generated a total net profit after tax of R1 383 million for the year ended 31 March 2021 (2020: R129 million).

Dividends

The board has declared a final gross cash dividend of 200 cents per ordinary share totalling R338 million, payable from income in respect of the year ended 31 March 2021.

The board has declared a special gross cash dividend of 400 cents per ordinary share totalling R676 million, payable from income in respect of the year ended 31 March 2021.

Share capital

There was no change to the authorised ordinary share capital of Omnia during the year. Share capital decreased to R3 314 million (2020: R3 404 million) as a result of the purchase of shares for share incentive schemes. The total number of shares in issue as at 31 March 2021, net of treasury shares, was 165 683 817 shares (2020: 167 717 178 shares).

Further detail of the authorised and issued capital of the company is given in note 4.1 of the consolidated annual financial statements. The unissued ordinary shares are under the control of the directors of the company until the next annual general meeting.

Refer to pages 82 to 83 of the annual financial statements for the shareholders' analysis.

Capital structure

Net cash amounted to R1 767 million (2020: R1 267 million net debt) and is made up as follows:

Rm	31 March 2021	31 March 2020
Interest-bearing borrowings (non-current and current)	(66)	(2 534)
Lease liabilities (non-current and current)	(487)	(613)
Bank overdrafts	–	(93)
Cash and cash equivalents	1 833	1 360
Net cash/(debt)	1 280	(1 880)

The level of borrowings is authorised in terms of the company's memorandum of incorporation and have been authorised in terms of the required board approvals. A detailed list of all borrowings is set out in note 4.3 of the annual financial statements.

The Group's financial covenants were met at 31 March 2021.

Capital expenditure

Capital expenditure of R417 million (2020: R514 million) was incurred. Capital expansion was incurred by the Mining division for the mobilisation of a new mining contract.

Directors and company secretary

The curricula vitae of the directors and company secretary in office at the date of this report are available on www.omnia.co.za. The following changes were made to the board of directors:

- F Butler retired as chair of the social, ethics and risk committee and as an independent non-executive director effective 23 September 2020
- L de Beer resigned as chair of the audit committee and as an independent non-executive director effective 1 February 2021

Details of directors' remuneration are set out in note 5.6 to the consolidated annual financial statements.

The table below summarises directors' interest in shares in Omnia Holdings Limited:

	31 March 2021				31 March 2020			
	Total	Direct beneficial	Indirect beneficial	Indirect non-beneficial	Total	Direct beneficial	Indirect beneficial	Indirect non-beneficial
R Havenstein	1 922	1 922	–	–	1 922	1 922	–	–
F Butler ¹	15 913	15 913	–	–	15 913	15 913	–	–
N Binedell	16 000	16 000	–	–	16 000	16 000	–	–
Z Swanepoel	10 000	10 000	–	–	10 000	10 000	–	–
T Gobalsamy	1 728 000	1 728 000	–	–	288 000	288 000	–	–
S Serfontein	120 000	120 000	–	–	–	–	–	–
R Humphris ²	n/a	n/a	n/a	n/a	1 516 511	1 427 383	89 128	–
Total	1 891 835	1 891 835	–	–	1 848 346	1 759 218	89 128	–

¹ Retired as an independent non-executive director on 23 September 2020.

² Retired as a non-executive director on 27 September 2019.

There were no changes in directors' shareholdings between 31 March 2021 and the date of approval of the annual financial statements.

Subsidiaries, joint ventures and joint operations

Details of the company's principal subsidiaries, joint ventures and joint operations are set out in the annual financial statements in note 5.4.

Special resolutions

At the annual general meeting of Omnia shareholders convened on 23 September 2020, the following special resolutions were passed by the company:

- Approval of non-executive directors and chair's fees
- General approval: Financial assistance for subscription of securities in terms of section 44 of the Companies Act
- General approval: Financial assistance for loans in terms of section 45 of the Companies Act

At the general meeting of Omnia shareholders convened on 13 November 2020, the following special resolution was passed by the company:

- Approval of the general authority to repurchase shares

More information on these resolutions can be obtained from the company secretary at michelle.nana@omnia.co.za.

There were no special resolutions passed by the South African subsidiaries of the company during the year under review.

Directors' and officers' disclosure of interest in contracts

During the financial year, no contracts were entered into in which the directors and officers of the company had an interest and which significantly affected the business of the Group. The directors had no interest in any third party or company responsible for managing any business activities of the Group.

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group can continue to operate for the foreseeable future. At the date of approving these financial statements, the directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements, including possible prolonged periods of reduced operations due to COVID-19 or other unexpected headwinds. This assessment is supported by the Group's reduced net debt position following improved cash generation by the underlying businesses and the receipt of the Oro Agri sales proceeds. The directors conclude that the going concern assumption is an appropriate basis of preparation for these financial statements.

Events after the reporting period

Refer to note 6.2 of the consolidated annual financial statements for disclosure regarding events after the reporting period.

Auditor rotation

The audit committee has recommended that Deloitte & Touche be appointed as the external auditor of the Group, and that Thega Marriday be appointed as the designated auditor for this purpose, in terms of the resolution to be proposed at the annual general meeting in accordance with the Companies Act.

* Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

Audit committee report

for the year ended 31 March 2021

The Omnia Group audit committee is pleased to present its report for the financial year ended 31 March 2021, in line with the Companies Act No 71 of 2008, as amended (Companies Act), the JSE Listings Requirements, the King IV Report on Corporate Governance™* for South Africa 2016 (King IV), and other applicable regulatory requirements.

The audit committee's duties are set out in its charter, which is available on Omnia's website at <https://www.omnia.co.za/investors-and-media/charters>.

In summary, the committee's role is to provide independent oversight of the effectiveness of Omnia's internal financial control environment, its assurance functions and services, and the integrity of the annual financial statements and related reporting.

The governance of risk at Omnia is delegated by the board to the social, ethics and risk committee. The audit committee does, however, continue to oversee the governance of financial and other risks that might affect the integrity of Omnia's financial reporting. The audit committee chair attends all social, ethics and risk committee meetings.

Composition and meeting attendance

The committee comprises independent non-executive directors only, all of whom satisfied the requirements of section 94(4) of the Companies Act. As a collective and having regard to the size and complexity of the Group, the committee is adequately skilled, and members collectively possess the appropriate financial and related qualifications, skills, expertise and experience required to discharge its responsibilities.

During the financial year, the committee comprised the following members:

Member	Appointed	Attendance	Regular invitees
George Cavaleros (chair) ¹	5 August 2019	6/6	Chair of social, ethics and risk committee
Tina Eboka	14 March 2018	6/6	Chair of the board
Ronnie Bowen	13 April 2017	6/6	Chief executive officer
Wim Plaizier ³	30 March 2021	0/0	Finance director
Linda de Beer ²	30 November 2017	5/6	Chief audit executive
			External auditor
			Group executive: safety, sustainability and risk
			Executive: general counsel

¹ Appointed as chair of the audit committee effective 1 February 2021.

² Resigned as director effective 1 February 2021.

³ Appointed to the audit committee effective 30 March 2021.

As part of the annual evaluation of the board, the performance of the committee was also assessed.

Key focus areas for the year ended 31 March 2021

In addition to carrying out its duties as set out in its charter, the audit committee focused on the following matters during the year:

- Information and technology governance
- The internal control environment, financial risk processes, including the combined assurance framework
- Finance team skills and capacity
- Simplification of the Group structure
- Tax and treasury matters
- External and internal auditor rotation

Discharge of duties for the 2021 financial year

The committee is satisfied that, in respect of the period under review, it has conducted its affairs and discharged its duties and responsibilities in accordance with its terms of reference, the JSE Listings Requirements, the Companies Act and the King IV Report on Corporate Governance. To this end, the following specific aspects are highlighted:

Recommendation of the annual financial statements to the board for approval

The committee reviewed the Group's accounting policies, significant accounting matters and estimates, as well as the going concern assessment applicable to the annual financial statements for the year ended 31 March 2021 and ensured that these annual financial statements and the related results announcements were in compliance with the provisions of the Companies Act, IFRS and the JSE Listings Requirements.

The audit committee, in the finalisation of the annual financial statements, also considered matters, including those emanating from the JSE's proactive monitoring process in respect of accounting policies and financial reporting as well as numerous other matters communicated by the JSE over the past few months in respect of reporting and disclosure.

As fully explained in note 1.6 of the Group's annual financial statements, certain FY2020 amounts have been restated. Such restatements did not have any impact on the Group's current or previously reported financial position or earnings. Furthermore, as mandated by IFRS 5, the disposal by the Group of its Oro Agri business has been treated as a discontinued operation in FY2021, requiring certain changes to amounts previously reported in FY2020.

The annual financial statements and results announcement were recommended to the board for approval. Refer to note 1.4 of the annual financial statements for a detailed analysis of the going concern assumption.

Key audit matters (KAMs)

The KAMs identified and reported on by PwC are also matters that feature high on the audit committee agenda. To this end, the committee provides in the table below further insight as to how it considered and oversaw these aspects in relation to the annual financial statements.

KAM	Committee response to matter
Impairment assessment of non-financial assets	<p>The key areas where impairment indicators needed committee consideration related to the Group's property, plant and equipment, right-of-use assets, goodwill and intangible assets.</p> <p>The committee evaluated management's underlying assumptions and judgements in light of the Group's business plans, strategy and forward-looking budgets, against the board's understanding of the relevant internal and external factors (including COVID-19) impacting the business. The committee is satisfied that sufficient rigour and conservatism were applied by management during the impairment assessment processes.</p>

External audit quality and independence

The committee considered and satisfied itself with the audit quality and independence of PwC and Mr Oswald Wentworth in their respective capacities as the appointed external audit firm and lead audit partner. In doing so, the committee considered the external auditor's suitability assessment and adherence in terms of paragraph 3.84(g)(iii) and section 22.15(h) of the JSE Listings Requirements. The committee also reviewed audit quality based on the committee's own assessment in addition to considering the documents presented by PwC, as required by the JSE Listings Requirements, and found it to be satisfactory.

Furthermore, the committee ensured that the scope of non-audit services rendered in respect of Omnia's non-audit services policy did not impair auditor independence. The policy is available at the company's registered office. Fees for audit-related services incurred during the year amounted to R36 million and non-audit services R4 million (2020: R36 million and R1 million) respectively.

Change in external and internal auditors

Following the audit committee's decision to early adopt the Independent Regulatory Board of Auditors mandatory audit firm rotation rule by one year, Deloitte (Omnia's existing internal auditor for FY2021), EY and KPMG were invited, through a detailed request for proposal to tender for the external audit appointment for the Group's financial year ending 31 March 2022 and beyond, but within the audit firm (10 years - IRBA) and audit partner (five years - Companies Act) rotation provisions. The audit committee considered it appropriate that Deloitte participate in the external audit proposal process, as that firm's exclusion would limit the pool from which an external audit firm selection could be made to only two firms, namely KPMG and EY.

Audit committee report continued

for the year ended 31 March 2021

As a consequence of Deloitte's participation in the external audit process, it was necessary to request the Big 4 firms (Deloitte, EY, KPMG and PwC) to bid for the internal audit position.

Based on detailed pre-determined evaluation criteria, as well as an assessment of softer qualitative measures, the audit committee unanimously agreed to:

- Recommend to the upcoming AGM of Omnia shareholders that Deloitte be appointed as the Group's external auditor
- Appoint PwC as the Group's internal auditor

The board of directors has endorsed the above appointments of with Mr Thega Marray of Deloitte as the designated audit partner, effective for the financial year ending 31 March 2022. The proposed appointment of Deloitte as the Group's external auditor will be put to shareholders at the annual general meeting of the company scheduled for 22 September 2021 ("2021 Annual General Meeting").

Internal audit and internal financial controls

Deloitte were appointed in 2017 to perform the internal audit function and to undertake the role of chief audit executive, fulfilled by Sisa Ntlango. Internal audit has unrestricted access to the audit committee.

The audit committee considered and approved the internal audit charter, the internal audit plan and additional work performed by Deloitte in the course of the year. At every meeting, the committee considered the results of the reviews performed by internal audit and ensured that processes were put in place by management to take the necessary corrective action where significant control weaknesses were identified and were appropriate, challenged the actions taken by management.

Internal audit provided a written assessment regarding the Group's system of internal controls and confirmed that, while improvements were evident in the control environment, based on the results of the work undertaken, these controls were partially adequate and partially effective. The Group CEO and CFO informed the committee that they concur with internal audit's assessment and have advised the committee that the necessary remedial action is being undertaken. Notwithstanding, the current status of the control environment, the CEO and CFO are satisfied that appropriate financial reporting procedures exist and are operational in all entities in the Group to facilitate credible financial reporting to stakeholders in order to effectively prepare, and report on, the annual financial statements.

The audit committee satisfied itself that the internal audit function is independent and had the necessary resources, standing and authority to discharge its duties. The audit committee would like to thank Sisa Ntlango for his role to enhance the culture and control environment and look forward to working with PwC.

Cyber-attack

In March 2020, the Group was subjected to a ransomware cyber-attack on its IT infrastructure. As a precautionary measure, access to the IT infrastructure was immediately restricted across the business and recovery procedures were successfully implemented. Production facilities and operations were unaffected by the cyber-attack. However, some disruption from an administrative support perspective was experienced until the full functionality of the IT infrastructure was restored.

The committee also considered the corrective action and strengthening of general controls in the IT environment, with specific reference to information security and access. The committee reviewed the continued progress made, and remedial action plans, by management on the IT general control environment, which has received significant attention in the past year and agrees that this area is still of critical importance to the Group and that focus should be maintained to ensure delivery of the required enhancements in this key area.

Evaluation of the expertise and adequacy of the finance director and the finance function

The committee considered and satisfied itself regarding the appropriateness of the expertise of the financial director and the adequacy of resources within the Group's finance function. Stephan Serfontein was appointed permanently into the role as finance director with effect from 1 March 2020. The audit committee is satisfied with the work done by him during the year. While appointments made to the finance team (including the treasury and tax functions) have positively impacted the Group, there is recognition that further appointments to, or reorganisations within the wider finance functions is necessary.

Combined assurance

The audit committee considered Omnia's combined assurance model and practices in conjunction with the social, ethics and risk committee. In assessing the maturity of the Group's combined assurance initiatives and practices, the two committees reflected on reports submitted by management and formal feedback from the internal (Deloitte) and external (PwC) assurance providers. The journey to a mature combined assurance model to achieve the objectives stated in King IV continues. Combined assurance maturity is a key priority for the Group's executive team as well as the audit committee, which now has the sole mandate for combined assurance oversight.

COVID-19

The Omnia board and executive management team took primary responsibility for considering and addressing risks associated with the global pandemic which continued during 2021.

The audit committee evaluated managements' judgments and assumptions applied in valuing the Group's assets and liabilities and in calculating the potential impairments of both tangible and intangible assets. These were found to be reasonable. In light of the JSE's financial reporting requirements, the committee also considered the financial statement disclosure in respect of COVID-19, not only to comply with the JSE's expectations but to also ensure the inclusion of fair, balanced and transparent information.

Finally, in light of the uncertainties created by COVID-19, the committee carefully considered the going concern status of the Group, with reference in particular to expected future cash flows, trading performance and balance sheet stresses. The committee was comfortable to recommend the applicability of the going concern basis of accounting to the board. This assessment is supported by the Group's reduced net debt to a net cash position following improved cash generation by the underlying businesses and the receipt of the Oro Agri sales proceeds.

Key focus areas for the year ending 31 March 2022

In addition to carrying out its duties as set out in its charter, the audit committee will focus on the following matters for the 2022 financial year:

- Information and technology governance
- Financial risk management and combined assurance effectiveness and maturity
- Control environment
- Finance team skills and capacity
- Business and legal structures
- Tax and treasury

In conclusion, the audit committee thanks the Omnia team for its dedication during a very difficult financial year and looks forward to assisting in resolving existing and future challenges. The committee welcomes Mr Wim Plaizier as a member and looks forward to the value which Wim will bring to its deliberations. Finally, special gratitude is expressed by the committee to the former chair, Ms Linda de Beer, for her leadership and her outstanding contribution to the committee's activities.



George Cavaleros
Audit committee chair

Independent auditor's report

To the Shareholders of Omnia Holdings Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Omnia Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Omnia Holdings Limited's consolidated financial statements set out on pages 15 to 81 comprise:

- the consolidated statement of financial position as at 31 March 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

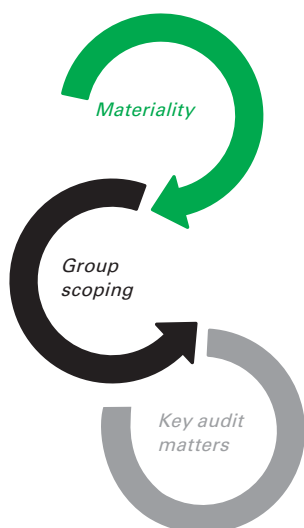
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview



Overall group materiality

- R124 million, which represents 0.70% of consolidated revenue from continuing operations.

Group audit scope

- The Group comprises 72 components. Full scope audits were performed at 14 components that were considered financially significant. Specified audit procedures were performed at one component based on specific audit risks at the component. Analytical review procedures were performed over the remaining insignificant components.

Key audit matter

- Impairment assessment of non-financial assets.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<i>Overall group materiality</i>	R124 million.
<i>How we determined it</i>	0.70% of consolidated revenue from continuing operations.
<i>Rationale for the materiality benchmark applied</i>	<p>We chose consolidated revenue from continuing operations as the materiality benchmark because, in our view, it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings.</p> <p>Based on professional judgement, we chose 0.70% to take into consideration the intended users and distribution of the consolidated financial statements, as well as the inherent risk within the Group.</p>

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises 72 components. In scope components were identified based on scoping benchmarks such as the component's contribution to key financial statement line items (consolidated revenue from continuing and discontinued operations, consolidated total assets and consolidated total liabilities) and risks associated with the components. We conducted full scope audit procedures at 14 components and specified audit procedures at one component based on specific audit risks at the component. Analytical review procedures were performed over the remaining insignificant components.

Further audit procedures were performed by the Group audit engagement team, including substantive procedures over the consolidation process. The work performed at operational levels, as well as the procedures performed at the Group level, provided us with sufficient evidence to express an opinion on the consolidated financial statements as a whole.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team and component auditors from other network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at that component to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

We had various interactions with our component teams in which we discussed and evaluated recent developments, the scope of audits, audit risks, materiality and our audit approaches. We discussed the reports of the component teams, the findings of their procedures and other matters which could be of relevance for the consolidated financial statements.

Independent auditor's report continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of non-financial assets</p> <p>At 31 March 2021, the Group recognised property, plant and equipment with a carrying amount of R4 794 million, right-of-use assets with a carrying amount of R434 million, goodwill with a carrying amount of R96 million and intangible assets with a carrying amount of R683 million, respectively.</p> <p>During the year ended 31 March 2021, an impairment indicator was identified whereby the carrying amount of the Group's net assets exceeded its market capitalisation.</p> <p>Amongst others, management performed impairment assessments for all material cash generating units (CGUs), as disclosed in note 3.3 to the consolidated financial statements within the Group due to the impairment indicator identified, as well as the CGUs that have goodwill allocated to them and therefore require an annual impairment assessment to be performed.</p> <p>In determining the recoverable amount of each of the respective CGUs, management calculated the value-in-use using a discounted cash flow model. This model required judgement in the determination of key assumptions and future market conditions, particularly in relation to:</p> <ul style="list-style-type: none">• Average annual revenue growth rates;• Average gross margin percentages;• Average annual increase in expenses;• Discount rates; and• Terminal growth rates. <p>Future cash flows are estimated based on financial budgets and forecasts covering a five-year period. Based on the results of the impairment assessments, no impairments were recognised.</p> <p>The impairment assessment of non-financial assets was considered to be a matter of most significance to the current year audit due to the following:</p> <ul style="list-style-type: none">• Significant judgement and estimation applied by management in determining the key assumptions, future market conditions and future cash flows; and• The magnitude of these balances in relation to the consolidated financial statements of the Group. <p>These significant judgements are disclosed in the following notes to the consolidated financial statements:</p> <ul style="list-style-type: none">• Note 1.3: Impact of Covid-19;• Note 3.1: Property, plant and equipment; and• Note 3.3: Goodwill and intangible assets.	<p>Through our discussions with management and inspection of the underlying calculations, we obtained an understanding of the methodology applied and the models used by management for impairment assessment purposes, which consisted of discounted cash flow models.</p> <p>We evaluated the reasonableness of management's impairment assessments, considering the significant assumptions and estimates disclosed in note 3.3 to the consolidated financial statements, by performing the following procedures:</p> <ol style="list-style-type: none">(a) We obtained an understanding of the discounted cash flow models prepared by management which underlie the impairment assessments for each individual CGU. We assessed the models against market practice and the applicable requirements of International Accounting Standard (IAS) 36 <i>Impairment of Assets</i>, noting no aspects requiring further consideration;(b) We obtained management's impairment models and tested the mathematical accuracy of the calculations, which included recalculating the recoverable amount for each respective CGU, and compared this to the respective net carrying values. No material differences were noted.(c) Making use of our internal valuation expertise we independently recalculated a discount rate taking into account independently obtained data such as the cost of debt, risk free rates in the market, market risk premiums, debt/equity ratios, as well as the beta of comparable companies. We then compared our calculated discount rate to the discount rate used by management and we found that management's discount rate was within an acceptable range of our independent recalculation on all CGUs except Umongo Petroleum which we have determined to be higher. In applying our calculated discount rate to our independent impairment assessment, no material differences were noted.(d) Making use of our internal valuation expertise we also assessed the reasonableness of the terminal growth rates by comparing the terminal growth rates to long-term growth rates obtained from independent sources. These were found to be reasonable.(e) We assessed management's future forecasts of average annual revenue growth rates, average annual gross margin percentages and average annual increase in expenses used in the discounted cash flow model. This involved a comparison to current and historical operational results, as well as to the board approved budgets. We also performed sensitivity analyses to assess the impact of possible variability in key input assumptions.

Emphasis of matter – subsequent event

We draw attention to note 1.10 to the consolidated financial statements which indicates that the previously issued consolidated financial statements for the year ended 31 March 2021, on which we issued an auditor's report dated 22 June 2021, have been revised and reissued. As explained in note 1.10, this is to reflect the effects of the reclassification of deferred and contingent consideration payments from operating activities to investing activities in the consolidated statement of cash flows. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*Omnia Holdings Limited Annual Financial Statements for the year ended 31 March 2021*" and the document titled "*Omnia Holdings Limited Company Annual Financial Statements for the year ended 31 March 2021*", which includes the Directors' report, the Audit committee report and the Certificate by the company secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the document titled "*Omnia Integrated Annual Report 2021*", which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent auditor's report continued

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Omnia Holdings Limited for 43 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Oswald Wentworth

Registered Auditor

Johannesburg, South Africa

23 June 2021

Consolidated statement of financial position

as at 31 March 2021

Rm	Notes	2021	2020
ASSETS			
Non-current assets		6 162	8 660
Property, plant and equipment	3.1	4 794	5 328
Right-of-use assets	3.2	434	572
Goodwill and intangible assets	3.3	779	2 579
Investments accounted for using the equity method	5.1	24	11
Trade and other receivables	3.5	54	104
Deferred income tax	3.7	77	66
Current assets		8 670	9 428
Inventories	3.4	3 246	3 647
Trade and other receivables	3.5	3 435	4 151
Derivative financial instruments	4.4	6	160
Income tax		56	110
Cash and cash equivalents	4.6	1 833	1 360
Restricted cash	4.7	94	–
Assets held for sale	3.6	21	–
Total assets		14 853	18 088
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to the owners of Omnia Holdings Limited		9 740	9 617
Share capital	4.1	3 314	3 404
Reserves	4.2	385	1 611
Retained earnings		6 041	4 602
Non-controlling interest	5.2	(1)	118
Total equity		9 739	9 735
LIABILITIES			
Non-current liabilities		781	2 881
Deferred income tax	3.7	379	674
Interest-bearing borrowings	4.3	25	1 693
Lease liabilities	3.9	329	427
Derivative financial instruments	4.4	–	28
Trade and other payables	3.8	48	59
Current liabilities		4 333	5 472
Interest-bearing borrowings	4.3	41	841
Lease liabilities	3.9	158	186
Bank overdrafts	4.6	–	93
Derivative financial instruments	4.4	14	99
Income tax		413	284
Contract liabilities	2.2	300	477
Trade and other payables	3.8	3 407	3 492
Total liabilities		5 114	8 353
TOTAL EQUITY AND LIABILITIES		14 853	18 088

Consolidated statement of comprehensive income

for the year ended 31 March 2021

Rm	Notes	2021	Restated* 2020
Continuing operations			
Revenue	2.2	17 790	17 823
Cost of sales		(13 982)	(14 037)
Gross profit		3 808	3 786
Distribution expenses		(1 394)	(1 643)
Administrative expenses		(1 270)	(1 108)
Other operating income	2.4	202	170
Other operating expenses	2.4	(236)	(93)
Impairment losses on non-financial assets	2.4	–	(110)
Impairment losses on financial assets	3.5	(83)	(109)
Share of net profit/(loss) of investments: equity method	5.1	2	(8)
Operating profit before items below		1 029	885
Net impact of hyperinflation and foreign exchange losses		176	(141)
Net foreign exchange losses in Zimbabwe operations	2.3	(320)	(580)
Monetary adjustment for hyperinflation – Zimbabwe	2.3	496	439
Operating profit	2.5	1 205	744
Finance income	2.6	117	90
Finance expense	2.6	(376)	(561)
Profit before income tax		946	273
Income tax expense	2.7	(288)	(194)
Profit for the year from continuing operations		658	79
Discontinued operations			
Profit for the year from discontinued operations	1.9	725	50
Profit for the year		1 383	129
Other comprehensive income			
Continuing operations			
Items that may be reclassified to profit or loss (net of tax)			
Loss on cash flow hedge	4.4	–	(47)
Currency translation differences – Zimbabwe	4.2	(290)	98
Currency translation differences – excluding Zimbabwe	4.2	(953)	595
Other comprehensive (loss)/income for the year from continuing operations		(1 243)	646
Discontinued operations			
Other comprehensive loss for the year from discontinued operations		(1)	(6)
Other comprehensive loss for the year		(1)	(6)
Total comprehensive (loss)/income from continuing operations		(585)	725
Total comprehensive income from discontinued operations		724	44
Total comprehensive income for the year		139	769

* Refer to note 1.6.

Consolidated statement of comprehensive income continued

for the year ended 31 March 2021

Rm	2021	Restated* 2020
Profit for the year attributable to:		
Owners of Omnia Holdings Limited	1 383	124
From continuing operations	658	81
From discontinued operations	725	43
Non-controlling interest	–	5
From continuing operations	–	(2)
From discontinued operations	–	7
	1 383	129
Total comprehensive income for the year attributable to:		
Owners of Omnia Holdings Limited	154	753
From continuing operations	(585)	727
From discontinued operations	739	26
Non-controlling interest	(15)	16
From continuing operations	–	(2)
From discontinued operations	(15)	18
	139	769
Earnings per share attributable to the equity holders of Omnia Holdings Limited		
Basic earnings per share from continuing operations (cents)	394	64
Basic earnings per share from discontinued operations (cents)	435	34
Basic earnings per share (cents)	829	99
Diluted earnings per share from continuing operations (cents)	388	154
Diluted (loss)/earnings per share from discontinued operations (cents)	(15)	34
Diluted earnings per share (cents)	373	189

* Refer to note 1.6.

Consolidated statement of changes in equity

for the year ended 31 March 2021

Rm	Attributable to the owners of Omnia Holdings Limited					Non-controlling interests	Total
	Share capital	Treasury shares	Other reserves	Retained earnings			
At 31 March 2019	1 604	(123)	1 048	4 594		102	7 225
Implementation of new standards							
First-time adoption of IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	–	–	–	(144)		–	(144)
At 1 April 2019	1 604	(123)	1 048	4 450		102	7 081
Profit for the year	–	–	–	124		5	129
Other comprehensive income	–	–	629	–		11	640
Total comprehensive income	1 604	(123)	1 677	4 574		118	7 850
Transactions with shareholders							
Ordinary shares issued	1 930	–	–	–		–	1 930
Transfer of other reserves to retained earnings	–	–	(28)	28		–	–
Shares acquired as part of a share-based payment scheme	–	(7)	–	–		–	(7)
Share-based payment transactions	–	–	(38)	–		–	(38)
At 31 March 2020	3 534	(130)	1 611	4 602		118	9 735
Profit for the year	–	–	–	1 383		–	1 383
Other comprehensive income	–	–	(1 197)	–		(15)	(1 212)
Total comprehensive income	3 534	(130)	414	5 985		103	9 906
Transactions with shareholders							
Share-based payment – settlement of Sakhile 2	–	–	(61)	56		–	(5)
Shares acquired as part of a share-based payment scheme	–	(90)	–	–		–	(90)
Share-based payment transactions	–	–	32	–		–	32
Disposal of Oro Agri	–	–	–	–		(104)	(104)
At 31 March 2021	3 534	(220)	385	6 041		(1)	9 739
Notes	4.1	4.1	4.2			5.2	

Consolidated statement of cash flows

for the year ended 31 March 2021

Rm	Notes	2021	2020
Net cash inflow from operating activities		2 180	1 692
Cash generated from operations	4.5	2 585	2 226
Interest paid	2.6	(374)	(482)
Interest received	2.6	117	93
Income taxes paid	2.7	(148)	(145)
Net cash inflow/(outflow) from investing activities		1 566	(466)
Purchase of property, plant and equipment	3.1	(392)	(421)
Proceeds on disposal of property, plant and equipment and intangible assets	3.1	43	48
Additions to intangible assets	3.3	(25)	(93)
Payment of deferred and contingent consideration		(263)	–
Proceeds from disposal of Oro Agri	1.9	2 203	–
Net cash (outflow)/inflow from financing activities		(2 770)	1 404
Proceeds from rights offer	4.1	–	2 000
Cash paid for rights issue costs	4.1	–	(70)
Purchase of treasury shares	4.1	(90)	(7)
Proceeds from interest-bearing borrowings raised	4.3	12	1 648
Repayment of interest-bearing borrowings	4.3	(2 476)	(1 904)
Repayment of lease liabilities	3.9	(216)	(263)
Net increase in cash and cash equivalents		976	2 630
Net cash and cash equivalents at beginning of year		1 267	(1 613)
Effect of foreign currency movement		(410)	250
Net cash and cash equivalents at end of year	4.6	1 833	1 267

Refer to note 1.9 for cash flows from discontinued operations.

Notes to the consolidated annual financial statements

for the year ended 31 March 2021

1. GENERAL INFORMATION

This section sets out IFRS as the framework under which these financial statements are prepared.

Omnia Holdings Limited (the company) and its subsidiaries (together the Group) produce and distribute granular, liquid and speciality fertilizers, offer a broad spectrum of products and services to the mining industry, and distribute speciality, functional and effect chemicals and polymers. The Group has operations in South Africa, other countries in Africa, North America, Australia, Brazil and China. The company has its primary and only listing on the JSE Limited.

1.1 BASIS OF PREPARATION

The principal accounting policies in the preparation of these consolidated financial statements are set out within the notes to the consolidated financial statements. These policies have been consistently applied to all years presented, unless otherwise stated.

All policies stated in the consolidated financial statements relate to the Group and the companies within the Group. The consolidated financial statements for the year ended 31 March 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, the Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, to the extent applicable, the JSE Listings Requirements and the Companies Act of South Africa.

The consolidated financial statements have been prepared under the historical-cost convention except for derivative financial instruments measured at fair value.

Assets and liabilities are classified as either current or non-current on the statement of financial position. Assets are classified as current when they are expected to be realised within 12 months after the reporting date or when held primarily for being traded or have no terms of repayment. All other assets are classified as non-current. Liabilities for which the Group has an unconditional right to defer settlement for at least 12 months from the reporting date are classified as non-current.

The statement of comprehensive income is presented by function with additional disclosure regarding the nature of expenses such as depreciation, amortisation and employee benefits provided in the notes.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may differ from these estimates. Areas involving a high degree of judgement or complexity or areas where assumptions and estimates are significant to the Group's consolidated financial statements are disclosed in the relevant note.

1.2 OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

The overview provides a snapshot of the material events and transactions of the Group with references to where the detailed information can be found.

Following the successful stabilisation of the Group's financial position last year, the focus this year was on the "fix" phase of the Group's turnaround strategy while exploring new growth opportunities. The strategy continues to yield positive operational results supported by Omnia's much healthier financial position.

Operational performance tracked ahead of management's expectations for most of the year. Robust and decisive actions translated into an increased operating profit, margins and free cash flow with a reduction in net working capital utilised during the peak season, along with further a reduction in net debt.

The Group kept pace with the fast-changing environment, demonstrating the agility required to address the COVID-19 challenges across its operations. The resurgence in infections across many regions in the last quarter created additional disruptions, particularly from a supply chain perspective, which have been well managed to date. Omnia continues to reinforce a culture of safety and accountability across the Group with concerted efforts focused on ensuring that the safety and process safety performance across the Group is continually improved.

With a resilient performance achieved in the face of challenging economic conditions, Omnia remains focused on its commitment to improve overall returns through the pursuit of organic and inorganic growth opportunities, greener technologies and geographies that enhance its impact in the world and ultimately create value for stakeholders.

1. GENERAL INFORMATION CONTINUED

1.2 OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS continued

On 22 June 2020 the Group announced the receipt of a non-binding indicative offer for the Oro Agri business. Omnia entered into an agreement with European Crops Products 2 S.A.R.L (ECP), on 19 October 2020 to dispose of its investment in Oro Agri for a consideration of USD146.9 million.

All suspensive conditions relating to the sale had been met by 7 January 2021, the effective date of the disposal. The Oro Agri group is consolidated into the Group's results until the effective date, is reported as Agriculture Biological and accounted for as a discontinued operation in the statement of comprehensive income. Oro Agri is excluded in the current year numbers presented and incorporated as a single line item. This also applies to the comparative numbers to keep the readers of the financial statements informed about those operations which the entity has discontinued, and those operations which the entity is continuing with to generate future profits and cash flows.

The Group is in a net positive cash position resulting predominantly from improved cash generation by the underlying businesses and the receipt of the Oro Agri sales proceeds. The board is carefully considering further capital allocation decisions to ensure that they are value accretive, offer the right diversification and strengthen the Group's overall positioning.

Notwithstanding the impact of COVID-19 and general economic and sector challenges, the Group operating profit (from continuing operations) increased to R1 205 million (2020: R744 million). The Group generated a total net profit after tax of R1 383 million for the year ended 31 March 2021 (2020: R129 million).

1.3 IMPACT OF COVID-19

COVID-19 was declared a global pandemic in March 2020. The note below describes the impact on the Group's local and international operations.

The Group's operating environment

The world is adapting to a new normal given the high uncertainty in local, regional and global economies. Global supply chains have been disrupted, the social environment is fragile, and economies are volatile. Although the global economy has started to recover following the relaxation of lockdown regulations in many countries, it is anticipated to remain below pre-pandemic levels for a prolonged period.

Global GDP is expected to increase by 6% in 2021 and 4.4% in 2022, based on proper pandemic management and effective vaccination limiting the community spread of COVID-19 in many countries, while continued monetary policy accommodation accompanied by fiscal support is also anticipated. Nonetheless, global GDP for 2021 is forecast to remain well below pre-pandemic projections.

Agricultural context

Agriculture was classified an essential service across all territories in which Omnia operates, and other than occasional supply chain delays, the COVID-19 impact on the division has not been significant.

While most sectors contracted during the current financial year due to the spread of COVID-19, general economic downturn and political turmoil, southern African food production expanded strongly, with good early rains, higher crop prices and increased export sales supporting demand for Agriculture's fertilizers, speciality products, biostimulants and support services. Agriculture Biological (Agri-Bio) options are becoming increasingly popular to help revolutionise soil health and crop nutrition which have become crucial factors for food security amidst climate change and other challenges.

Mining context

COVID-19 lockdowns severely impacted the African mining industry and the explosives sector, particularly those in South Africa between April and June 2020. Internationally the most mature, well-funded mining operations continued to operate throughout the first half of the year although supply chain restrictions and border closures severely impacted output and demand for explosives.

Despite facing some of the lowest production months in decades during the hard lockdown, commodity prices increased brought on by the strong dollar and demand for gold as a safe haven amid the pandemic and global trade tensions. Unreliable power supply in South Africa is an ongoing issue with load-shedding anticipated to continue for the foreseeable future. Privatised power generation, either through self-generation or independent third-party generation, will be a priority to mitigate this risk. Mining production in South Africa is on a path of recovery to pre-COVID levels and continues steady growth particularly from February 2021 onwards, compared to the same period last year.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

1. GENERAL INFORMATION continued

1.3 IMPACT OF COVID-19 continued

Chemicals context

Chemical distributors mainly serve the manufacturing and general industrial sectors in South Africa, sectors that have borne the brunt of South Africa's electricity supply challenges over the years. The COVID-19 pandemic has exacerbated this situation with demand for chemicals declining in South Africa over the last 12 months. The sectors most severely impacted are Food & Beverage (restaurants and hotels), Consumer Care (Hospitality) and Automotive (Oil & Gas). However, the COVID-19 pandemic has resulted in many new business opportunities arising in the chemical space, with growth in cleaning and hygiene products leading the way. In addition, changes in consumer behaviour due to a growing awareness of green chemistries and the composition of foods and other consumer goods are expected to grow strongly over the coming years.

The impact of COVID-19 on the petroleum industry, in the current financial year, resulted in an overall decline in demand, but the effects of the pandemic on global oil refineries regarding supply capability was felt especially during the last quarter of the financial year.

The Group's management of the COVID-19 pandemic

As the business operates across a number of countries, the response to the COVID-19 crisis has been guided by relevant national authorities and international guidelines issued by the World Health Organization. The Group is working under strict conditions, across all its operations, to limit and minimise the potential for COVID-19 transmission, and will continue to support and educate employees on the appropriate hygiene standards to follow. The Group continues to prioritise the health and safety of all employees.

The extent of the effect of COVID-19 on business operations is continually being reassessed, with relevant task teams being established and business continuity plans being prepared and executed to deal with anticipated outcomes. Additionally, the Group's internal policies and risk management practices are continuously being updated to ensure that they remain aligned to the rapid evolving situation.

Impact on the annual financial statements

The Group has assessed the impact of COVID-19 on the annual financial statements. The key areas impacted are discussed below.

Impairment of non-financial assets

The Group's business model is asset-intensive, with manufacturing facilities in Sasolburg, Losberg and other sites around the world. As the Group's manufactured products are identified as essential, production has been ongoing. The Group has tested material asset-intensive cash-generating units by calculating value-in-use and comparing the result to the carrying amount of the cash-generating unit. The impact of COVID-19 on budgeted and forecast revenue and expenses were used, discounted at the weighted average cost of capital. No impairments were identified. (Refer to note 3.3.)

Impairment of financial assets

The Group assesses impairment of financial assets by calculating the expected credit loss allowance on trade and other receivables. (Refer to note 4.4.) Forward-looking information included the market impact of COVID-19 by adjusting the credit risk of receivables for macro-economic conditions that impact credit risk. As the Group's customers are globally identified as essential services, the impact was not significant.

Inventory obsolescence

The Group's inventory in the Mining and Chemicals divisions were considered for obsolescence because of lower global demand. However, strong inventory management controls implemented during the year resulted in an overall lower stock holding and therefore COVID-19 had minimal impact on inventory valuations. (Refer to note 3.4.)

Cash flow and liquidity

The Group assessed the impact on cash resources on hand and available from committed facilities together with the possibility of default by customers. The Group is prioritising its spending with a focus on reducing non-essential costs and making operations more efficient. The Group is further committed to minimising the impact on salaries and job losses. (Refer to note 1.4.)

1.4 GOING CONCERN

The increased focus on cash generation and cash management, improved working capital and the reduction of debt levels, has strengthened the liquidity and financial position of the Group.

In determining the appropriate basis of preparation of the annual financial statements, the directors are required to consider whether the Group can continue to operate for the foreseeable future. At the date of approving these annual financial statements, the directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. This assessment is supported by the Group's reduced net debt position. The directors conclude that the going concern assumption is an appropriate basis of preparation for these annual financial statements.

1. GENERAL INFORMATION continued

1.5 FUNCTIONAL AND PRESENTATION CURRENCY

The Group consolidates all local and foreign subsidiaries. This note details how foreign subsidiaries of the Group are translated for presentation in these annual financial statements.

Accounting policy

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Rands (rounded to R million), which is the Group's presentation currency and the company's functional and presentation currency.

Financial results and financial positions of foreign subsidiaries (which does not have the currency of a hyperinflationary economy) are translated to the presentation currency as follows:

- Assets and liabilities presented are translated at the closing rate at the reporting date
- Income and expenses are translated at average exchange rates during the reporting period
- All resulting exchange differences are recognised via other comprehensive income as a separate component of equity in the form of a foreign currency translation reserve

Refer to note 2.3 for the accounting policy detailing the translation of the financial results and financial position of the Group's hyperinflationary subsidiary.

On consolidation, exchange rate differences arising from the translation of intercompany loans designated as part of the net investment in a foreign operation are reclassified from profit or loss to other comprehensive income. Goodwill and fair value adjustments on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Accumulated exchange differences arising from translation of foreign operations that relate to non-controlling interests are allocated to and recognised as part of non-controlling interests in the consolidated statement of financial position.

Significant estimates and judgements

The Group classifies a loan to its Zimbabwean subsidiary of R133 million (USD9,1 million) (2020: R164 million (USD9,1 million)) as a net investment in a foreign operation as settlement on this loan is neither planned nor likely to occur in the foreseeable future. While the Zimbabwean operations remain a strategic investment for the Group, the volatile economic climate of the country requires management to be agile and respond swiftly to significant changes. The Group, therefore, reviews the classification as a net investment in a foreign operation at least annually or when significant economic changes occur in the country resulting in changes to the business model. This reassessment could result in the loan being reclassified as a loan receivable in the future. In the current year R40 million (2020: R151 million) foreign exchange losses were reclassified to other comprehensive income on consolidation.

1.6 RESTATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Restatement 1 – Error in the classification of expenses

During the current year, it was noted that certain costs associated with the Mining division's service and transport revenues had been incorrectly included in the prior year within 'distribution expenses' and not 'cost of sales' as is required by IFRS. This disclosure error has been corrected by restating the comparative 'cost of sales' and 'distribution expenses' line items by R323 million.

Restatement 2 – Error in accounting for Zimbabwean hyperinflation

Two methods are generally available through which the Group's IFRS compliant stated accounting policy regarding foreign exchange gains and losses can be applied in practice.

The first method requires the total foreign exchange gains and losses to be separately categorised as either realised or unrealised at a transaction level. This method was applied in preparing the 2020 Group annual financial statements.

The second method presumes that all foreign exchange gains and losses arising in a particular month have been realised.

Under either method, the IAS 29 adjustment is applied to realised foreign exchange gains and losses from the month they arose to the end of the reporting period with any unrealised component arising at the reporting date.

In preparing the Group's 2020 and 2021 financial results, the directors opted to apply the first method explained above. However, during the finalisation of the Group's 2021 results, a flaw was noted in the process followed in the prior year calculation.

After a detailed investigation, the directors concluded that the level of detail required to follow the first method is not available without undue cost and effort, and the second method was therefore applied during 2021. To ensure consistency of treatment during 2021 and 2020, the relevant 2020 amounts have been restated by applying the second method.

Financial impact of restatements

The above restatements did not impact any of the following results and key metrics previously reported by the Group:

- Consolidated profit before and after tax
- Total earnings per share (basic and diluted)
- Total headline earnings per share (basic and diluted)
- Net asset value of the Group or net asset value per share
- Cash generated from operations

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

1. GENERAL INFORMATION continued

1.6 RESTATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 continued

Restatement 3 – Voluntary disclosure amendments to enhanced presentation in the consolidated statement of comprehensive income

The 2020 and 2021 financial years have seen a significant deterioration in the Zimbabwean Dollar (ZWL) exchange rate. An inability to source foreign currency and settle foreign obligations, has resulted in Omnia's Zimbabwean operations incurring significant exchange losses. This, coupled with the impact of hyperinflation accounting, has had a material impact on the results reported for the year.

To improve stakeholder understanding of the impact, on the Group's operating profit and results, of the hyperinflation and foreign exchange accounting treatment of the Zimbabwean operations, the board has changed the manner in which the effects of Zimbabwean activities are presented in the Group's consolidated statement of comprehensive income.

Consequently, 'Net foreign exchange losses in Zimbabwe operations' (previously disclosed as other comprehensive income) and 'Monetary profit for hyperinflation – Zimbabwe' (not previously disclosed within, operating profit), are categorised under 'Net impact of hyperinflation and foreign exchange losses', in the Group's consolidated statement of comprehensive income in determining the Group's operating profit. To ensure comparability, the 2020 disclosures have been amended.

Restatement 4 – Discontinued operations disclosure as mandated by IFRS 5

The disposal by the Group of its Oro Agri business (refer note 1.9) has been treated as a discontinued operation in FY2021 requiring certain changes to amounts previously reported in FY2020 consolidated statement of comprehensive income.

The impact of the restatements are detailed below:

Rm	As reported 31 March 2020	Restate- ment 1	Restate- ment 2,3	As restated before effect of discontinued operations 31 March 2020	Restate- ment 4	As restated 31 March 2020
Revenue	18 737	–	–	18 737	(914)	17 823
Cost of sales	(13 968)	(323)	–	(14 291)	254	(14 037)
Gross profit	4 769	(323)	–	4 446	(660)	3 786
Distribution expenses	(2 214)	323	–	(1 891)	248	(1 643)
Administrative expenses	(1 309)	–	–	(1 309)	201	(1 108)
Other operating income	179	–	–	179	(9)	170
Other operating expenses	(402)	–	163	(239)	146	(93)
Impairment losses on non-financial assets	(110)	–	–	(110)	–	(110)
Impairment losses on financial assets	(116)	–	–	(116)	7	(109)
Share of net loss of investments: equity method	(8)	–	–	(8)	–	(8)
Operating profit before items below	789	–	163	952	(67)	885
Net impact of hyperinflation and foreign exchange losses	–	–	(141)	(141)	–	(141)
Net foreign exchange losses in Zimbabwe operations	–	–	(580)	(580)	–	(580)
Monetary adjustment for hyperinflation – Zimbabwe	–	–	439	439	–	439
Operating profit	789	–	22	811	(67)	744
Monetary gain on hyperinflation	22	–	(22)	–	–	–
Finance income	93	–	–	93	(3)	90
Finance expense	(572)	–	–	(572)	11	(561)
Profit before income tax	332	–	–	332	(59)	273
Income tax expense	(203)	–	–	(203)	9	(194)
Profit for the year from continuing operations	129	–	–	129	(50)	79

1. GENERAL INFORMATION continued
1.6 RESTATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 continued

Rm	As reported 31 March 2020	Restate- ment 1	Restate- ment 2,3	As restated before effect of discontinued operations 31 March 2020	Restate- ment 4	As restated 31 March 2020
Discontinued operations						
Profit for the year from discontinued operations	–	–	–	–	50	50
Profit for the year	–	–	–	–	–	129
Other comprehensive income						
Continuing operations						
Items that may be reclassified to profit or loss (net of tax)						
Loss on cash flow hedge	(47)	–	–	(47)	–	(47)
Currency translation differences – Zimbabwe	98	–	–	98	–	98
Currency translation differences – excluding Zimbabwe	589	–	–	589	6	595
Other comprehensive income for the year from continuing operations	640	–	–	640	6	646
Discontinued operations						
Other comprehensive loss for the year from discontinued operations	–	–	–	–	(6)	(6)
Other comprehensive loss for the year from discontinued operations	–	–	–	–	(6)	(6)
Total comprehensive income from continuing operations	–	–	–	–	725	725
Total comprehensive income from discontinued operations	–	–	–	–	44	44
Total comprehensive income for the year	769	–	–	769	769	769

1.7 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 April 2020:

- Amendment to IFRS 3 *Business Combinations – Definition of a Business*
Amendment confirms that a business must include inputs and a process, and clarify that the process must be substantive and the inputs and process must together significantly contribute to creating outputs
- Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
These amendments use a consistent definition of materiality through IFRS and the Conceptual Framework for Financial Reporting, clarify the explanation of the definition of material, and incorporate some of the guidance in IAS 1 about immaterial information
- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Revised Conceptual Framework for Financial Reporting*
These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate

The amendments listed above did not have a material impact on the amounts recognised in the current or prior periods.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

1. GENERAL INFORMATION continued

1.8 STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT EFFECTIVE

The following new standards, interpretations and amendments were issued but not yet effective:

- Amendment to IFRS 3 *Business Combinations*
The amendment updates the conceptual framework for financial reporting without changing the accounting requirements for business combinations
- IFRS 16 *Leases* COVID-19-Related Rent Concessions Amendment
Amendment providing lessees with an exemption from assessing whether a COVID-19 related rent concession (a rent concession that reduces lease payments due on or before June 2022) is a lease modification
- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases* – interest rate benchmark (IBOR) reform (Phase 2)
The amendment requirements relating to changes in the basis for determining contractual cash flow of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures
- Amendment to IAS 1 *Presentation of Financial Statements* on Classification of Liabilities as Current or Non-current
Amendment clarifies how to classify debt and other liabilities as current or non-current
- Amendment to IAS 1 *Presentation of Financial Statements* on Disclosure of Accounting Policies
Amendment requires disclosure of material accounting policy information rather than the significant accounting policies
- Amendment to IAS 12 *Income Taxes*: This amendment is effective from 1 April 2023 and requires, inter alia, the separate disclosure of deferred tax on right-of-use assets and lease liabilities instead of recognising the single transaction on a net basis.
The amendment will have an impact on the disclosures of right-of-use asset R120 million and right of use lease liability of R132 million
- Amendments to IAS 16 *Property, Plant and Equipment* on Proceeds before Intended Use
Amendment prohibiting an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* on Onerous Contracts – Cost of Fulfilling a Contract
The amendment specifies which costs should be included in an entity's assessment whether a contract will be loss-making
- Annual improvements cycle 2018 – 2020
IFRS 9, *Financial Instruments* has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.
IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.
- IFRS 17, *Insurance Contracts*
- IFRS 17, *Insurance Contracts* Amendments
One accounting model for all insurance contracts in all jurisdictions that apply IFRS

The new standards, interpretations and amendments, except as detailed above, will not have a material impact on the amounts recognised.

1.9 DISPOSAL OF ORO AGRICULTURE

On 22 June 2020 the Group announced the receipt of a non-binding indicative offer for the Oro Agri business. Omnia entered into an agreement with European Crops Products 2 S.A.R.L (ECP), on 19 October 2020 to dispose of its investment in Oro Agri for USD146.9 million.

The purchase price offered exceeds Omnia's internal valuation of Oro Agri. Omnia has concluded that the risk profile of the Oro Agri business, the attractive price offered by ECP and the benefits to Omnia of a de-risked statement of financial position outweigh any potential long-term upside to Omnia from its investment in Oro Agri.

All suspensive conditions relating to the sale had been met by 7 January 2021, the effective date of the disposal. The Oro Agri group is consolidated into the Group's results until the effective date, and is reported as Agriculture Biological and accounted for as a discontinued operation in the statement of comprehensive income. Oro Agri is excluded in the current year numbers presented and incorporated as a single line item. This also applies to the comparative numbers to keep the readers of the financial statements informed about those operations that the entity has discontinued and those operations that the entity is continuing with to generate future profits and cash flows.

Details on the disposal of Oro Agri

Oro Agri is involved in the research and development, production, distribution, marketing and sales of a differentiated range of AgriBio products, many of which are patented. Its product ranges include biological crop protection products, adjuvants, liquid foliar fertilizers and soil conditioners for all major crop types. Oro Agri owns and operates in-house production and research and development facilities in South Africa, Brazil, the United States and Europe.

The acquisition of Oro Agri in 2018 was part of a strategic undertaking to realise synergies from being integrated into Omnia's operating model. However, Oro Agri's full potential was not realised as Omnia's debt levels prevented the funding and full integration of Oro Agri. Omnia has subsequently stabilised its debt levels but still requires careful capital allocation of available funds and does not have the capacity to fully fund Oro Agri's future growth plans.

1. GENERAL INFORMATION continued

1.9 DISPOSAL OF ORO AGRICULTURE continued

The carrying amount of assets and liabilities at the date of sale (7 January 2021) were as follows:

Rm	7 January 2021
ASSETS	
Property, plant and equipment	199
Right-of-use assets	18
Goodwill and intangible assets	1 369
Deferred income tax	3
Inventories	163
Trade and other receivables	272
Income tax	8
Cash and cash equivalents	60
Carrying value of assets	2 092
LIABILITIES	
Deferred income tax	215
Interest-bearing borrowings	44
Lease liabilities	14
Trade and other payables	137
Carrying value of liabilities	410
Net assets	1 682
Non-controlling interest	(104)
Net asset sold	1 578

The net cash flow on disposal of Oro Agri has been determined as follows:

Rm	2021
Consideration received on disposal of Oro Agri	2 263
Less: Cash disposed of	(60)
Net cash flow	2 203

The consolidated profit on disposal of Oro Agri has been determined as follows:

Rm	2021
Consideration received on disposal of Oro Agri	2 263
Carrying amount of net assets sold	(1 578)
Profit on disposal before reclassification of foreign currency translation reserve	685
Direct expenses associated with the disposal	(61)
Reclassification of foreign currency translation reserve	163
Profit on disposal before tax	787
Income tax	(32)
Profit on disposal of Oro Agri	755

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

1. GENERAL INFORMATION continued

1.9 DISPOSAL OF ORO AGRI continued

Discontinued operations

The Group results include the results of Oro Agri up to 7 January 2021, the effective date of the disposal. The results of Oro Agri have been presented as a discontinued operation. The financial performance and cash flow information of Oro Agri for the period ended 7 January 2021 and the year ended 31 March 2020 is presented as follows:

Rm	2021	2020
Revenue	457	914
Cost of sales	(134)	(254)
Gross profit	323	660
Distribution expenses	(162)	(248)
Administrative expenses	(170)	(201)
Other operating income	31	9
Other operating expenses	(66)	(146)
Impairment reversal/(losses) on financial assets	5	(7)
Operating (loss)/profit	(39)	67
Finance income	1	3
Finance expense	(4)	(11)
(Loss)/profit before income tax	(42)	59
Income tax	(12)	(9)
(Loss)/profit for the year from discontinued operations	(30)	50
Profit on disposal after income tax	755	–
Profit for the year from discontinued operations	725	50
Other comprehensive income		
<i>Items that may be reclassified to profit or loss (net of tax)</i>		
Currency translation differences	(1)	(6)
Other comprehensive income for the year from discontinued operations	(1)	(6)
Total comprehensive income from discontinued operations	724	44
Cash flows from discontinued operations		
Net cash inflows from operating activities	165	16
Net cash outflows from investing activities	(33)	(43)
Net cash inflows/(outflows) from financing activities	7	(76)
Net increase/(decrease) in cash and cash equivalents of discontinued operations	139	(103)

1.10 REVISED AND REISSUED FINANCIAL STATEMENTS

Previously issued financial statements for the year ended 31 March 2021, have been revised and reissued on 23 June 2021. An error arose in the preparation of the consolidated statement of cash flows for the year ended 31 March 2021 which required correction and reissuance. The correction results in the reclassification of deferred and contingent consideration payments from operating activities to investing activities. The impact of the revisions are set out below:

Rm	Previously reported 2021	Restated 2021
Net cash inflow from operating activities	1 917	2 180
Net cash inflow from investing activities	1 829	1 566

Cash generated from operations increased from R2 322 million to R2 585 million as a result of the reclassification.

2. GROUP PERFORMANCE

This section provides details on the current year performance of the Group by presenting earnings per share and the Group's performance per segment.

2.1 SEGMENT INFORMATION

The Group identifies different business units that are regularly reviewed by the executive committee to allocate resources and assess performance. These business units offer different products and services and are managed separately.

The segment disclosures present the financial performance of each business unit and other material items.

The Group's chief operating decision maker has been identified as the executive committee, consisting of the chief executive officer, the finance director, managing directors of the Group's operating segments and executives of other Group functions. The executive committee is responsible for allocating resources, assessing the performance of operating segments and making strategic decisions.

Operating segments have not been aggregated and are all individually reported as reportable segments. Operating segments have been grouped in terms of the three industries in which the Group trades, being Agriculture, Mining and Chemicals. The executive committee primarily reviews revenue, operating profit, profit before tax, EBITDA, net working capital, net controlled assets and net debt.

The executive committee reviews the Group's performance from both a product and a geographical perspective and has identified the following eight operating segments within the Group:



Agriculture RSA: As part of its innovative Nutriology® concept, this division is involved in the research and development, production, distribution and sale of granular, liquid and speciality fertilizer, as well as a unique range of AgriBio products and value-added services and solutions. The South African customer base includes commercial and small-scale farmers, co-operatives and other corporate clients. The business also supplies manufactured goods to Agriculture International, Mining and Chemicals.

Agriculture International: This division produces and trades in granular, liquid and speciality fertilizers, biostimulants, including humates, fulvates and kelp products. In addition to fertilizers, a full range of trace elements, biostimulants and plant health products are used globally to improve crop health, yields and improve soil health in a sustainable and environmentally conscious way. Products, value-added services and solutions are delivered to a broad customer base in Australia, Brazil and exported internationally.

Agriculture Trading: This division relates to wholesale and trading of agriculture commodities throughout Africa. Management is in the process of winding down the business.

Discontinued operation (Agriculture Biological): This division is Oro Agri and is involved in the research and development, production, distribution and sales of a unique range of biological products.



Mining RSA: This division comprises the BME business in South Africa. The business focuses on blasting agents – bulk emulsion and blended bulk explosives – complemented by the AXXIS™ electronic detonator system and modern software that are crucial to cost-efficient and safe rock breaking. BME leverages its blasting products, equipment, accessories, services and solutions to add value to customers' blasting operations. A part of Mining RSA's revenue relates to the recovery of costs for services and technology. This division also provides raw material and other supplies to Mining International.

Mining International: This division relates to the BME businesses outside of South Africa and also includes the Protea Mining Chemicals business. These territories included here are countries in the Southern African Development Community (SADC), West Africa, Australia, Indonesia, USA and Canada (by way of a joint venture) and supply similar products and services to Mining RSA.



Protea Chemicals: This division is a long-established and well-known manufacturer and distributor of specialty, functional and effect chemicals, polymers and other value-adding services and solutions. The division relates to both the local and (the smaller) international components of the business. Sectors into which the business supplies a range of specialty and industrial chemicals, technical and product application support and SHEQ-related services include water, agricultural, industrial and life sciences.

Umongo Petroleum: This division supplies lubricant additives, base oils, process oils and chemicals.



Head Office: This division includes amortisation of intangible assets arising from acquisitions and certain once-off costs.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

2. GROUP PERFORMANCE continued

2.1 SEGMENT INFORMATION continued

Statement of comprehensive income

Gross revenue includes intercompany sales to operating segments in a different industry group. These are then eliminated in the head office segment to disclose the net revenue reported by the Group. Operating profit and profit before tax are measured in the same way as in these financial statements.

Statement of comprehensive income Rm	Gross revenue ¹	Net revenue	Operating profit	Profit before taxation	EBITDA ³
Year ended 31 March 2021					
Agriculture RSA	7 855	5 540	350	366	820
Agriculture International (excluding Zimbabwe)	2 885	2 193	239	237	294
Agriculture Trading	30	30	(24)	(21)	(24)
Total Agriculture (excluding Zimbabwe)	10 770	7 763	565	582	1 090
Agriculture International (Zimbabwe)*	510	343	188	185	190
Net impact of devaluation in Zimbabwe	–	241	176	176	176
Total Agriculture continuing operations	11 280	8 347	929	943	1 456
Agriculture Biological (discontinued operations)	501	457	66	62	80
Total Agriculture	11 781	8 804	995	1 005	1 536
Mining RSA	3 515	2 319	105	100	217
Mining International	3 069	2 854	182	152	244
Total Mining	6 584	5 173	287	252	461
Chemicals	3 152	2 912	101	88	201
Umongo Petroleum	1 386	1 358	108	113	117
Total Chemicals	4 538	4 270	209	201	318
Head Office and elimination discontinued ²	–	–	682	683	742
Head Office and elimination continuing ²	–	–	(220)	(450)	(101)
Total	22 903	18 247	1 953	1 691	2 956
Total continuing operations	22 402	17 790	1 205	946	2 134
Total discontinued operations	501	457	748	745	822
Year ended 31 March 2020					
Agriculture RSA	7 340	4 924	110	48	438
Agriculture International (excluding Zimbabwe)	2 118	1 988	165	119	217
Agriculture Trading	423	243	16	14	16
Total Agriculture (excluding Zimbabwe)	9 881	7 155	291	181	671
Agriculture International (Zimbabwe)	485	562	257	253	260
Net impact of devaluation in Zimbabwe	–	(77)	(141)	(141)	(141)
Total Agriculture continuing operations	10 366	7 640	407	293	790
Agriculture Biological (discontinued operations)	1 005	914	208	200	225
Total Agriculture	11 371	8 554	615	493	1 015
Mining RSA	3 307	2 039	63	55	170
Mining International	3 294	3 151	293	306	353
Total Mining	6 601	5 190	356	361	523
Chemicals	3 912	3 678	110	85	207
Umongo Petroleum	1 361	1 315	63	65	75
Total Chemicals	5 273	4 993	173	150	282
Head Office and elimination discontinued ²	–	–	(141)	(141)	(31)
Head Office and elimination continuing ²	–	–	(192)	(531)	56
Total	23 245	18 737	811	332	1 845
Total continuing operations	22 240	17 823	744	273	1 651
Total discontinued operations	1 005	914	67	59	194

¹ Gross revenue includes intercompany revenue.

² Head office and eliminations include acquisition-related costs, amortisation of intangible assets from the acquisition and depreciation.

³ EBITDA is defined as operating profit excluding depreciation, amortisation and impairment losses on non-financial assets.

* Restated for the reclassification of hyperinflation. Refer note 1.6.

2. GROUP PERFORMANCE continued
2.1 SEGMENT INFORMATION continued

EBITDA calculation Rm	Operating profit	Depreciation and amortisation	Impairment (non-financial assets)	EBITDA ³
Year ended 31 March 2021				
Agriculture RSA	350	(470)	–	820
Agriculture International (excluding Zimbabwe)	239	(55)	–	294
Agriculture Trading	(24)	–	–	(24)
Total Agriculture (excluding Zimbabwe)	565	(525)	–	1 090
Agriculture International (Zimbabwe)*	188	(2)	–	190
Net impact of devaluation in Zimbabwe	176	–	–	176
Total Agriculture continuing operations	929	(527)	–	1 456
Agriculture Biological (discontinued operations)	66	(14)	–	80
Total Agriculture	995	(541)	–	1 536
Mining RSA	105	(112)	–	217
Mining International	182	(62)	–	244
Total Mining	287	(174)	–	461
Chemicals	101	(100)	–	201
Umongo Petroleum	108	(9)	–	117
Total Chemicals	209	(109)	–	318
Head Office and elimination discontinued²	682	(60)	–	742
Head Office and elimination continuing²	(220)	(119)	–	(101)
Total	1 954	(1 003)	–	2 956
Total continuing operations	1 205	(929)	–	2 134
Total discontinued operations	748	(74)	–	822
Year ended 31 March 2020				
Agriculture RSA	110	(328)	–	438
Agriculture International (excluding Zimbabwe)	165	(52)	–	217
Agriculture Trading	16	–	–	16
Total Agriculture (excluding Zimbabwe)	291	(380)	–	671
Agriculture International (Zimbabwe)	257	(3)	–	259
Net impact of devaluation in Zimbabwe	(141)	–	–	(142)
Total Agriculture continuing operations	407	(383)	–	788
Agriculture Biological (discontinued operations)	208	(17)	–	225
Total Agriculture	615	(400)	–	1 015
Mining RSA	63	(107)	–	170
Mining International	293	(60)	–	353
Total Mining	356	(167)	–	523
Chemicals	110	(97)	–	207
Umongo Petroleum	63	(12)	–	75
Total Chemicals	173	(109)	–	282
Head Office and elimination discontinued²	(141)	(110)	–	(31)
Head Office and elimination continuing²	(192)	(105)	(110)	56
Total	811	(923)	(110)	1 845
Total continuing operations	744	(795)	(110)	1 651
Total discontinued operations	67	(127)	–	194

* Restated for the reclassification of hyperinflation. Refer note 1.6.

Notes to the consolidated annual financial statements

for the year ended 31 March 2021

2. GROUP PERFORMANCE continued

2.1 SEGMENT INFORMATION continued

Statement of financial position

The chief operating decision maker reviews net working capital, net controlled assets and return on net controlled assets (RONCA) as measures of performance and strategic financial positioning. Net working capital is defined as current assets less current liabilities excluding cash, income taxation assets and liabilities, interest-bearing borrowings and overdrafts. Net controlled assets are total assets less income and deferred taxation and non-interest-bearing liabilities and is a measure of the Group's capital invested. Operating profit divided by net controlled assets is used as a measure to assess the returns generated by each operating segment.

Statement of financial position Rm	Net working capital	Net controlled assets	RONCA %
Year ended 31 March 2021			
Agriculture RSA	267	3 881	9.0
Agriculture International (excluding Zimbabwe)	849	1 111	21.5
Agriculture International (Zimbabwe)*	227	258	>100.0
Agriculture Trading	3	3	>(100.0)
Total Agriculture	1 346	5 253	17.7
Mining RSA	372	1 143	9.2
Mining International	611	963	18.9
Total Mining	983	2 106	13.6
Chemicals RSA	565	947	10.7
Umongo Petroleum	235	261	41.4
Total Chemicals	800	1 208	17.3
Head Office and elimination	(157)	596	(36.9)
Total	2 972	9 163	21.3
Year ended 31 March 2020			
Agriculture RSA	325	4 248	2.6
Agriculture International (excluding Zimbabwe)	1 329	1 582	10.4
Agriculture International (Zimbabwe)	(127)	(121)	(95.9)
Agriculture Trading	31	31	51.6
Agriculture Biological	488	872	23.9
Total Agriculture	2 046	6 612	9.0
Mining RSA	371	1 145	5.5
Mining International	837	1 129	26.0
Total Mining	1 208	2 274	15.7
Chemicals RSA	725	1 203	9.1
Umongo Petroleum	250	283	22.3
Total Chemicals	975	1 486	11.6
Head Office and elimination	(212)	2 180	(8.8)
Reconciling items	(110)	(110)	-
Total	3 907	12 442	6.3

Statement of financial position reconciliation Rm	31 March 2021		31 March 2020	
	Net working capital	Net controlled assets	Net working capital	Net controlled assets
Property, plant and equipment	-	4 794	-	5 328
Right-of-use asset	-	434	-	572
Goodwill and intangible assets	-	779	-	2 579
Investments accounted for using equity accounting	-	24	-	11
Inventories	3 246	3 246	3 647	3 647
Trade and other receivables	3 489	3 489	4 255	4 255
Contract liabilities	(300)	(300)	(477)	(477)
Trade and other payables	(3 455)	(3 455)	(3 551)	(3 551)
Derivative financial instruments (net)	(8)	(8)	33	33
Cash in countries with liquidity constraints	-	139	-	45
Assets held for sale	-	21	-	-
Total	2 972	9 163	3 907	12 442

* Restated for the reclassification of hyperinflation. Refer note 1.6.

2. GROUP PERFORMANCE continued

2.2 REVENUE

The Group's revenue comprised mainly the sale of goods to the agriculture, mining and chemicals industries.

Accounting policy

The Group identified its material performance obligations from contracts with customers to be products, transport and services.

Sales of products

The Group manufactures and sells:

- Granular, liquid and speciality fertilizers and AgriBio products and services from its Agriculture division
- Bulk emulsion, blended bulk explosives, blasting agents, accessories and services from its Mining division
- Speciality, functional and effect chemicals, polymers, base oils and additives from its Chemicals division

Sales from these products are recognised when control is transferred to the customer. Transfer of control is dependent on each contract. In some contracts, transfer of control of the product takes place when the product is collected from Group entities while in others it is upon delivery to the customer.

Faced with an increasingly competitive environment in the Agriculture division, the Group differentiates its products by offering value-added services to its customers as part of the value proposition to the customer and core to this segment's product sales. The value-add services ensure the correct application of the correct product to minimise farming risk, maximise water and nutrient use efficiency and optimise yield. As the value-add service offering and the sale of the product are highly integrated and interdependent, these value-add services are not sold separately or offered with competitors' products and are, therefore, not distinct. The Group has assessed the sale of products and related value-added services as a single performance obligation.

Transport revenue

Transport revenue relating to deliveries of products to customers are assessed to be separate and distinct performance obligations for the Agriculture and Chemicals group of divisions as customers have the option of choosing either a delivery service or collecting the products themselves. Transport revenue is invoiced separately and recognised when the delivery service has been completed. The delivery of explosives in the Mining division is only permitted to be carried out by a Group approved and appointed transporter due to safety requirements for the transportation of explosives and is, therefore, not at the discretion of the customer. Revenue from the sale of explosives and related transport services was determined to be integrated, interdependent and as trucks are significantly modified for the transport of explosives, assessed to be a single performance obligation.

Rendering of services

The Group provides the following services:

- Risk management, laboratory testing, solid analysis systems, resource utilisation systems and expert recommendation reports are the services offered by the Agriculture division to assist farmers to maximise their crop yields
- Specialised blasting, blast management and consulting services offered by the Mining division to assist mining companies to achieve effective blasts and optimise mine plans
- Support in managing the supply of chemicals, technical support and innovative supply chain solutions provided by the Chemicals division to provide customers with added benefits to assist their growth

Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is recognised based on the actual services provided to the customer. While revenue contracts may extend over a period of time, contracts consist of multiple performance obligations over that time and each performance obligation is satisfied at a point in time. Consideration is priced in the contract per performance obligation satisfied and the Group is not required to allocate the transaction price over performance obligations. The Group is not required to disclose the remaining performance obligations of service agreements in its financial statements, as customers are invoiced when actual services are provided, and the consideration is payable when invoiced.

Costs to obtain and fulfil contracts from sale and products and services

The Group does not capitalise costs to obtain customer contracts as the amortisation period would be one year or less. Inventory is capitalised in terms of IAS 2 *Inventories* and released as cost of sales when sold. Other costs to fulfil a contract are expensed when incurred. Costs incurred by the Group to fulfil service contracts do not meet the criteria for capitalisation and are expensed when the service is provided.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

2. GROUP PERFORMANCE continued

2.2 REVENUE continued

Significant estimates and judgements

The Groups' service offerings are linked to products sold. Management assesses contracts to determine whether services are a distinct performance obligation by understanding whether products and services are integrated or interdependent. There were no changes to these assessments in the current year.

The assessment of whether a Group entity is an agent or a principal in a transaction sometimes requires judgement. Management assesses these transactions using the considerations in IFRS 15 *Revenue from Contracts with Customers*.

Revenue for the year per performance obligation is as follows:

Rm	2021	Restated* 2020
Product	16 866	16 531
Transport	455	853
Services	469	439
Revenue per performance obligation from continuing operations	17 790	17 823

Revenue from all performance obligations are recognised at a point in time. The Group sells to a variety of local and international customers and does not rely on any single customer. As such the Group does not transact with any single customer for 10% or more of total revenue. Analysis of revenue per performance obligation per segment is as follows:

Rm	Product	Transport	Services	Revenue
Year ended 31 March 2021				
Agriculture RSA	5 223	253	64	5 540
Agriculture International	2 767	1	9	2 777
Agriculture Trading	30	–	–	30
Total Agriculture (continuing operations)	8 020	254	73	8 347
Mining RSA	2 116	45	158	2 319
Mining International	2 502	116	236	2 854
Total Mining	4 618	161	394	5 173
Chemicals RSA	2 912	–	–	2 912
Chemicals Petroleum	1 316	40	2	1 358
Total Chemicals	4 228	40	2	4 270
Total	16 866	455	469	17 790
Year ended 31 March 2020				
Agriculture RSA	4 499	405	20	4 924
Agriculture International	2 460	8	5	2 473
Agriculture Trading	243	–	–	243
Total Agriculture (continuing operations)	7 202	413	25	7 640
Mining RSA	1 823	48	168	2 039
Mining International	2 593	312	246	3 151
Total Mining	4 416	360	414	5 190
Chemicals	3 635	43	–	3 678
Chemicals Petroleum	1 278	37	–	1 315
Total Chemicals	4 913	80	–	4 993
Total	16 531	853	439	17 823

* Refer to note 1.6.

2. GROUP PERFORMANCE continued

2.2 REVENUE continued

Analysis of revenue per performance obligation per geographical segment:

Rm	Product	Transport	Services	Revenue
Year ended 31 March 2021				
Agriculture				
– South Africa	5 169	228	59	5 456
– Rest of Africa	2 348	26	5	2 379
– Rest of the world	503	–	9	512
Total Agriculture	8 020	254	73	8 347
Mining				
– South Africa	2 677	92	177	2 946
– Rest of Africa	1 824	69	176	2 069
– Rest of the world	117	–	41	158
Total Mining	4 618	161	394	5 173
Chemicals				
– South Africa	3 824	15	2	3 841
– Rest of Africa	398	25	–	423
– Rest of the world	6	–	–	6
Total Chemicals	4 228	40	2	4 270
Total	16 866	455	469	17 790

Rm	Product	Transport	Services	Revenue
Year ended 31 March 2020*				
Agriculture				
– South Africa	4 668	223	20	4 911
– Rest of Africa	2 251	182	–	2 433
– Rest of the world	283	8	5	296
Total Agriculture	7 202	413	25	7 640
Mining				
– South Africa	2 292	64	168	2 524
– Rest of Africa	2 058	296	237	2 591
– Rest of the world	66	–	9	75
Total Mining	4 416	360	414	5 190
Chemicals				
– South Africa	4 462	80	–	4 542
– Rest of Africa	451	–	–	451
Total Chemicals	4 913	80	–	4 993
Total	16 531	853	439	17 823

* Refer to note 1.6.

Contract liabilities arise when the Group has received consideration from the customer to transfer goods and/or services for which the performance obligations have not yet been satisfied. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group satisfies the performance obligations under the contract.

Rm	2021	2020
Contract liabilities		
Opening balance	477	354
Revenue recognised in the current year	(477)	(318)
Advances from customers	300	441
	300	477

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

2. GROUP PERFORMANCE continued

2.3 MONETARY GAIN ON HYPERINFLATION

The Public Accountants and Auditors Board of Zimbabwe declared Zimbabwe a hyperinflationary economy effective from 1 July 2019. This section sets out the impact of applying hyperinflation accounting to the performance and position of the Group's Zimbabwean operations.

Accounting policy

The financial statements of subsidiaries and joint ventures whose functional currencies are the currencies of hyperinflationary economies, are adjusted in terms of the measuring unit current at the end of the reporting period.

The adjustments are calculated as follows:

- Non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period
- Monetary assets and liabilities are not adjusted
- All components of equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose to the end of the reporting period
- All items recognised in profit or loss are adjusted by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred to the end of the reporting period
- All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period

All gains or losses resulting from the above adjustment are recognised as a gain or loss on the net monetary position in profit or loss.

As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level in the current year. The cumulative effect of comparative monetary gains or losses are recognised in other comprehensive income. The results and balances of a subsidiary in a hyperinflationary economy are translated to the presentation currency using the closing rate at the end of the reporting period.

Significant estimates and judgements

The Group applies inflation indices as published by the Zimbabwe National Statistics Agency when converting results and balances to the measuring unit at the end of the reporting period. The Group has previously applied the Old Mutual Implied Rate (OMIR) to translate transactions in US dollars to Zimbabwe dollars as it deemed that rate to be a reliable indicator of the ruling exchange rate. This rate was implied from the relative share prices of the Old Mutual share on the Zimbabwe Stock Exchange (ZSE) in comparison with its trade prices on the Johannesburg and London stock exchanges. From 23 June 2020, trade in Old Mutual shares on the ZSE was suspended and thus the OMIR is no longer determinable. With effect from the same date, the Reserve Bank of Zimbabwe introduced a foreign exchange auction trading system which was intended to create a formal market that would aid in the determination of exchange rates. The rates determined under this system are referred to as interbank rates (IBR). The Group has, since the market's introduction, used the IBR to translate transactions in US dollars to Zimbabwe dollars, which is judged to be the spot rate in line with the requirements of IAS 21.

The US dollar: Interbank Rate at 31 March 2021 was 1:84.40 (2020: 1: 62.29). The Group translates the Zimbabwean Dollar operations from its Zimbabwean subsidiary and joint venture into Rand for consolidation and equity accounting purposes respectively.

Details of the hyperinflation indices and exchange rates used are:

	2021			2020		
	CPI	CPI Index	ZWL:USD	CPI	CPI Index	ZWL:USD
March	2 759.83	1.0000	84.80	810.40	1.0000	62.29
February	2 698.89	1.0226	83.89	640.16	1.2659	46.35
January	2 608.79	1.0579	82.68	563.90	1.4371	36.61
December	2 474.51	1.1153	81.79	551.63	1.4691	25.55
November	2 374.24	1.1624	81.82	473.28	1.7123	27.07
October	2 301.67	1.1991	81.35	402.92	2.0113	27.40
September	2 205.24	1.2515	81.44	290.39	2.7907	19.23
August	2 123.97	1.2994	83.40	246.68	3.2852	15.03
July	1 958.72	1.4090	76.76	208.92	3.8789	11.99
June	1 445.21	1.9096	122.23	172.61	4.6949	8.73
May	1 097.65	2.5143	136.53	123.95	6.5381	8.97
April	953.36	2.8948	59.47	110.14	7.3577	5.92

2. GROUP PERFORMANCE continued

2.3 MONETARY GAIN ON HYPERINFLATION

The monetary gain for the year ended 31 March 2021 is R496 million (2020: R439 million) and has been recognised in operating profit. The Group's Zimbabwean subsidiary's contribution to the Group's statement of comprehensive income and the Group's statement of financial position is as follows:

Rm	2021	Restated* 2020
Statement of comprehensive income		
Revenue	587	485
Expenses	(399)	(228)
Operating profit before items below	188	257
Net impact of hyperinflation and foreign exchange losses	176	(141)
Net foreign exchange losses in Zimbabwe operations	(320)	(580)
Monetary adjustment for hyperinflation – Zimbabwe	496	439
Operating profit	364	116
Finance expense	(3)	(4)
Profit before income tax	361	112
Income tax expense	(27)	(15)
Profit for the year	334	97
Statement of financial position		
Property, plant and equipment	11	6
Inventory	173	113
Monetary assets	40	28
Monetary liabilities	(194)	(268)
Deferred tax	(27)	(15)
Equity	(3)	136

* Refer to note 1.6 for details relating to this restatement.

2.4 OTHER OPERATING INCOME/(EXPENSES)

The Group has significant exposure to foreign exchange risk through transactions in foreign currency, such as the purchases of raw materials and sales to foreign customers. The Group hedges these transactions but does not apply hedge accounting, ie economic hedges are used.

Accounting policy

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss as net other operating income and expenses. Refer to note 2.3 for the treatment of foreign exchange gains or losses in a hyperinflationary economy.

Other operating income and expenses are income and expenses incurred by the Group which are neither distribution nor administrative in nature.

Rm	2021	Restated* 2020
Other operating income		
Fair value gains on derivatives (net)	51	91
Foreign exchange gain on revaluation of assets and liabilities (net)	81	–
Insurance claims	8	9
Gain on legal settlement	–	36
Gain on settlement of indemnification asset	–	14
Profit on disposal of property, plant and equipment/intangible assets	2	–
Other	60	20
	202	170
Other operating expenses		
Foreign exchange loss on revaluation of assets and liabilities (net)	–	43
Fair value adjustments of interest rate swaps not designated as cash flow hedges	(37)	–
Amortisation of intangible assets (refer to note 3.3)	(159)	(117)
Loss on disposal of property, plant and equipment/intangible assets	–	(8)
Environmental provision	–	(11)
Oro Agri indemnification asset released	(40)	–
	(236)	(93)
Impairment losses on non-financial assets		
Goodwill and intangible assets	–	(110)
	–	(110)

* Refer to note 1.6 for details relating to this restatement.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

2. GROUP PERFORMANCE continued

2.5 OPERATING PROFIT

The Group's operating profit as well as EBITDA (excluding impairment) are used as measures of performance. This section details material expenses, due to their nature or amount contained in operating profit.

Operating profit is stated after charging:

Rm	2021	Restated* 2020
Auditors' remuneration	40	37
– Fees for audit	36	36
– Other services	4	1
Depreciation of property, plant and equipment	587	453
Depreciation of right-of-use assets	194	228
Amortisation of intangible assets	159	117
Short-term leases	5	9
Low-value leases	10	7
Variable lease payments	6	4
Research and development expenditure	17	7
Staff costs**	1 795	1 808
– Wages and salaries including cash incentives	1 700	1 752
– Provident fund costs – defined contribution plans	47	58
– Equity-settled share-based payment expense	32	4
– Other	16	(6)
Staff costs have been charged to:	1 795	1 808
– Distribution expenses	533	623
– Administrative expenses	603	524
– Cost of sales	659	658
Restructuring costs	15	22
Debt restructure costs	–	24
Ecogypsum closure costs	–	6
Inventory written down	51	24

* Refer to note 1.6.

** Staff costs including short-term benefits are expensed as incurred.

2.6 FINANCE INCOME AND FINANCE EXPENSE

Finance costs include interest on borrowings, leases and deferred considerations on acquisitions.

Rm	2021	Restated* 2020
Finance income		
Interest received	117	90
Finance expense		
Short-term interest-bearing borrowings	(144)	(416)
Long-term interest-bearing borrowings	(110)	(57)
Interest paid on deferred acquisition prices	(2)	(16)
Interest on lease liabilities	(53)	(72)
Interest rate swaps	(67)	–
	(376)	(561)

* Refer to note 1.6.

2. GROUP PERFORMANCE continued

2.7 TAXATION

The total income tax expense charged to the Group in respect of amounts currently owing for taxable profits and future income taxes recoverable or payable in respect of temporary differences is presented here together with a reconciliation of the effective tax rate.

Accounting policy

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the reporting date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and recognises provisions where appropriate based on amounts estimated to be paid to tax authorities. Income tax for current and prior periods is, to the extent to which it is unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset and reversed when it reduces future tax payments.

Dividends tax withheld by the company on dividends paid to its shareholders (who do not qualify for an exemption from dividends tax) and payable at the reporting date to the relevant tax authority is included in trade and other payables in the statement of financial position.

Significant estimates and judgements

Management assesses the Group's liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. For those matters where it is probable that an adjustment will be made, the Group records its reasoned estimate of these tax liabilities, including related interest charges and penalties. Where appropriate management consults with experts in determining the estimated liabilities to be recognised.

The current open tax matters are spread across numerous jurisdictions and consist of legacy transfer pricing and corporate tax matters that have been open for a number of years and may take several years to resolve. In recognising a provision for these possible taxation exposures, consideration was given to the range of possible outcomes to determine the Group's best estimate of the amount to provide. These estimated amounts have been provided in income tax liability on the statement of financial position.

As at 31 March 2021, the Group has recognised R360 million (2020: R266 million) of estimated uncertain tax liabilities related to possible adverse outcomes of these open matters.

South African Revenue Service (SARS) Audit

The Group has been subject to a tax audit by SARS in respect of transfer pricing relating to the 2014 to 2016 years of assessment. As part of the SARS tax audit process, the Group received a letter of audit findings (LOF) from SARS on 15 December 2020, indicating a possible upward adjustment to taxable income for the aforementioned three years of assessment resulting in a possible additional tax liability. The Group, together with its tax and legal advisors reviewed the SARS LOF and disagree with certain findings and technical analyses set out in the LOF. The Group responded to SARS' LOF on 1 March 2021, providing further relevant clarifying information. Furthermore, such response to SARS also addressed/questioned the basis for the proposed adjustment to taxable income, as well as representations indicating that interest and penalties would be inappropriate.

Subsequently, the Group received a finalisation of audit letter from SARS on the 17th of June 2021 together with additional assessments relating to the 2014 to 2016 years. The additional assessments result in a cumulative additional tax liability of approximately R415 million, and understatement penalties of R165 million. Interest of approximately R328 million has been levied on the additional assessments.

The Group is currently reviewing the SARS letter of audit finalisation and additional assessments raised and is considering the various legal options available as the Group disagrees with various aspects of SARS's findings, analyses and assessments. While the Group is desirous for an amicable conclusion to this matter, it may be necessary to resolve it through the Alternative Dispute Resolution Process. This is considered to be the most probable outcome of the audit. The Group believes that any resolution would most likely be substantially less than the additional tax liability assessed by SARS.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

2. GROUP PERFORMANCE continued

2.7 TAXATION continued

Significant estimates and judgements continued

Income tax expense for the year:

Rm	2021	2020
South African normal taxation		
– Current year	204	85
– Prior year	6	(2)
Foreign taxation		
– Current year	122	182
– Prior year	(8)	18
Total normal tax	324	283
Deferred taxation		
– Current year	(37)	(58)
– Prior year	14	(23)
Total deferred tax (refer to note 3.7)	(23)	(81)
Withholding tax	7	1
Taxation for the year	308	203

Tax rate reconciliation:

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

Rm	2021	2020
Profit before taxation from continuing operations	946	273
Profit before taxation from discontinued operation	745	59
Tax calculated at 28% (2020: 28%)	473	93
Adjusted for:		
Non-deductible expenses	224	144
Impairment of goodwill	–	29
Amortisation of intangible assets	14	15
Expenses of a capital nature**	78	15
Movement in provisions under IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	91	29
Share-based payments	5	–
Foreign expenses not deductible per in-country legislation	–	49
Interest rate swaps	29	–
Other	7	7
Assessed losses not accounted for as deferred tax asset	41	28
Different tax rates in countries in which the Group operates	(6)	(53)
Assessed losses utilised – previously not recognised	(25)	(17)
Exempt income***	(470)	(10)
Special allowances	(12)	(4)
Under/(over) provision of prior year tax	12	(7)
Capital gains tax	32	–
Hyperinflation	27	15
Other	12	14
Tax charge	308	203
Income tax expense attributable to:		
Profit from continuing operations	288	194
Profit from discontinued operation	20	9
	308	203

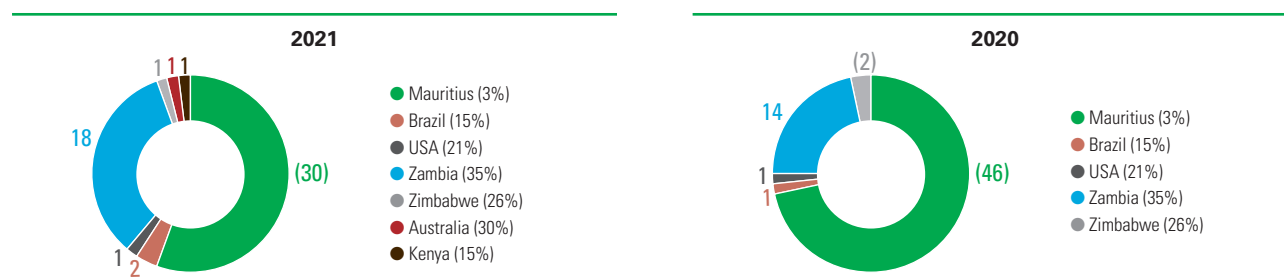
2. GROUP PERFORMANCE continued

2.7 TAXATION continued

Tax rate reconciliation: continued

The Group operates in 25 countries across the world which have statutory rates of tax from 0% to 35%.

The difference in tax rates of other countries reconciling line can be attributed to the following countries:



** Expenses of capital nature includes legal fees, consulting fees, overseas travel, reversal of indemnification asset and other capital items

*** Exempt income includes income from profit on disposal of Oro Agri, non-taxable hyperinflation income and recycling of foreign currency translation reserve on sale of subsidiary

Income taxes paid represents cash paid to revenue authorities in South Africa and in foreign jurisdictions in which the Group operates:

Rm	2021	2020
Income tax (liability)/asset at beginning of year	(174)	63
Charged through opening retained earnings	–	(144)
Charged to profit or loss	(331)	(283)
Movement in deferred tax	–	53
Effect of foreign currency movement	8	(8)
Disposal of Oro Agri	(8)	–
Income tax liability at end of year	357	174
	(148)	(145)

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

2. GROUP PERFORMANCE continued

2.8 EARNINGS PER SHARE AND DIVIDENDS PER SHARE

Earnings per share presents the amount of profit generated during the reporting period attributable to shareholders of Omnia Holdings Limited divided by the weighted average number of shares in issue. The potential for any share-based payments issued by the Group to dilute existing shareholders' ownership when the share-based payments are exercised, are also presented.

Accounting policy

Basic and headline earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding the weighted average number of ordinary shares held by Group entities as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume the conversion of all dilutive potential ordinary shares.

Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the period, increased by shares issued during the period weighted on a time basis for the periods during which they have participated in the profit of the Group.

Rm	2021	Restated* 2020
Basic and diluted earnings – profit from continuing operations attributable to the owners of Omnia Holdings Limited	658	81
Basic and diluted earnings – profit attributable to the owners of Omnia Holdings Limited	1 383	124

Rm	2021		2020	
	Gross pre-tax	Net	Gross pre-tax	Net
Basic earnings – profit attributable to the owners of Omnia Holdings Limited		658		81
Insurance income for replacement of property, plant and equipment	(7)	(5)	(7)	(5)
(Profit)/loss on disposal of property, plant and equipment	(2)	(1)	8	8
Impairment of goodwill		–	110	110
Headline and diluted headline earnings from continuing operations		652		194
Basic earnings – profit attributable to the owners of Omnia Holdings Limited		1 383		124
Insurance income for replacement of property, plant and equipment	(7)	(5)	(7)	(5)
Loss on disposal of property, plant and equipment	6	4	8	8
Profit on disposal of Oro Agri	(787)	(755)	–	–
Impairment of goodwill		–	110	110
Headline and diluted headline earnings		627		237
Diluted headline earnings from continuing operations		652		194
Diluted headline earnings		627		237
Weighted average number of shares in issue ('000)		166 850		125 615
Weighted average number of diluted shares in issue ('000)		168 005		125 615
Basic earnings per share from continuing operations (cents)		394		64
Basic earnings per share from discontinued operations (cents)		435		34
Basic earnings per share (cents)		829		99
Diluted earnings per share from continuing operations (cents)		392		64
Diluted earnings per share from discontinued operations (cents)		432		34
Diluted earnings per share (cents)		823		99
Headline earnings per share from continuing operations (cents)		391		154
Headline (loss)/earnings per share from discontinued operations (cents)		(15)		34
Headline earnings per share (cents)		376		189
Diluted headline earnings per share from continuing operations (cents)		388		154
Diluted headline (loss)/earnings per share from discontinued operations (cents)		(15)		34
Diluted headline earnings per share (cents)		373		189
Dividend per share (cents)		–		–

* Restated for discontinued operations.

3. OPERATING ASSETS AND LIABILITIES

This section presents the details of all operating assets and liabilities in the Group. The Group is asset-intensive and focused on optimising the management and returns from operating assets.

3.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment represents the investment by the Group in tangible assets such as land, warehouses, office blocks, production plants and technological equipment.

Accounting policy

The Group's property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, a proportion of overheads and borrowing costs.

Assets are depreciated on a straight-line basis over their estimated useful lives to their residual values. Land has an unlimited useful life and is not depreciated. Useful lives are reassessed annually. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate assets. The expected useful lives are as follows:

Buildings	5 – 50 years
Furniture, equipment and vehicles	3 – 15 years
Plant and machinery	3 – 60 years

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. Proceeds from sale of property, plant and equipment are recognised when an unconditional contract of sale is exchanged with the purchaser or when title passes. The net gain or loss on sale of property, plant and equipment is recognised in profit or loss.

Significant estimates and judgements

During the year ended 31 March 2021 an impairment indicator was identified whereby the carrying amount of the Group's net assets exceeded its market capitalisation.

The recoverable amounts of cash-generating units are determined based on value-in-use calculations as part of impairment tests performed. These calculations require the use of estimates, which are set out in note 3.3.

The remaining useful lives and residual values of property, plant and equipment are a significant estimate and are reassessed annually. Management considers the performance of an asset in line with original expectations, market factors relating to each class of asset and the medium-term strategy of the Group to assess whether useful life estimates need to be adjusted.

Rm	Land and buildings	Plant and machinery	Furniture, equipment and vehicles	Total
At 31 March 2021				
Cost	1 015	6 143	547	7 705
Accumulated depreciation	(284)	(2 222)	(389)	(2 895)
Accumulated impairment	–	(16)	–	(16)
	731	3 905	158	4 794
Year ended 31 March 2021				
Opening net carrying amount	972	4 166	190	5 328
Additions	23	345	44	412
Disposals and scrappings	(7)	(30)	(2)	(39)
Depreciation charge	(50)	(484)	(53)	(587)
Transfer to asset held for sale	–	(21)	–	(21)
Disposal of Oro Agri	(148)	(48)	(3)	(199)
Effect of foreign currency movement	(59)	(23)	(18)	(100)
Closing net carrying amount	731	3 905	158	4 794

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

3. OPERATING ASSETS AND LIABILITIES continued

3.1 PROPERTY, PLANT AND EQUIPMENT continued

Rm	Land and buildings	Plant and machinery	Furniture, equipment and vehicles	Leased assets	Total
At 31 March 2020					
Cost	1 255	6 331	631	–	8 217
Accumulated depreciation	(283)	(2 149)	(441)	–	(2 873)
Accumulated impairment	–	(16)	–	–	(16)
	972	4 166	190	–	5 328
Year ended 31 March 2020					
Opening net carrying amount	976	4 184	215	50	5 425
Transfers	–	–	(36)	(50)	(86)
Additions	29	353	39	–	421
Disposals and scrappings	(2)	(48)	(2)	–	(52)
Depreciation charge	(49)	(352)	(63)	–	(464)
Effect of foreign currency movement	18	29	37	–	84
Closing net carrying amount	972	4 166	190	–	5 328

Depreciation expense of R465 million (2020: R344 million*) has been charged to cost of sales, R73 million (2020: R66 million*) to distribution expenses and R39 million (2020: R44 million*) to administrative expenses.

Depreciation charge for discontinued operations for the year amounted to R10 million (2020: R10 million).

* Refer to note 1.6.

The value of capital work-in-progress included in the categories amounts to R501 million (2020: R472 million).

Rm	2021	2020
Opening balance at 1 April	472	347
Additions	286	274
Land and buildings	9	18
Plant and machinery	256	237
Furniture, equipment and vehicles	21	19
Transfers to	(257)	(149)
Land and buildings	(9)	(2)
Plant and machinery	(233)	(113)
Furniture, equipment and vehicles (15)	(15)	(34)
Closing balance	501	472

The Group's committed capital expenditure is not impacted by COVID-19 due to the Group's products and services being classified as essential. Committed capital expenditure is as follows:

Capital expenditure

Rm	2021	2020
Authorised and contracted for	19	233
Authorised but not contracted for	219	187

Funds to meet these commitments will be provided from available cash resources, cash generated from operations and facilities negotiated.

Property, plant and equipment of R3 870 million (2020: R3 870 million) is pledged as security for the debt facility package (refer to note 4.3).

3. OPERATING ASSETS AND LIABILITIES

3.2 RIGHT-OF-USE ASSETS

The Group recognises right-of-use assets in terms of IFRS 16 *Leases*, which requires leases to be capitalised.

Accounting policy

The Group leases various offices, warehouses, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of three to eight years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Right-of-use assets are measured at cost, comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If management is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise certain IT-equipment and small items of office furniture.

Extension and termination options are included in many property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. Most of the extension and termination options held are exercisable only by the Group and not by the respective lessor.

Rm	Land and buildings	Plant and machinery	Furniture, equipment and vehicles	Total
At 31 March 2021				
Cost	480	94	165	739
Accumulated depreciation	(163)	(82)	(60)	(305)
	317	12	105	434
Year ended 31 March 2021				
Opening net carrying amount	387	64	121	572
Additions	104	3	–	107
Disposals	(6)	(19)	–	(25)
Depreciation charge	(129)	(52)	(13)	(194)
Disposal of Oro Agri	(8)	(6)	(4)	(18)
Effect of foreign currency movement	(31)	22	1	(8)
Closing net carrying amount	317	12	105	434
At 31 March 2020				
Cost	525	107	171	803
Accumulated depreciation	(138)	(43)	(50)	(231)
	387	64	121	572
Year ended 31 March 2020				
Opening net carrying amount	285	97	138	520
Additions	261	13	50	324
Disposals	(1)	(5)	–	(6)
Depreciation charge	(138)	(43)	(50)	(231)
Effect of foreign currency movement	(20)	2	(17)	(35)
Closing net carrying amount	387	64	121	572

Depreciation expense of R78 million (2020: R71 million*) has been charged to cost of sales, R32 million (2020: R83 million*) to distribution expenses and R80 million (2020: R74 million*) to administrative expenses.

Depreciation charge for discontinued operations for the year amounted to R2 million (2020: R3 million).

* Refer to note 1.6.

Notes to the consolidated annual financial statements

for the year ended 31 March 2021

3. OPERATING ASSETS AND LIABILITIES continued

3.3 GOODWILL AND INTANGIBLE ASSETS

Goodwill arises when the Group acquires a business where the consideration paid exceeds the fair value of net assets acquired, as recognised from the acquisitions of Oro Agri (2019) and Umongo Petroleum (2018). These acquisitions further resulted in the recognition of patents, trademarks and distribution contracts, brands and customer relationships intangible assets. Trademarks and patents are also internally generated by the various businesses and the Group purchases software for use in operations.

Accounting policy

Goodwill arises on the acquisition of a business and represents the excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets. Goodwill is measured at cost less accumulated impairment.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Costs of internally generated intangible assets are only capitalised after product trials have been completed and the decision is made to register the product. Where intangible assets are acquired in a business combination, cost represents that fair value at the date of acquisition.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives. Useful lives are reassessed each year. The useful lives of intangible assets are as follows:

Distribution contracts	10 years
Software	5 – 10 years
Trademark and patents	5 – 20 years
Customer relationships	5 – 10 years
Brands	15 years

During the current year the useful lives of software relating to IT systems was reassessed. Based on this reassessment these software items are being amortised over a shorter useful life than originally anticipated which has resulted in an increase amortisation expense in the current year of R36 million. Assuming the assets are held until the end of their useful lives, amortisation expense in future years in relation to these assets will be increased to the following amounts:

Rm	2022	2023	2024	2025
Increase in amortisation expense	36	26	24	6

Goodwill is required to be tested annually for impairment and whenever there is an indication for impairment. Intangible assets that are amortised are reviewed for impairment whenever circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the intangible asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an intangible asset's fair value less costs to sell and value-in-use. Impairment losses are recognised in profit or loss.

The annual goodwill impairment assessment requires assets to be grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Goodwill impairment may not be reversed in subsequent periods but any other assets that were impaired are reviewed for possible reversal of the impairment at each reporting date.

Significant estimates and judgements

The remaining useful lives of intangible assets are assessed annually. Management considers cash flows associated with an intangible asset compared to original expectations, market factors relating to each class of intangible asset and the medium-term strategy of the Group to assess whether useful life estimates need to be adjusted. Based on the assessment performed certain assets useful life estimates were adjusted.

The recoverable amounts of cash-generating units are determined based on value-in-use calculations as part of annual impairment tests on goodwill. These calculations require the use of estimates.

3. OPERATING ASSETS AND LIABILITIES continued
3.3 GOODWILL AND INTANGIBLE ASSETS continued

Rm	Goodwill	Trademarks patents and distribution contracts	Software	Brands	Customer relationships	Total
At 31 March 2021						
Cost	525	593	580	131	22	1 851
Accumulated amortisation	–	(380)	(222)	(34)	(7)	(643)
Accumulated impairment	(429)	–	–	–	–	(429)
	96	213	358	97	15	779
Year ended 31 March 2021						
Opening net carrying amount	590	1 395	469	108	17	2 579
Additions	–	–	25	–	–	25
Disposals	–	–	(8)	–	–	(8)
Amortisation charge	–	(102)	(106)	(11)	(2)	(221)
Disposal of Oro Agri	(429)	(936)	(4)	–	–	(1 369)
Effect of foreign currency movement	(65)	(144)	(18)	–	–	(227)
Closing net carrying amount	96	213	358	97	15	779
At 31 March 2020						
Cost	1 019	1 999	671	131	22	3 842
Accumulated amortisation	–	(604)	(197)	(23)	(5)	(829)
Accumulated impairment	(429)	–	(5)	–	–	(434)
	590	1 395	469	108	17	2 579
Year ended 31 March 2020						
Opening net carrying amount	597	1 311	442	119	19	2 488
Transfers	–	–	36	–	–	36
Additions	–	35	58	–	–	93
Disposals	–	–	(4)	–	–	(4)
Amortisation charge	–	(158)	(58)	(11)	(2)	(229)
Impairment	(105)	–	(5)	–	–	(110)
Effect of foreign currency movement	98	207	–	–	–	305
Closing net carrying amount	590	1 395	469	108	17	2 579

The amortisation expense of R159 million (2020: R117 million*) is included in other operating expenses in profit or loss. Amortisation expense for discontinued operations for the year amounted to R62 million (2020: R112 million*).

* Refer to note 1.6.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

3. OPERATING ASSETS AND LIABILITIES continued

3.3 GOODWILL AND INTANGIBLE ASSETS continued

Annual impairment test on non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are assessed for impairment indicators at each reporting date or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill is allocated to the Group's cash-generating units that are identified according to operating segments consistent with the prior year. Goodwill represents the cash-generating unit's ability to generate future cash flows which is a direct result of various factors, including the quality of the workforce acquired, possible future synergies and customer and supplier relationships.

A segment-level summary of the goodwill allocation is presented below:

Cash-generating units	2021	2020
Rm		
Agriculture International*	3	3
Agriculture Biological	–	494
Mining International*	6	6
Umongo Petroleum	87	87
	96	590

*Immaterial to the Group.

Management has calculated the value-in-use by using a discounted cash flow model where budgeted cash flows are discounted at the entity's specific pre-tax discount weighted average cost of capital. Budgeted cash flows are based on past performance and the Group's implemented strategy for that cash-generating unit and are further adjusted to reflect specific risks related to the economic environment. Annual growth rates are used to project cash flows beyond the budgeted period (up to five years after reporting date) and are accounted for in the cash flows.

The investment in Oro Agri was sold during the year and the goodwill was derecognised on the effective date of the disposal. (Refer to note 1.9.)

The Group uses a sensitivity analysis to test the reasonability of assumptions used in the value-in-use calculations. The value-in-use calculations are flexed until the headroom is eliminated and the carrying amount equals the value-in-use amount. One assumption is changed while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Umongo Petroleum

Umongo Petroleum's performance for the year ended 31 March 2021 showed a revenue increase of 3% and an operating profit increase of 71%. The mandatory test for impairment yielded adequate headroom and no impairment was required.

The assumptions used in the value-in-use calculations are as follows:

%	Annual growth rates 2021	Sensitivity analysis 2021	Annual growth rates 2020	Sensitivity analysis 2020
Average annual revenue growth	6.0	(10.5)	6.1	11.0
Average gross margin percentage	11.7	9.5	11.4	12.7
Average annual increase in expenses	4.2	43.8	4.5	(8)
Discount rate – weighted average cost of capital (pre-tax)	18.6	25.3	22.4	19.0
Terminal growth rate	4.0	(4.6)	4.7	7.0

Revenue growth rates for FY2022 to FY2026 range from 4.5% to 12%, including a period of recovery following the impact of COVID-19. Gross margins of 11.68% are expected to be maintained for FY2022 to FY2026. Annual increases in expenses range from 3% to 4.5% for FY2022 to FY2026. The annual increase in FY2022 of 3% is in line with the Group's continued focus on expense management, the outlook for annual increase thereafter is linked to forecasted inflation.

3. OPERATING ASSETS AND LIABILITIES continued

3.3 GOODWILL AND INTANGIBLE ASSETS continued

Agriculture RSA

Agriculture RSA's performance for the year ended 31 March 2021 showed a revenue increase of 13% and an operating profit increase of more than 100%. The test for impairment yielded adequate headroom and no impairment was required. The assumptions used in the value-in-use calculations are as follows:

%	Annual growth rates 2021	Sensitivity analysis 2021	Annual growth rates 2020	Sensitivity analysis 2020
Average annual revenue growth	5.7	3.5	4.0	3.7
Average gross margin percentage	31.4	29.6	27.3	26.9
Average annual increase in expenses	2.9	5.2	4.7	5.1
Discount rate – weighted average cost of capital (pre-tax)	19.0	23.3	20.8	22.2
Terminal growth rate	4.0	(1.2)	4.7	0.2

Revenue growth rates for FY2022 to FY2026 range from 4.5% to 10%. Gross margins of 31% are expected to be maintained for FY2022 to FY2026. Annual increase in expenses range from a decrease of 2% to growth of 4.5% for FY2022 to FY2026, the annual increase in expenses is in line with the Group's continued focus on expense management. The outlook annual increase is linked to forecasted inflation.

Mining RSA

Mining RSA's performance for the year ended 31 March 2021 showed a revenue increase of 14% and an operating profit increase of 67%. The test for impairment yielded adequate headroom and no impairment was required. The assumptions used in the value-in-use calculations are as follows:

%	Annual growth rates 2021	Sensitivity analysis 2021	Annual growth rates 2020	Sensitivity analysis 2020
Average annual revenue growth	7.5	7.0	8.6	6.7
Average gross margin percentage	25.0	24.5	24.6	24.1
Average annual increase in expenses	3.7	4.4	2.2	2.9
Discount rate – weighted average cost of capital (pre-tax)	18.1	19.7	20.8	22.1
Terminal growth rate	4.0	2.3	4.7	3.2

Revenue growth rates for FY2022 to FY2026 range from 4.5% to 15%. The growth rate in FY2022 includes the full year performance of a new contract and a recovery in operations following the impact of COVID-19. Gross margins of 25% are expected to be maintained for FY2022 to FY2026. Annual increases in expenses range from 2% of 4.5% for FY2022 to FY2026, the annual increase in expenses is in line with the Group's continued focus on expense management. Outlook annual expense increase is linked to forecasted inflation.

Chemicals RSA

Chemicals RSA's performance for the year ended 31 March 2021 showed a revenue decrease of 21% and an operating profit decrease of 8%. Despite the impact of COVID-19 on Chemicals RSA revenue and operating profit, the test for impairment yielded adequate headroom and no impairment was required. The assumptions used in the value-in-use calculations are as follows:

%	Annual growth rates 2021	Sensitivity analysis 2021	Annual growth rates 2020	Sensitivity analysis 2020
Average annual revenue growth	6.2	4.8	3.0	10.7
Average gross margin percentage	16.5	15.9	15.2	17.2
Average annual increase in expenses	4.1	5.4	2.9	(2.0)
Discount rate – weighted average cost of capital (pre-tax)	19.2	22.1	20.8	16.9
Terminal growth rate	4.0	0.2	4.7	3.2

Revenue growth rates for FY2022 to FY2026 range from 4.5% to 10.5%, including a period of recovery following the impact of COVID-19. Gross margins of 16.5% are expected to be maintained for FY2022 to FY2026. Annual increases in expenses range from 3% of 4.5% for FY2022 to FY2026, the annual increase in expenses is in line with the Group's continued focus on expense management. Outlook annual expense increase is linked to forecasted inflation.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

3. OPERATING ASSETS AND LIABILITIES continued

3.4 INVENTORIES

The Group's operations are inventory intensive and exposed to seasonality, depending on planting seasons in the various countries in which it operates. During the year, focus on inventory management has resulted in reduction of inventory holding and a more efficient working capital cycle.

Accounting policy

Inventory is stated at the lower of cost and net realisable value. Dependent on the production cycle of the inventory, cost is determined on a first-in, first-out (FIFO) or weighted average cost basis and includes transport and handling costs but excludes borrowing costs. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of production activity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs.

Significant estimates and judgements

Net realisable value is the estimate of the selling price of inventories in the ordinary course of business, less the cost of completion and applicable variable selling expenses. Management is required to exercise considerable judgement in the determination of this estimate, specifically relating to the forecasting of demand and gross profit margins. Management is also required to exercise significant judgement in estimating the provision for obsolete stock.

The Group allocates overheads from its manufacturing facilities to inventory based on normal production capacity. As production capacity for March 2021 remained at normal levels, allocation of overheads was not impacted.

Rm	2021	2020
Raw materials	806	752
Finished goods	2 223	2 703
Consumables	217	192
	3 246	3 647
Inventory written down	51	24
Inventory recognised as cost of sales	12 456	12 624*

Inventories of R 2 211 million (2020: R1 308 million) is pledged as security for the debt facility package (refer to note 4.3).

* Restated to exclude erroneous inclusion of non-inventory-related cost of sales expense.

3. OPERATING ASSETS AND LIABILITIES continued

3.5 TRADE AND OTHER RECEIVABLES

The Group's exposure to planting seasons, the nature of the agriculture business, and the Group's relationships with its customers all contribute to the significant trade and other receivables. Working capital requirements are closely managed and collection from customers has improved in the current year resulting in a more efficient working capital cycle.

Accounting policy

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, then they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost. Emerging farmer loans receivable are loan facilities available to emerging farmers for one season (October to September). Interest is charged at an average rate of 5% and collateral is normally obtained from the emerging farmers.

Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 4.4.

Rm	2021	2020
Trade and other receivables – financial assets		
Net trade receivables (refer to note 4.4)	2 821	3 595
Trade receivables	3 306	4 066
Less: Expected credit losses	(485)	(471)
Net emerging farmers (refer to note 4.4)	13	10
Emerging farmers	101	96
Less: Expected credit losses	(88)	(86)
Legal settlement receivable	102	114
Other receivable	105	136
Less: Expected credit losses	(3)	(22)
Receivables from related parties (refer to note 5.3)	1	9
Amount receivable from Oro Agri	29	–
Indemnification receivable	44	45
	3 010	3 773
Trade and other receivables – non-financial assets		
Prepaid expenses	285	172
Value-added tax receivable	121	88
Other receivables	73	222
	479	482
Total trade and other receivables	3 489	4 255
Less: Non-current portion	(54)	(104)
Emerging farmers and other	(56)	(126)
Expected credit loss	2	22
Total current receivables	3 435	4 151

The value of expected credit losses recognised during the year is R83 million (2020: R109 million). This has been separately disclosed in profit or loss. The carrying value of current trade receivables approximate their fair values, due to the short-term nature thereof.

The carrying amount of trade receivables are denominated in the following currencies:

Rm	2021	2020
Rand	1 747	1 477
US dollar	856	1 486
Euro	28	135
Other	190	497
	2 821	3 595

Trade receivables of R2 313 million (2020: R1 381 million) are pledged as security for the debt facility package (refer to note 4.3).

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

3. OPERATING ASSETS AND LIABILITIES continued

3.6 ASSETS HELD FOR SALE

Details of assets held for sale are set out below.

Accounting policy

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

The Group has an unconditional offer to dispose of one of its chemical storages and distribution sites in KwaZulu-Natal. The activities from this site were merged into the distribution site in KwaZulu-Natal. The sale is expected to be concluded within the next six months.

Rm	2021	2020
Storage and distribution site	21	–

3.7 DEFERRED INCOME TAXES

The Group's deferred tax balances arise mostly from timing differences on non-current assets and on assessed losses.

Accounting policy

Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment and provisions and prepayments. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3. OPERATING ASSETS AND LIABILITIES continued

3.7 DEFERRED INCOME TAXES continued

Deferred taxation is calculated on all temporary differences under the balance sheet liability method using a principal tax rate of 28% (2020: 28%) or the tax rate applicable to the relevant foreign country.

Rm	2021	2020
Deferred income tax assets	(77)	(66)
Deferred income tax liabilities	379	674
	302	608
Gross movement in the deferred income tax assets account:		
Opening balance at beginning of the year	(66)	(72)
Current year charge (refer to note 2.7)	(46)	(15)
Prior year charge	35	21
Closing balance at end of the year	(77)	(66)
Gross movement in the deferred income tax liabilities account:		
Opening balance at beginning of the year	674	733
Disposal of Oro Agri	(212)	–
Other comprehensive income	18	(19)
Current year charge (refer to note 2.7)	9	(43)
Prior year charge	(21)	(44)
Effect of foreign currency movement	(89)	47
Closing balance at end of the year	379	674
The deferred tax balance is attributable to the following items:		
Capital allowances	796	801
Right-of-use asset and lease liability	(13)	(5)
Provisions and prepayments	(254)	(109)
Taxation losses	(296)	(324)
Intangible assets	82	264
Other comprehensive income	(13)	(19)
	302	608

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

3. OPERATING ASSETS AND LIABILITIES continued

3.8 TRADE PAYABLES AND OTHER LIABILITIES

Trade and other payables mainly consist of amounts owing to the Group's suppliers, employees and other business partners that have been invoiced or accrued.

Accounting policy

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave because of services rendered by employees up to the reporting date. A liability for employee benefits in the form of bonus plans is recognised in accrued expenses where there is no realistic alternative but to settle the liability.

The Group estimates provision for environmental restoration as the current cost expected to be incurred in the future. These costs are adjusted for inflation and discounted using a risk-free discount rate to estimate the provision. Similarly, provision for rehabilitation and decommissioning on closure of a plant is estimated as the current cost expected to be incurred in future adjusted for inflation and discounted at the risk-free rate.

The determination of provisions remains a key area of management's judgement as estimating the future cost of obligations is complex with laws and regulations often not clear regarding what is required. The resulting provisions could also be influenced by changing technologies and political, environmental, safety, business and statutory considerations. Where appropriate, management consults with independent experts when estimating these provisions.

Rm	2021	2020
Trade and other payables – financial liabilities		
Trade payables	1 884	1 953
Accrued expenses	1 143	887
Deferred consideration	44	267
Contingent consideration	7	47
	3 078	3 154
Trade and other payables – non-financial liabilities		
Leave pay accrual	113	126
Bonus accrual	149	161
Provisions	57	79
Employee benefit and share-based payments liabilities	41	24
Indirect taxes	17	7
	377	397
Total trade and other payables	3 455	3 551
Less: Non-current portion	(48)	(59)
Total current payables	3 407	3 492

The carrying amount of trade payables are denominated in the following currencies:

Rm	2021	2020
Rand	168	203
US dollar	1 664	1 600
Euro	43	38
Other	9	112
	1 884	1 953

3. OPERATING ASSETS AND LIABILITIES continued

3.8 TRADE PAYABLES AND OTHER LIABILITIES continued

Provisions

The Sasolburg site is owned by the Group and is the main manufacturing site of the Agriculture RSA segment. The Group does not anticipate leaving the site in the short to medium term. The Sasolburg site is located around other large industries which have a historical environmental footprint, particularly contributing to water and atmospheric pollution and fall within the Vaal Triangle Airshed Priority Area. The Group monitors and actively reduces the environmental impact of operations as part of normal operating activities. The provision to rehabilitate the land and water has been estimated and is included in the provision.

The Group leases land from the Royal Bafokeng Nation (RBN) which according to the original lease agreement required the Group to return the land to its original condition as agricultural land. Management engaged with the RBN and agreed in principle that the land will be used for industrial purposes and the remediation plan and provision takes this into consideration. This agreement is expected to be formalised in the new lease agreement. The rehabilitation of this land is expected to occur over the next 13 years.

Constructive obligations relating to the Group's other, smaller operations have been estimated and are included in the provision.

The following assumptions were used to calculate the provision:

- Costs to remove infrastructure are expected to be less than the proceeds on disposal
- Dams require specific and specialised rehabilitation and have been provided for
- Costs for land rehabilitation and ground water rehabilitation were estimated based on current costs and management judgement, this will be updated annually as more information and certainty materialises
- An inflation rate of 5.5% (2020: 5.0%) per annum was applied to current costs
- A discount rate of 8.5% (2020: 8.5%) was used

The rehabilitation provision movement for the year is as follows:

Rm	2021	2020
At 1 April	79	63
Additions	5	11
Utilised during the year	(6)	(4)
Disposal of stockpile	(26)	–
Unwinding of discount	5	9
Total provisions	57	79
Less: Non-current portion	(48)	(59)
Total current provisions	9	20

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

3. OPERATING ASSETS AND LIABILITIES continued

3.9 LEASE LIABILITIES

Lease liabilities are the present value of all future lease payments, including operating leases, capitalised in terms of IFRS 16 *Leases*.

Accounting policy

Lease liabilities are initially measured as the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option
- Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability

The lease payments are discounted using the interest rate implicit in the lease that ranges from 3% to 19%. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease payments are allocated between the lease liability and finance costs. The finance costs is expensed to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Rm	2021	2020
Lease liability balance as at 1 April	613	512
– New lease liabilities	109	314
– Interest expense	53	74
– Lease payments made	(269)	(263)
– Disposal of Oro Agri/lease cancellations	(14)	(7)
– Effect of foreign currency movement	(5)	(17)
Closing balance	487	613
Less: Current portion	(158)	(186)
Total non-current lease liabilities	329	427

The interest expense was R53 million (2020: R74 million). Short term leases of R5 million (2020: R9 million), low-value leases of R10 million (2020: R7 million) and variable lease payments of R5 million (2020: R6 million) were expensed in profit or loss. The total cash outflow for leases during the year was R290 million (2020: R263 million).

Non-current lease liabilities are repayable as follows:

Rm	2021	2020
2022	–	108
2023	140	76
2024	49	51
2025	51	44
2026	57	50
2027	7	59
Repayables thereafter	25	39
	329	427

4. EQUITY, FINANCING AND RISK MANAGEMENT

This section details the respective shareholder and lender stakes in the net assets of the business. Additionally, the management of financial risks which impact performance are detailed here.

4.1 SHARE CAPITAL

Share capital represents the number of ordinary shares issued less shares held by the Group.

Accounting policy

Ordinary shares are classified as equity.

Where the company, its share incentive schemes or its subsidiaries purchase the company's equity share capital, the consideration paid, including any attributable transaction costs are treated as treasury shares until the shares are cancelled or reissued. The consideration paid is deducted from equity attributable to the company's equity holders. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity attributable to the company's equity holders.

Rm	2021	2020
Authorised:		
Share capital		
500 000 000 (2020: 500 000 000) ordinary shares		
Issued and fully paid up:		
Share capital		
169 052 173 (2020: 169 052 173) ordinary shares	3 534	3 534

	Ordinary shares		Treasury shares		Net total Rm
	Number of shares '000	Share capital Rm	Number of shares '000	Share capital Rm	
The movement in capital is analysed as follows:					
Balance at 31 March 2019	69 052	1 604	(1 047)	(123)	1 481
Ordinary shares issued	100 000	1 930	–	–	1 930
Shares purchased for employees	–	–	(288)	(7)	(7)
Balance at 31 March 2020	169 052	3 534	(1 335)	(130)	3 404
Shares purchased for employees	–	–	(2 034)	(90)	(90)
Balance at 31 March 2021	169 052	3 534	(3 369)	(220)	3 314

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.2 RESERVES

This section details the respective shareholder and lender stakes in the net assets of the business. Additionally, the management of financial risks that impact performance are detailed here.

Accounting policy

The fair value of share options issued to employees is accounted for in the share-based payment reserve over the vesting period. The share-based payment reserve is adjusted when the entity revises its estimates of the number of share options that are expected to become exercisable. It recognises the impact of the revision of the original estimates, if any, in profit or loss, with a corresponding adjustment to this reserve in equity for equity-settled plans. The fair value of share options issued to employees is accounted for in the share-based payment reserve over the vesting period.

The foreign currency translation reserve relates to exchange differences arising on translation of the foreign subsidiaries and joint ventures and is recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

The hedging reserve relates to the cash flow hedge reserve and is used to recognise the effective portion of gains or losses on the interest rate swap that is designated and qualifies as a cash flow hedge. Amounts are subsequently either transferred to finance costs or reclassified to other income/expense as appropriate.

Rm	Share-based payment reserve	Foreign currency translation reserve	Hedging reserve	Other reserves	Total
At 31 March 2019	99	921	–	28	1 048
Share-based payment – value of services provided	5	–	–	–	5
Share-based payment – transfer to cash-settled share-based payment Sakhile 1	(42)	–	–	–	(42)
Share-based payment – settlement of Sakhile 2	(1)	–	–	–	(1)
Transfer to retained earnings	–	–	–	(28)	(28)
Revaluation of derivative – interest rate swap	–	–	(66)	–	(66)
Deferred tax on interest rate swaps	–	–	19	–	19
Increase in foreign currency translation reserve	–	676	–	–	676
Increase in foreign currency translation reserve – Zimbabwe	–	98	–	–	98
Increase in foreign currency translation reserve – excluding Zimbabwe	–	578	–	–	578
At 31 March 2020	61	1 597	(47)	–	1 611
Share-based payment – value of services provided	32	–	–	–	32
Share-based payment – settlement of Sakhile 2	(61)	–	–	–	(61)
Transfer to retained earnings	–	–	–	–	–
Revaluation of derivative – interest rate swap	–	–	(1)	–	(1)
Reclassification from OCI to profit or loss	–	–	67	–	67
Deferred tax on interest rate swaps	–	–	(19)	–	(19)
Decrease in foreign currency translation reserve	–	(1 244)	–	–	(1 244)
Decrease in foreign currency translation reserve – Zimbabwe	–	(290)	–	–	(290)
Reclassification from OCI to profit or loss	–	(163)	–	–	(163)
Decrease in foreign currency translation reserve – excluding Zimbabwe	–	(791)	–	–	(791)
At 31 March 2021	32	353	–	–	385

4. EQUITY, FINANCING AND RISK MANAGEMENT continued
4.3 INTEREST-BEARING BORROWINGS

This Group settled most of its debt during the current year.

Accounting policy

Interest-bearing borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred, when the Group becomes party to the contractual provisions. Interest-bearing borrowings are subsequently stated at amortised cost using the effective interest rate method.

Rm	2021	2020
Secured		
Bank loans – term facility	–	1 935
Bank loans – working capital facility	–	500
International entities	12	28
Instalment sale agreement	17	–
Unsecured		
Land bank facility for emerging farmers funding	37	71
	66	2 534
Current portion	(41)	(841)
Non-current portion	25	1 693
Movement in borrowings:		
Rm	2021	2020
At 1 April	2 534	2 790
Repayments of loans (cash flow)	(2 476)	(1 904)
Proceeds from borrowings raised (cash flow)	12	1 648
Instalment sale agreement	20	–
Disposal of Oro Agri	(44)	–
Effect of foreign currency movement	20	–
At 31 March	66	2 534

Notes to the consolidated annual financial statements

for the year ended 31 March 2021

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.3 INTEREST-BEARING BORROWINGS continued

In December 2019, the Group restructured its loan facilities and secured loan facilities from its principal lenders of R6 billion consisting of:

- Core term facilities of R2 billion, of which R250 million is repayable after two years, R750 million after three years and R1 billion after four years
- Committed, structured working capital facility of R1 billion
- Committed, five-year revolving credit facility of R1 billion
- Committed, general banking facilities of R800 million
- Indirect facilities of R1.2 billion

Interest on the loans are linked to three-month JIBAR, payable quarterly, except the general banking facilities that are linked to the South African prime interest rate. Interest rate swaps were entered into to hedge the interest rate exposure on the R2 billion core term facility. The loan is secured by a security package, which includes property, plant and equipment, cash, debtors and inventory from the South African subsidiaries, as well as guarantees from an obligor base consisting of South African and foreign subsidiaries. In April 2020, the Group unwound R500 million of the four-year interest rate swap, as the South African Reserve Bank (SARB) had begun reducing interest rates in line with the global market, as a result of the COVID-19 pandemic.

On 29 July 2020, the Group settled R500 million of the four-year term loan facility, utilising cash generated from the prior financial year. On the same day, the Group established a USD30 million facility in Mauritius, under the same terms and conditions as the current debt facility package. Omnia Group International Limited, became an additional borrower under the common terms agreement.

On 31 December 2020, ahead of the conclusion of the sale of Oro Agri (refer to note 1.9), the Group settled R750 million of term debt facilities, being the remaining R500 million of the four-year term loan facility, and R250 million of the three-year term loan facility. In early January 2021, the Group unwound the remaining R500 million four-year interest rate swap, and R250 million of the three-year interest rate swap. On 22 January 2021, the Group settled the remaining term debt and all working capital facilities, utilising the proceeds from the sale of Oro Agri. The remaining interest rate swaps were settled.

The Group's facilities of R3.4 billion were undrawn as of 31 March 2021.

The following assets remain pledged as security for the debt facility package.

Security

Rm	2021	2020
Property, plant and equipment (refer to note 3.1)	3 870	3 870
Trade receivables (refer to note 3.5)	2 313	1 381
Inventory (Refer to note 3.4)	2 211	1 308
	8 394	6 559

The Group has complied with the financial covenants of its borrowing facilities during the year, refer to note 4.4 for details.

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.4 FINANCIAL RISK MANAGEMENT

This section details the Group's management of financial risk and how these risk management decisions have impacted the performance of the Group.

Accounting policy

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, credit risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments, such as forward exchange contracts and commodity price swaps, to economically hedge certain risk exposures.

Risk management is monitored centrally under policies approved by the board of directors. Group treasury identifies, evaluates and hedges currency and interest rate risk in close cooperation with the Group's operating units. The Group audit committee oversees how management monitors compliance with the Group's financial risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the financial risks faced by the Group. Internal audit assists the Group audit committee in its oversight role. Internal audit undertakes both regular and ad hoc reviews of financial risk management controls and procedures, the results of which are reported to the audit committee.

Management determines the classification of its financial assets and liabilities on initial recognition. The Group classifies its financial assets (except derivative financial assets) at amortised cost. The classification depends on the business model and whether the Group's business model is to hold these receivables for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount. Impairment of financial assets are recognised in terms of the expected credit loss model and disclosed as impairment losses on financial assets in profit or loss. The Group classifies its financial liabilities (except derivative financial liabilities) at amortised cost. Financial assets and liabilities at amortised cost are initially recognised at fair value plus transaction costs and subsequently at amortised cost using the effective interest rate method. Interest calculated at the effective interest rate for all financial assets and liabilities at amortised cost are recognised as finance income or finance costs, respectively, in profit or loss.

Derivative financial assets and liabilities are classified at fair value through profit or loss and recognised at fair value. These assets and liabilities are subsequently recognised at fair value. Transaction costs, where applicable, are expensed in profit or loss. Gains or losses arising from changes in the fair value of derivatives are recognised in other operating income or other operating expenses in profit or loss in the period in which they arise.

Financial assets and liabilities are derecognised when the respective right or obligation to cash flows have expired, have been settled or the Group has transferred substantially all the risks and rewards of ownership.

Financial instruments by category Rm	2021		2020		Derivatives used for hedging
	Amortised cost	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	
Assets					
Derivatives – foreign currency forwards and options	–	6	–	160	–
Trade and other receivables	3 010	–	3 773	–	–
Cash and cash equivalents*	1 833	–	1 360	–	–
Restricted cash	94	–	–	–	–
Liabilities					
Interest-bearing borrowings	(66)	–	(2 534)	–	–
Derivatives – foreign currency forwards and options	–	(14)	–	(61)	–
Derivatives – interest rate swaps – cash flow hedge	–	–	–	–	(66)
Trade and other payables	(3 078)	–	(3 154)	–	–
Contract liabilities	(300)	–	(477)	–	–
Lease liabilities*	(487)	–	(613)	–	–
Bank overdrafts*	–	–	(93)	–	–

*Erroneously omitted from the prior year.

The carrying value of financial assets and liabilities at amortised cost approximates the fair value, due to short maturity of those instruments.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.4 FINANCIAL RISK MANAGEMENT continued

Fair value measurement

The Group measures the fair value of derivative instruments using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Specific valuation techniques used to value derivative instruments include:

- For foreign currency forward exchange contracts – the instrument is revalued to the spot rate including the applicable forward points at the reporting date
- For foreign currency option contracts – option pricing models
- For interest rate swaps – the present value of the estimated future cash flows based on observable yield curves

As all significant inputs required to fair value derivative instruments are observable market data and therefore are included in level 2 of fair value hierarchy.

Rm	2021 Level 2	2020 Level 2
Derivatives – interest rate swaps – cash flow hedge	–	(66)
Derivatives – foreign currency forwards and foreign currency options	(8)	165
	(8)	99

The carrying value of financial assets and liabilities at amortised cost approximates the fair value, due to short-term nature thereof.

Derivatives

The Group has the following derivative financial instruments in the following line items in the statement of financial position:

Rm	2021	2020
Derivative financial instruments – assets		
Foreign currency forwards and options	6	160
	6	160
Derivative financial instruments – liabilities		
Interest rate swap (non-current)	–	(28)
Interest rate swap (current)	–	(38)
Foreign currency forwards and options (current)	(14)	(61)
	(14)	(127)

Derivatives are used to hedge transactional and economic foreign exchange risk and to protect against interest rate risk and not as speculative investments.

Where derivatives do not meet the hedge accounting criteria or not designated in a hedge relationship, they are accounted for at fair value through profit or loss.

Derivatives are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.4 FINANCIAL RISK MANAGEMENT continued

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables, cash and cash equivalents and derivative financial instruments. The Group has policies in place to ensure that sales of products and services are made to customers with appropriate credit history or where sufficient credit insurance exists. Derivative counterparties and cash transactions are limited to high credit quality financial institutions, and where not possible, cash is kept to a minimum within these accounts. The Group has policies that limit the amount of credit exposure to any one financial institution. The Group has no significant concentration of credit risk, due to its wide spread of customers.

The spread of customers by type is as follows:

Type of debtor	2021 % of revenue	2020 % of revenue
Local commercial farmers and co-ops	30	26
International farmers	15	13
Commodity customers	–	1
International agriculture distributors	3	5
Local mining companies	13	11
International mining companies	16	17
Local manufacturers	24	27
Total	100	100

Trade receivables

Credit risk and customer relationships are managed in several ways within the Group. Where possible, credit insurance is obtained on debtors. The granting of credit is controlled by formal application processes and account limits specific to each business unit. Credit evaluations are performed on the financial position of these debtors, previous experience and other factors such as amounts overdue and credit limits. The Group has extensive and regular dialogue with key customers and strong commercial and business relationships.

The Group adopted the simplified approach for calculating expected credit losses on trade receivables as all trade receivables are transactions with customers per IFRS 15 *Revenue from Contracts with Customers*, and do not contain significant financing. This means that expected credit losses are measured using the lifetime expected credit loss assessment. The Group identifies a significant increase in credit risk when a customer is more than 90 days overdue and determines receivables to be credit impaired when a default event, such as liquidation, deregistration of the customer, actual or expected significant changes in the operating results of the borrower, significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, actual or expected changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its obligations or significant increase in credit risk in other financial instruments of the same borrower has occurred.

The Group has determined its exposure to credit risk to be influenced mainly by the individual characteristics of each customer. In monitoring customer credit risk, customers are grouped according to their credit characteristics, trading history, payment history and existence of previous financial difficulties. Impairment losses previously recognised were used as a measure of default of debtors as the Group has a history of insignificant write-offs. In instances where there was no evidence of historical impairment, management used their knowledge of the customers business to determine the potential impairment. The default assessment was adjusted for credit insurance or other security over the debtor balance. Forward-looking information including the impact of COVID-19 and other macro-economic factors was factored into the expected credit loss percentage.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.4 FINANCIAL RISK MANAGEMENT continued

Credit risk continued

Trade receivables continued

Rm	2021		
	Outstanding amount	Loss rate %	Expected credit loss
Local commercial farmers and co-ops	848	11	90
Lifetime ECL – up to three months*	345	–	–
Credit impaired – specific debtors	503	18	90
International commercial farmers	672	24	164
Lifetime ECL – up to three months	367	7	25
Lifetime ECL – three to six months	28	13	4
Lifetime ECL – more than six months	198	28	56
Credit impaired – specific debtors	9	98	9
Credit impaired – fully provided	70	100	70
Commodity customers	66	94	62
Lifetime ECL – up to three months*	4	–	–
Credit impaired – specific debtors	60	100	60
Credit impaired – fully provided	2	100	2
Local mining companies	490	21	104
Lifetime ECL – up to three months	394	3	12
Lifetime ECL – three to six months*	2	–	–
Lifetime ECL – more than six months	3	33	1
Credit impaired – fully provided	91	100	91
International mining companies	283	3	9
Lifetime ECL – up to three months	262	2	6
Lifetime ECL – three to six months	20	10	2
Credit impaired – fully provided	1	100	1
Local manufacturers	842	5	39
Lifetime ECL – up to three months	769	1	4
Lifetime ECL – three to six months	35	3	1
Credit impaired – specific debtors	30	87	26
Credit impaired – fully provided	8	100	8
Head office and eliminations	105	16	17
Lifetime ECL – up to three months*	85	–	–
Lifetime ECL – three to six months*	3	–	–
Lifetime ECL – more than six months	17	100	17
	3 306	15	485

* ECL on these receivables are less than R1 million.

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.4 FINANCIAL RISK MANAGEMENT continued

Credit risk continued

Trade receivables continued

Rm	2020		
	Outstanding amount	Loss rate %	Expected credit loss
Local commercial farmers and co-ops	755	8	63
Lifetime ECL – up to three months	602	–	2
Lifetime ECL – three to six months	7	14	1
Credit impaired – specific debtors	146	41	60
Credit impaired – fully provided	–	–	–
International commercial farmers	775	22	168
Lifetime ECL – up to three months	237	6	15
Lifetime ECL – three to six months*	60	–	–
Lifetime ECL – more than six months	472	31	147
Credit impaired – specific debtors	3	100	3
Credit impaired – fully provided	3	100	3
Commodity customers	98	51	50
Lifetime ECL – up to three months	33	–	–
Credit impaired – specific debtors	31	52	16
Credit impaired – fully provided	34	100	34
International agriculture distributors	503	1	5
Lifetime ECL – up to three months	487	1	5
Lifetime ECL – three to six months*	6	–	–
Credit impaired – specific debtors*	10	–	–
Local mining companies	381	30	115
Lifetime ECL – up to three months	273	3	9
Lifetime ECL – three to six months*	4	50	2
Lifetime ECL – more than six months*	10	100	10
Credit impaired – fully provided	94	100	94
International mining companies	352	2	6
Lifetime ECL – up to three months	271	1	3
Lifetime ECL – three to six months	72	3	2
Lifetime ECL – more than six months	9	11	1
Local manufacturers	1 126	4	45
Lifetime ECL – up to three months	968	–	4
Lifetime ECL – three to six months*	29	3	1
Lifetime ECL – more than six months	47	13	6
Credit impaired – specific debtors	82	41	34
Head office and eliminations	76	26	20
Lifetime ECL – up to three months	49	–	–
Credit impaired – specific debtors	27	74	20
	4 066	12	471

*ECL on these receivables are less than R1 million.

Efforts to recover debtors are ongoing even though the debtor may be classified as credit impaired at 100%. Receivables are written off against the allowance when there is no further expectation of recovery. The Group's customers are largely long-standing and have an established track record when transacting with the Group. The Group has a history of insignificant write-offs.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.4 FINANCIAL RISK MANAGEMENT continued

Credit risk continued

Emerging farmers receivable

The Group identifies active emerging farmers as farmers who maintain their credit facility and can draw down on that facility. Inactive emerging farmers are identified as farmers who were unable to settle their obligations in the same season and signed an acknowledgement for the outstanding amounts which will be payable between one and three years.

Management estimated the active farmers probability of default within the next 12 months by considering knowledge of crops and yields of emerging farmer operations and the applicable economic constraints. This default assessment was adjusted for the value of the underlying security, where applicable and forward-looking information including the impact of COVID-19. There is a significant increase in the credit risk of a farmer who has signed an acknowledgement of debt and a revised payment plan. Management estimated the inactive farmers probability of default over the expected lifetime by considering knowledge of emerging farmer operations and the applicable economic constraints, adjusted for the value of any underlying security. Advanced legal debt recovery proceedings and specific liquidity issues of inactive farmers were viewed as default events and these emerging farmers were assessed as credit impaired. Macro-economic forward-looking information, including the impact of COVID-19 was factored into the expected credit loss percentage.

Rm	2021		
	Gross carrying amount	Expected loss rate %	Loss allowance
12-month ECL – active emerging farmers*	12	–	–
Lifetime ECL – inactive emerging farmers with signed acknowledgement of debt	10	100	10
Credit impaired – inactive emerging farmers in advanced legal debt recovery	78	100	78
	101	88	88

* ECL on these receivables are less than R1 million.

Rm	2020		
	Gross carrying amount	Expected loss rate %	Loss allowance
12-month ECL – active emerging farmers	12	17	2
Lifetime ECL – inactive emerging farmers with signed acknowledgement of debt	10	100	10
Credit impaired – inactive emerging farmers in advanced legal debt recovery	74	100	74
	96	89	86

The ECL allowance increased mainly due to more emerging farmers classified as credit impaired. The loss rate for the 12-month ECL decreased, mainly due to fewer and less risky emerging farmers making up the balance. The effect of excluding credit insurance and other security was not significant. Efforts to recover balances owed are ongoing even though the emerging farmer may be classified as credit impaired and impaired at 100%. Emerging farmer receivables are written off when there is no expectation of recovery.

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.4 FINANCIAL RISK MANAGEMENT continued

Credit risk continued

Legal settlement receivable

The legal settlement receivable probability of default was estimated based on a lifetime expected credit loss. A loss rate of 3% (2020: 16%) was determined after considering the financial health and performance of the counterparty. Macro-economic forward-looking information, including the impact of COVID-19 was factored into the expected credit loss percentage. During the current year an expected credit loss reversal of R19 million was recognised resulting in an expected credit loss carrying amount of R3 million.

Loss allowance reconciliation for trade receivables Rm	Trade receivables	Emerging farmers	Legal settlement receivable	Total
2021				
Opening loss allowance	(471)	(86)	(22)	(579)
Change is loss allowance	(79)	–	(3)	(82)
Change is loss allowance – credit impaired	3	(2)	22	23
Receivables written off	14	–	–	14
Effect of foreign currency movement	47	–	–	47
Closing loss allowance	(486)	(88)	(3)	(577)
2020				
Opening loss allowance	(382)	(84)	–	(466)
Change is loss allowance	(136)	–	(22)	(158)
Change is loss allowance – credit impaired	44	(2)	–	42
Receivables written off	31	–	–	31
Effect of foreign currency movement	(28)	–	–	(28)
Closing loss allowance	(471)	(86)	(22)	(579)

Liquidity risk

The Group's liquidity risk management involves maintaining sufficient cash and available funding through borrowing facilities to meet obligations when due. Due to the cyclical and seasonal nature of the underlying businesses, Omnia ensures flexibility in funding by maintaining available committed credit lines.

Management monitors rolling cash flow forecasts of the Group's liquidity reserves comprising debt, undrawn borrowing facilities and cash and cash equivalents based on expected cash flows. Cash flow forecasts are compiled by each business unit in accordance with the requirements set by the Group. These requirements are standardised but cater for the different operations carried out by the various business units. In addition, the Group's requirements involve projecting cash flows in major currencies, monitoring the statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt finance covenants.

At 31 March 2021, the Group had access to undrawn facilities of R3.4 billion (2020: R3.7 billion), of which R3.2 billion are committed facilities.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.4 FINANCIAL RISK MANAGEMENT continued

Liquidity risk continued

Exposure to liquidity risk

Rm	Contractual undiscounted cash flows					Contractual undiscounted cash flows				
	Carrying amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Carrying amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities										
Interest-bearing borrowings	(66)	(41)	(18)	(7)	–	(2 534)	(841)	(1 693)	–	–
Lease liabilities	(487)	(158)	(309)	(12)	(8)	(613)	(427)	(166)	(10)	(10)
Bank overdraft	–	–	–	–	–	(93)	(93)	–	–	–
Trade and other payables	(3 078)	(3 078)	–	–	–	(3 551)	(3 492)	(59)	–	–
Derivative financial liabilities										
Net settled										
Derivative – foreign currency options (net settled)	–	–	–	–	–	(61)	(61)	–	–	–
Derivative – interest rate swaps – cash flow hedge	–	–	–	–	–	(66)	–	(31)	(35)	–
Derivative – commodity swap (net settled)	(1)	(1)	–	–	–	–	–	–	–	–
Gross settled										
Derivative – foreign currency forwards	(13)	(13)	–	–	–	–	–	–	–	–
– Outflow	–	(959)	–	–	–	–	–	–	–	–
– Inflow	–	946	–	–	–	–	–	–	–	–
	(3 645)	(3 291)	(327)	(19)	(8)	(6 918)	(4 914)	(1 949)	(45)	(10)

Currency risk

Foreign currency risk is the risk of loss of shareholder value due to adverse fluctuations in the rate of exchange which causes a reduction in the profitability or cash flow of the Group. The nature of Omnia's business model is such that it attracts foreign exchange risk because of the ownership of foreign-based subsidiaries whose operating and functional currencies are not Rand. Omnia's main trading assets are predominantly sold in Rand but are priced, sourced and traded internationally in currencies other than Rand.

Treasury operates on a centralised basis as an internal banker and provides hedging advice to its divisions and subsidiaries. The Group differentiates between translation, transactional and economic foreign exchange risk. Translation risk exposure is not currently hedged. Refer to note 1.5 for the accounting policy for the translation of foreign-based subsidiaries.

With regards to transactional foreign exchange risk, a natural hedging relationship exists between export proceeds received and foreign currency imports, with imports far exceeding exports. The Group utilises forward exchange contracts to hedge the delta and intercompany borrowing activities, where applicable. The consolidated and residual position, if any, is hedged with the market according to approved policies and strategies at a Group level.

Economic foreign exchange risk arises due to underlying foreign currency linked transactions. The exposure arises due to the long lead time between the procurement of inventory (foreign currency linked) and the sale of the inventory, with the selling price of the inventory linked to a foreign currency. The Group uses a mixture of forward exchange contracts and option related instruments (zero cost collars) to mitigate the risk.

During the current financial year, however, due to the sharp spike in the US dollar against the Rand, majority of the Group's zero cost collars were "out-of-the money". These zero cost collars were restructured in the current year to minimise the losses, due to the cap on the collar being breached and subsequently settled in the current year. As majority of the inventory was purchased in the first half of the year, when the Rand was at its weakest, coupled with the severe uncertainty in the global markets, management took a conscious decision not to hedge the economic risk. To manage this risk, the foreign payables were left unhedged to offset any potential downside risk if the Rand strengthened. As a result of this decision, the Group recognised realised foreign exchange gains in the Agriculture RSA division as a result of the Rand strengthening towards the latter part of 2020 into early 2021 when the payables were settled. This hedging strategy was unique to FY2021.

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.4 FINANCIAL RISK MANAGEMENT continued

Currency risk continued

Sufficient facilities exist with the banks to implement these hedging strategies. The Group does not apply hedge accounting to these derivative instruments.

The Group's exposure to currency risk relates to financial assets and liabilities denominated in foreign currency and subsidiaries with a functional currency other than Rand. The Group is exposed mostly to the US dollar. The sensitivity of these exposures based on a 10% strengthening or weakening of the Rand is as follows:

Rm	2021		2020	
	-10%	+10%	-10%	+10%
Items denominated in US dollar				
Trade receivables	(86)	86	(149)	149
Trade payables	166	(166)	160	(160)
Cash and cash equivalents	64	(64)	54	(54)
Derivatives	101	(101)	306	(306)
Total movement through profit or loss	245	(245)	371	(371)
Foreign currency translation*	35	(35)	160	(160)
Total movement through other comprehensive income	35	(35)	160	(160)

* Majority of the foreign currency translation reserve relates to the revaluation of the US dollar denominated subsidiaries at financial year-end.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. The Group is also exposed to variable fluctuations in short-term borrowings and cash and cash equivalents.

To manage interest rate risk, the Group entered into fixed-for-floating interest rate swaps to hedge the R2 billion term loans negotiated in FY2020. The interest rate swaps had similar critical terms as the term loan (hedged item), such as reference rate, reset dates, payment dates, maturities and notional amount.

As all critical terms significantly matched during the previous and current financial year, hedge accounting was applied as there was an economic relationship.

Hedge effectiveness was determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and the hedging instrument.

Hedge ineffectiveness for interest rate swaps may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

Hedge accounting is discontinued in its entirety when the loan is repaid or the interest rate swap is cancelled, whichever is sooner.

The interest rate swaps were found to be effective during the current financial year, until the earlier of the repayment of the term loan, or the cancellation of the interest rate swap. At this stage, hedge accounting was discontinued. Fair value adjustments recorded in other comprehensive income were released to the income statement and recorded in finance expense. Fair value adjustments on interest rate swaps that did not meet the criteria for hedge accounting was recorded in other expenses. During the financial year, hedge accounting was discontinued due to the timing of the repayment of the term loans and the cancellation of the interest rate swaps. The term loans were settled at various times during the current financial year, and as a result the interest rate swaps were settled at a cost that represents the fair value at the time of settlement, including applicable direct costs. The Group released R67 million from other comprehensive income to profit or loss at the date that the hedge accounting was discontinued (note 2.6). Fair value adjustments of R37 million were recognised on the interest rate swaps post the discontinuance of hedge accounting (note 2.4).

In total, the Group paid R104 million to cancel the interest rate swaps. This amount included direct administrative costs which are negligible. The cost associated with the cancellation of the interest rate swaps were significant due to the global interest rate cuts, which subsequently resulted in a decline in the South African yield curve. Refer to note 4.2 on the movement in the cash flow hedge reserve as a result of the discontinuation of hedge accounting.

An increase of 100 basis points (2020: 100 basis points) in the average interest rates for the reporting period would have increased profit or loss by R10 million (2020: decreased by R13 million). This analysis assumes that all other variables, such as foreign currency rates, remain constant. A decrease of 100 basis points in the interest rates at the reporting date would have had the equal opposite effect.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.4 FINANCIAL RISK MANAGEMENT continued

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. To maintain or adjust the capital structure, the Group may adjust dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The debt restructure in the prior year, involving the rights issue and conclusion of the term loan facility as disclosed in note 4.3 contributed to the stabilisation of company's capital structure and assisted the Group in maintaining operations during the COVID-19 lockdown period. As a result of the settlement of debt due to improved cash management, good cash generation by the underlying business units and the sale of the Oro Agri Group, the Group plans to restructure its loan facilities to reduce the interest and related finance charges which will emanate in a more sustainable debt package.

The Group monitors capital based on net debt over EBITDA (excluding impairment). The Group has revised its target gearing ratio to 1 – 1.5 : 1 in the long term.

The Group complied with the covenant requirements as of 31 March 2021.

4.5 CASH GENERATED FROM OPERATIONS

This section presents cash and cash equivalents in the statement of cash flows and a reconciliation of the Group's profit for the period to net cash flows provided by operating activities.

Accounting policy

The Group has elected to disclose interest received and interest paid as part of operating activities and dividends paid as part of financing activities on the cash flow statement.

Rm	2021	2020
Profit before taxation	1 691	332
Adjusted for:		
Monetary gain on hyperinflation	(496)	(439)
Net finance costs	262	479
Share of net profit from investments: equity method	(2)	8
Unrealised foreign exchange gains and losses	(304)	485
Gain on disposal of Oro Agri	(848)	–
Depreciation – Property, plant and equipment	587	464
Depreciation – Right-of-use assets	194	231
Amortisation	221	229
Impairment of goodwill and intangible assets	–	110
Loss on disposal of property, plant and equipment	4	8
Share-based payment expense	48	(2)
Share-based payments (cash settlement/cash purchase of shares in the market)	–	(47)
Environmental provision	(21)	11
Inventory written off	51	–
Impairment losses on financial assets	83	109
Movement in derivative financial instruments	41	(3)
Decrease in inventory	401	236
Decrease/(increase) in trade and other receivables	683	(420)
Increase/(decrease) in trade and other payables	(10)	435
	2 585	2 226

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.6 CASH AND CASH EQUIVALENTS

Cash balances form part of the net interest-bearing borrowings calculation that determines the Group's gearing ratio.

Accounting policy

Cash and cash equivalents include cash on hand, deposit on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities on the statement of financial position. Amounts disclosed as cash equivalents are readily convertible to known amounts of cash, are not subject to significant risk of changes in value and are held to settle short-term commitments.

Rm	2021	2020
Bank balances and cash	1 833	1 360
Bank overdrafts	–	(93)
	1 833	1 267
Trapped cash related to cash balances in Angola and Zimbabwe	46	45
These territories face severe liquidity constraints and strict central bank regulations. These balances are demand deposits held with the relevant financial institutions and are utilised to settle in-country expenditure.		
The carrying amount of bank and cash balances are denominated in the following currencies:		
Rand	917	561
USD	635	536
Namibian dollar	62	39
Australian dollar	40	41
Angolan kwanza	30	44
Other currencies	149	139
	1 833	1 360
The carrying amount of the Group's bank overdrafts are denominated in the following currencies:		
US dollar	–	(54)
Other currencies	–	(39)
	–	(93)

4.7 RESTRICTED CASH

The below provides details of the Group's restricted cash.

Accounting policy

Restricted cash are amounts of cash and cash equivalents which are not available for use by the Group.

The value of restricted cash is R94 million. Bulk Mining Explosives Burkina Faso had its bank accounts frozen earlier in the financial year as a result of a dispute with the Customs authority in country. The case in the court of first instance has been completed and judgement is awaited. If BME is successful (subject to any appeals) and once the matter is resolved, the temporary attachment on the bank account will be lifted.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.8 NET CASH/(DEBT)

The analysis of net cash/(debt) and the movement in net cash/(debt) is presented below.

Net cash/(debt) is calculated as follows:

Rm	2021	2020
Interest-bearing borrowings (non-current and current)	(66)	(2 534)
Lease liabilities (non-current and current)	(487)	(613)
Bank overdrafts	–	(93)
Cash and cash equivalents	1 833	1 360
Net cash/(debt)	1 280	(1 880)

Net cash/(debt) can be reconciled as follows:

Rm	2021	2020
Net debt at 31 March	(1 880)	(4 403)
Adoption of IFRS 16 <i>Leases</i>	–	(512)
Net debt at 1 April	(1 880)	(4 915)
Net non-cash movement in lease liabilities	(143)	(364)
Net non-cash movement in interest-bearing borrowings	57	–
Cash flows from operating activities	2 180	1 692
Cash flows from investing activities	1 566	(466)
Proceeds from rights offer	–	2 000
Cash paid for rights issue costs	–	(70)
Purchase of treasury shares	(90)	(7)
Effects of foreign currency movement	(410)	250
	1 280	(1 880)

5. GROUP STRUCTURE

This section details investments, non-controlling interest and transactions, balances and other disclosures with related parties.

5.1 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Joint ventures are strategic investments made by the Group and are accounted for using the equity method.

Accounting policy

The Group's investment in joint arrangements are classified as joint ventures based on the Group's contractual rights and obligations. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits and losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint ventures (which includes any long-term interest that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The carrying amount of equity-accounted investments is tested for impairment when there are indicators that the carrying amount may exceed the recoverable amount. The Group's investment in joint arrangements are disclosed below:

Name of entity	Country of incorporation	Ownership interest %	Measurement method
Acol Chemical Holdings (Pvt) Limited	Zimbabwe	50	Equity

Acol Chemical Holdings (Pvt) Limited is a major supplier of chemical raw materials and plastic polymers in Zimbabwe.

The amounts recognised in the statement of financial position are as follows:

Rm	2021	2020
At 1 April – Acol Chemical Holdings (Pvt) Limited	9	42
Share of profit and movement in other comprehensive income	13	(30)
Dividend received	–	(3)
At 31 March – Acol Chemical Holdings (Pvt) Limited	22	9
Other equity-accounted investments*	2	2
	24	11

The results of Acol Chemicals Holdings (Pvt) Limited disclosed above includes the impact of hyperinflation. Hyperinflation accounting was applied in accordance with the policy detailed in note 2.3.

* Immaterial to the Group.

Notes to the consolidated annual financial statements

for the year ended 31 March 2021

5. GROUP STRUCTURE continued

5.1 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD continued

Set out below are the summarised financial information for Acol Chemical Holdings (Pvt) Limited, which is accounted for using the equity method.

Rm	2021	2020
Summarised statement of comprehensive income		
Revenue	399	180
Profit from operations	74	48
Profit/(loss) for the year	55	(15)
Summarised balance sheet		
Non-current assets	3	2
Current assets	122	78
Non-current liabilities	–	–
Current liabilities	(81)	(62)
Net assets	44	18
Interest in joint venture at 50% – carrying value	22	9

Income tax expense for the year was R14 million (2020: R19 million). Depreciation expense and interest income and expense were each below R1 million (2020: each below R1 million). Included in the current assets are cash and cash equivalents of R45 million (2020: R6 million) and Rnil (2020: R18 million) respectively.

5.2 NON-CONTROLLING INTERESTS

The Group disposed of its investment in Oro Agri in January 2021.

Accounting policy

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively. The Group elected to recognise non-controlling interest in the acquired entity at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

On 22 June 2020 the Group announced the receipt of a non-binding indicative offer for the Oro Agri business. Omnia entered into an agreement with European Crops Products 2 S.A.R.L (ECP), on 19 October 2020 to dispose of its investment in Oro Agri. All suspensive conditions relating to the sale had been met by 7 January 2021, the effective date of the disposal. The Oro Agri group is consolidated into the Group's results until the effective date and is reported as a discontinued operation.

The remaining non-controlling interest relates to the joint venture in BME Canada and BME Mozambique.

The amounts recognised in the balance sheet are as follows:

Rm	2021	2020
At 1 April	118	107
Share of profit	–	7
Effect of foreign currency movement	(14)	11
Non-controlling interest – Oro Agri	104	125
Disposal of Oro Agri	(104)	–
Other non-controlling interest	(1)	(7)
At 31 March	(1)	118

5. GROUP STRUCTURE continued
5.3 RELATED PARTY TRANSACTIONS

The Group entered into transactions and has balances with joint ventures, joint operators and directors. Transactions that are eliminated on consolidation are not included.

Rm	2021	2020
Sales of goods		
Acol Chemical Holdings (Pvt) Limited – joint venture	7	5
Interest received		
Richards Bay Ammonia Partnership – joint operation	2	2
Trade receivables		
Acol Chemical Holdings (Pvt) Limited – joint venture	1	1
Richards Bay Ammonia Partnership – joint operation	–	8

5.4 SUBSIDIARIES, JOINT VENTURES AND JOINT OPERATIONS

The Group is undergoing a project to simplify its Group structure and deregister dormant entities. A list of the Group's local and foreign subsidiaries are detailed below.

Accounting policy

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Investments in subsidiaries are accounted for at cost less impairment in the company's separate financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Costs also includes direct attributable costs of investments.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

As part of the granting of the loan facilities in FY2020, as disclosed in note 4.3, the consortium of principal lenders required the use of a special purpose entity (SPE) to ring-fence the security provided. The obligors are required to indemnify the SPE for any obligations under the guarantee and in turn the SPE provides counter indemnities to the lenders. The Group does not control the SPE as it has no power nor any right to returns and therefore is not consolidated.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

5. GROUP STRUCTURE continued

5.4 SUBSIDIARIES, JOINT VENTURES AND JOINT OPERATIONS continued

The following is a list of subsidiaries, joint ventures and joint operations of the Group.

	Country of incorporation	Issued capital Rm	Effective holding	
			2021 %	2020 %
Extension of company				
Omnia Holdings Limited Share Incentive Trust	South Africa	–	–	–
Omnia Management Share Trust	South Africa	–	–	–
Direct subsidiary				
Omnia Group Investments Limited	South Africa	6	100	100
Direct holding of Omnia Group Investments Limited				
Omnia Group Proprietary Limited	South Africa	3 959	100	100
Direct holdings of Omnia Group Proprietary Limited				
Omnia Group International Limited	Mauritius	7	100	100
Omnia Fertilizer Limited	South Africa	178	100	100
Omnia Lesotho Holdings Proprietary Limited	Lesotho	–	100	100
Bulk Mining Explosives Namibia Proprietary Limited	Namibia	–	100	100
Bulk Mining Explosives Ghana Proprietary Limited	Ghana	–	100	100
BME Explosives Canada Inc	Canada	–	100	100
Protea Chemicals Namibia Proprietary Limited	Namibia	–	100	100
Innofert Proprietary Limited	South Africa	–	100	100
Omnia Swaziland Limited	Swaziland	–	100	100
Umongo Petroleum Proprietary Limited	South Africa	8	100	100
K2017443268 (South Africa) Proprietary Limited	South Africa	–	100	100
K2017448055 (South Africa) Proprietary Limited	South Africa	–	100	100
Direct holding of BME Explosives Canada Inc				
BME Mining Canada Inc	Canada	2	50	50
Direct holding of Umongo Petroleum Proprietary Limited				
Orbichem Petrochemicals Proprietary Limited	South Africa	–	100	100
Sirdar Properties Proprietary Limited	South Africa	–	100	100
Direct holding of K2017443268 (South Africa) Proprietary Limited				
Oro Agri SA	South Africa	–	–	52
Direct holding of K2017448055 (South Africa) Proprietary Limited				
Oro Agri SEZC Limited	Cayman Island	–	100	100
Bulk Mining Explosives USA	USA	–	100	100
Direct holdings of Oro Agri SEZC Limited				
Oro Agri Inc	USA	–	–	100
Oro Agri International Limited	Cayman Island	–	–	100
Ori Agri SA	South Africa	–	–	48
Direct holdings of Oro Agri International Limited				
Oro Agri B.V.	Netherlands	–	–	100
Oro Agri Brasil Produtos Para Agricultura Limitada	Brazil	–	–	75
Oro Agri SpA	Chile	–	–	100
Oro Agri Costa Rica Sociedad Anonima	Costa Rica	–	–	100
Oro Agri S. De R. L.	Mexico	–	–	100
Oro Agri India Pvt Limited	India	–	–	99
Direct holdings of Oro Agri B.V.				
Oro Agri (Portugal) Property Company	Portugal	–	–	100
Oro Agri Europe, S.A.	Portugal	–	–	100

5. GROUP STRUCTURE continued

5.4 SUBSIDIARIES, JOINT VENTURES AND JOINT OPERATIONS continued

	Country of incorporation	Issued capital Rm	Effective holding	
			2021 %	2020 %
Direct holdings of Omnia Group International Limited				
Banket Blender (Pvt) Limited	Zimbabwe	–	100	100
Omnia Fertilizer Zambia Limited	Zambia	–	100	100
Omnia Zimbabwe (Pvt) Limited	Zimbabwe	–	100	100
Omnia Small Scale Limited	Zambia	–	100	100
Omnia NZ International Limited	New Zealand	–	100	100
Omnia International (Australia) Proprietary Limited	Australia	3	100	100
Omnia Fertilizer Kenya Limited	Kenya	–	100	100
Bulk Mining Explosives Côte d'Ivoire Sarl	Côte d'Ivoire	–	100	100
Bulk Mining Explosives Guinea Sarl	Guinea	–	100	100
Bulk Mining Explosives Liberia	Liberia	–	100	100
Omnia Fertilizer Limited	Malawi	–	100	100
Omnia do Brasil Representações Comerciais Limitada	Brazil	24	100	100
Omnia Group Limited y Cia Limitada (Chile)	Chile	–	100	100
Omnia Angola Limitada	Angola	–	100	100
Omnia Mozambique Limitada	Mozambique	–	100	100
Omnia China Company Limited	China	–	100	100
Bulk Mining Explosives Mali Sarl	Mali	–	100	100
Bulk Mining Explosives Tanzania Proprietary Limited	Tanzania	–	100	100
Bulk Mining Explosives Botswana Proprietary Limited	Botswana	–	100	100
Bulk Mining Explosives Zambia Limited	Zambia	–	100	100
Bulk Mining Explosives Mauritania Sarl	Mauritania	–	100	100
Bulk Mining Explosives Senegal Sarl	Senegal	–	100	100
Bulk Mining Explosives Sierra Leone Limited	Sierra Leone	–	100	100
Bulk Mining Explosives Burkina Faso Sarl	Burkina Faso	–	100	100
Bulk Mining Explosives DRC Sarl	Democratic republic of Congo	–	100	100
Bulk Mining Explosives Mozambique Limitada	Mozambique	–	95	95
Bulk Mining Explosives Indonesia	Indonesia	–	100	100*
Protea Chemicals Eastern Africa Limited	Mauritius	–	100	100
Protea Chemicals Kenya Limited	Kenya	–	100	100
Omnia Retail Limited (Kenya)	Kenya	–	100	100
Innofert Limited	Mauritius	–	100	100
Direct holding of Omnia International (Australia) Proprietary Limited				
Omnia Specialities (Australia) Proprietary Limited	Australia	3	100	100
Bulk Mining Explosives Australia Asia Proprietary/Advanced Initiating Systems Proprietary Limited	Australia	–	100	100
Omnia Property (Australia) Proprietary Limited	Australia	–	100	100
Direct holding of Omnia NZ International Limited				
Omnia Specialities NZ Limited	New Zealand	–	100	100
Various dormant, structured and property owning companies				
Joint ventures				
Acol Chemical Holdings (Pvt) Limited	Zimbabwe	2	50	50
Technifarm Proprietary Limited	South Africa	–	40	40
Joint operation				
Richard Bay Ammonia Partnership	South Africa	–	25	25

* Erroneously disclosed in the prior year.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

5. GROUP STRUCTURE continued

5.5 EMPLOYEE SHARE SCHEME continued

Details of the Group's share incentive schemes are detailed below.

Accounting policy

The Group operates equity-settled and cash-settled share-based compensation plans under which the entity receives services from employees as consideration for equity instruments of the Group.

For equity-settled share-based payments the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted on grant date, excluding the impact of any non-market vesting conditions like profitability and sales growth targets and remaining an employee of the entity over a specified period. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

For cash-settled share-based payments, a liability is recognised based on the fair value of the amount expected to settle the liability. Subsequent re-measurement at each reporting date occurs and any changes in the fair values are then recognised in profit or loss.

Sakhile share initiative 2 (Sakhile 2) – equity-settled

Sakhile 2 is an employee share scheme that commenced in January 2010 that allowed talented black executives and employees of the Group based in South Africa to become part owners in the company and share in its future growth and development. The Sakhile 2 shares vest seven years from the date of allocation provided employees remained employed by the Group during that period. The rules of the scheme stated that Sakhile 2 shares may be converted to Omnia Holdings shares when the company exercised its call option to buy Sakhile 2's investment in Omnia Group Proprietary Limited. The call option is exercisable for up to 18 months after vesting.

The weighted average fair value for awards granted has been calculated using the Monte Carlo option pricing model. The share-based payment charge for Sakhile 2 during this financial year amounted to Rnil (2020: R2 million).

The company previously exercised its call option on various tranches and issued Omnia Holdings Limited shares in settlement. During the current year, the company exercised its call option and settled the remaining qualifying participants through the purchase of Omnia Holdings Limited shares in the market or through a cash settlement based on the election from the participant. R5 million was paid as settlement either through purchasing Omnia Holdings shares or through the payment of cash. All qualifying participants have now been settled and the scheme has been closed off and submitted to CIPC for deregistration during April 2021.

New employee share scheme – equity settled

The Group's remuneration and nominations committee approved a new employee share scheme to align the interests of its employees with those of the Group's shareholders and to attract and retain employees. The plan was set up to remunerate employees through the issue of either performance shares, retention shares, remuneration shares, sign-on shares and deferred bonus shares. Each of the different share awards contain specific conditions and vesting periods. Management have determined that all future equity-settled share schemes will be settled through the purchase of shares in the market. The share-based payment charge for the new employee share scheme during this financial year amounted to R32 million (2020: R285 115).

Performance shares were awarded to employees during the current financial year with a three-year vesting on 31 March 2023. Shares for this award were purchased in the market for R90 million. This will be expensed over the vesting period with the corresponding entry in share-based payment reserves. The shares are held in a restricted activity account in the employees' names, but the Group will record these shares as treasury shares until vesting date.

5. GROUP STRUCTURE continued
5.6 DIRECTORS' REMUNERATION

R'000	Fees	Basic salary	STI* accrual	Retire-ment-funding	Medical aid	Car allowances	Share-based payment expense	Other ¹	Total
2021									
Executive									
T Gobalsamy ²	–	1 724	–	–	84	55	21 636	10	23 509
S Serfontein	–	2 752	–	248	62	171	795	10	4 038
Non-executive									
R Havenstein (chair)	1 200	–	–	–	–	–	–	–	1 200
N Binedell	444	–	–	–	–	–	–	–	444
R Bowen	636	–	–	–	–	–	–	–	636
T Eboka	636	–	–	–	–	–	–	–	636
S Mncwango	449	–	–	–	–	–	–	–	449
W Plaizier	445	–	–	–	–	–	–	–	445
T Mokgosi-Mwanetembe	717	–	–	–	–	–	–	–	717
Z Swanepoel	659	–	–	–	–	–	–	–	659
G Cavaleros	766	–	–	–	–	–	–	–	766
L de Beer ³	680	–	–	–	–	–	–	–	680
F Butler ⁴	470	–	–	–	–	–	–	–	470
	7 102	4 476	–	248	146	226	22 431	20	34 649

R'000	Fees	Basic salary	STI [^] accrual	Retire-ment-funding	Medical aid	Car allowances	Share-based payment expense	Other ¹	Total
2020									
Executive									
T Gobalsamy ²	–	4 674	14 400 [^]	–	78	165	285	–	19 602
S Serfontein ⁵	–	212	1 800 [^]	21	5	18	–	–	2 056
A de Lange ⁶	–	1 435	–	140	20	123	–	4	1 722
Non-executive									
R Havenstein (chair) ⁷	1 359	–	–	–	–	–	–	–	1 359
N Binedell	492	–	–	–	–	–	–	–	492
R Bowen	671	–	–	–	–	–	–	–	671
F Butler	808	–	–	–	–	–	–	–	808
L de Beer	1 005	–	–	–	–	–	–	–	1 005
T Eboka	670	–	–	–	–	–	–	–	670
R Humphris ⁸	870	–	–	–	–	–	–	–	870
S Mncwango	464	–	–	–	–	–	–	–	464
W Plaizier	506	–	–	–	–	–	–	–	506
T Mokgosi-Mwanetembe	722	–	–	–	–	–	–	–	722
Z Swanepoel ⁹	266	–	–	–	–	–	–	–	266
G Cavaleros ¹⁰	445	–	–	–	–	–	–	–	445
	8 278	6 321	16 200	161	103	306	285	4	31 658

* The remuneration and nominations committee has approved a bonus range to be paid to executives, prescribed officers and other employees, following the finalisation of an appropriate allocation mechanism. The formal annual salary review process inclusive of salary increases, STI and LTI allocations has been moved from April to July each year. The allocation mechanism and final payment are expected to be finalised in July 2021 and will be disclosed in detail in the Group's integrated annual report.

¹ Other include holiday accommodation.

² In February 2020, remuneration shares were awarded to Seelan Gobalsamy, in lieu of his salary for the period 1 January 2020 to 31 December 2020. The shares will vest on 31 March 2022. The shares were purchased in the market on 28 February 2020 for R72 million and will be expensed over the vesting period with the corresponding entry in share-based payment reserves. The shares are held in a restricted activity account in Seelan Gobalsamy's name, but as these shares only vest on 31 March 2022, the shares are recognised as treasury shares until vesting date for accounting purposes although that is not their legal form.

³ Resigned 1 February 2021.

⁴ Retired 23 September 2020.

⁵ Appointed as finance director on 1 March 2020.

⁶ Resigned 21 August 2019.

⁷ Appointed as chair effective 6 June 2019.

⁸ Retired 27 September 2019.

⁹ Appointed 1 October 2019.

¹⁰ Appointed 5 August 2019.

[^] The remuneration and nominations committee approved a bonus pool range to be paid to executives, prescribed officers and other employees which was accrued for in the annual financial statements for FY2020. Subsequent to the issue of the FY2020 annual financial statements the allocation mechanism was finalised and these amounts were paid to the respective individuals, the disclosure has been updated to include these allocations.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2021

5. GROUP STRUCTURE continued

5.6 DIRECTORS' REMUNERATION continued

Prescribed officers' remuneration

R'000	Basic salary	STI* accrual	Retire-ment-funding	Medical aid	Car allowances	Share-based payment expense	Other ¹	Total
2021								
J Keenan	5 741	–	–	37	–	–	–	5 778
M Smith	1 927	–	172	–	246	331	–	2 676
M Nana	2 523	–	227	43	252	133	2	3 180
L Dentlinger ²	1 879	–	169	13	5	299	3	2 368
J de Villiers ³	870	–	78	36	101	331	–	1 416
J Vermaak ⁴	1 584	–	139	57	175	–	218	2 173
P Mojono ⁵	1 069	–	86	11	78	–	211	1 455
	15 593	–	871	197	857	1 094	434	19 046

R'000	Basic salary	STI [^] accrual	Retire-ment-funding	Medical aid	Car allowances	Share-based payment expense	Other ¹	Total
2020								
J de Villiers	2 089	–	188	80	298	–	1	2 656
J Vermaak	2 309	1 800 [^]	208	80	319	–	–	4 716
J Keenan	5 741	1 500 [^]	–	35	–	–	354	7 630
M Smith	1 765	1 450 [^]	159	–	291	–	1 132	4 797
M Nana	2 316	1 500 [^]	209	40	274	–	4	4 343
P Mojono ⁵	4 274	–	346	42	316	–	1 802	6 780
K Ramoupi ⁶	265	–	17	6	23	–	609	920
A Teeruth ⁷	166	–	12	–	22	–	191	391
	18 925	6 250	1 139	283	1 543	–	4 093	32 233

* The remuneration and nominations committee has approved a bonus range to be paid to executives, prescribed officers and other employees, following the finalisation of an appropriate allocation mechanism. The formal annual salary review process inclusive of salary increases, STI and LTI allocations has been moved from April to July each year. The allocation mechanism and final payment are expected to be finalised in July 2021 and will be disclosed in detail in the Group's integrated annual report.

¹ Other includes retention payments, Sakhile 1 settlements, leave pay, holiday and other accommodation.

² Appointed on 1 July 2020.

³ Restructuring of Fertilizer RSA, Jacques's role changed from managing director of Fertilizer RSA to head of supply chain, effective 1 September 2020.

⁴ Resigned 30 November 2020.

⁵ Received R1.8 million contractual bonus as per employment contract. Resigned 30 June 2020.

⁶ Resigned 10 May 2019 and received R609 000 for the three-month notice period in FY2020.

⁷ Resigned 30 April 2019 and received R139 000 in FY2020 for contractual leave days outstanding.

[^] The remuneration and nominations committee approved a bonus pool range to be paid to executives, prescribed officers and other employees which was accrued for in the annual financial statements for FY2020. Subsequent to the issue of the FY2020 annual financial statements the allocation mechanism was finalised and these amounts were paid to the respective individuals, the disclosure has been updated to include these allocations.

6. OTHER DISCLOSURES

This section provides details on qualitatively material events and transactions that are not operational in nature but impact the Group.

6.1 CONTINGENT ASSETS AND LIABILITIES

Accounting policy

A contingent liability is a possible obligation that arises from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of the outflow is remote, the possible obligation is neither a provision nor a contingent liability and not disclosure is made.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and liabilities are not recognised.

Legal proceedings

The Group is currently involved in various legal proceedings and is in consultation with its legal counsel, assessing the potential outcome of these proceedings on an ongoing basis. As proceedings progress, management makes provision in respect of legal proceedings where appropriate.

Amendment to Income Tax Act

A recent amendment made to the Income Tax Act 58 of 1962 has had the unintended consequence that capital gains realised on the disposal of shares in a non-resident company may no longer be subject to an exemption from tax in South Africa. While the disposal of the Oro Agri group would fall within the ambit of the amended legislation, on the basis of the Minister of Finance's announcement in February 2021 that the legislation would be amended to address the anomaly, management has concluded that no liability should be recognised in relation to the relevant matter as it is not probable that an outflow of resources embodying economic benefits will be required to settle an obligation.

6.2 EVENTS AFTER THE REPORTING PERIOD

Dividends declared

The Group aims to maintain a headline earnings per share cover ratio of between 1.5 – 2.5.

The board has declared a final gross cash dividend of 200 cents (FY2020: nil cents) per ordinary share totalling R338 million, payable from income in respect of the year ended 31 March 2021. Together with the interim dividend of nil cents (HY2020: nil cents) per share, this provides shareholders with a total dividend this financial year of 200 cents (FY2020: nil cents) per ordinary share.

The board has declared a special gross cash dividend of 400 cents per ordinary share totalling R676 million, payable from income in respect of the year ended 31 March 2021.

The number of ordinary shares in issue at the date of this declaration is 169 052 173 (including 3 368 356 treasury shares held by the Group). The gross dividend is subject to local dividends tax of 20% (FY2020: 20%) for those shareholders to whom local dividends tax is applicable. The resultant net final dividend amount for the year ended 31 March 2021 and the special dividend is 160 cents per share and 320 cents per share respectively for those shareholders subject to local dividends tax, and 200 cents per share and 400 cents per share respectively for those shareholders not subject to local dividends tax. The company's tax reference number is 9400087715.

The salient dates for the final dividend are as follows:

Last day to trade cum dividend	Tuesday, 10 August 2021
Shares trade ex-dividend	Wednesday, 11 August 2021
Record date	Friday, 13 August 2021
Payment date	Monday, 16 August 2021

Share certificates may not be dematerialised or materialised between Wednesday, 11 August 2021 and Friday, 13 August 2021, both dates inclusive.

SARS assessment

On 17 June 2021 the Group received an assessment from SARS, refer note 2.7 for details relating to estimated uncertain tax liabilities.

Shareholders' analysis

for the year ended 31 March 2021

	Number of shareholders	% of total shareholders	Number of shares	% of total issued shares
SHAREHOLDER TYPE*				
Assurance companies	39	0.85	9 390 398	5.55
Close corporations	36	0.78	248 448	0.15
Collective investment schemes	268	5.82	75 293 174	44.54
Custodians	20	0.43	383 942	0.23
Foundations and charitable funds	29	0.63	1 136 861	0.67
Hedge funds	4	0.09	1 458 036	0.86
Insurance companies	9	0.20	401 379	0.24
Investment partnerships	7	0.15	47 615	0.03
Managed funds	28	0.61	1 592 126	0.94
Medical aid funds	15	0.33	1 201 672	0.71
Organs of state	7	0.15	32 532 620	19.24
Private companies	80	1.74	1 977 073	1.17
Public companies	6	0.13	890 599	0.53
Public entities	3	0.07	305 993	0.18
Retail shareholders	3 603	78.19	9 132 383	5.40
Retirement benefit funds	262	5.69	28 086 862	16.61
Scrip lending	6	0.13	128 622	0.08
Sovereign funds	1	0.02	14 747	0.01
Stockbrokers and nominees	16	0.35	1 410 024	0.83
Trusts	167	3.62	3 419 592	2.02
Unclaimed scrip	2	0.04	7	0.00
Total	4 608	100.00	169 052 173	100.00

*In terms of Section 56(3) (a) & (b) and section 56(5) (a) (b) & (c) of the South African Companies Act foreign disclosures have been incorporated into this analysis.

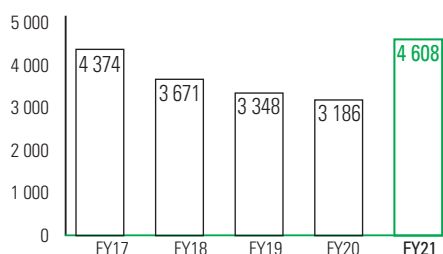
	Number of shareholders	% of total shareholders	Number of shares	% of total issued shares
NUMBER OF SHARES				
1 – 1 000	3 009	65.30	630 326	0.37
1 001 – 10 000	962	20.88	3 341 184	1.98
10 001 – 100 000	462	10.03	15 889 320	9.40
100 001 – 1 000 000	133	2.89	38 699 099	22.89
1 000 001 and more	42	0.91	110 492 244	65.36
Total	4 608	100.00	169 052 173	100.00
NON-PUBLIC/PUBLIC				
Non-public				
Directors and associates	6	0.13	1 099 010	0.65
Own holdings (Omnia Group)	1	0.02	1 092 105	0.65
More than 10% of issued share capital	4	0.09	30 874 165	18.26
Public	4 597	99.76	135 986 893	80.44
Total	4 608	100.00	169 052 173	100.00

Shareholders' analysis continued

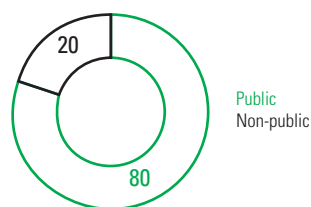
for the year ended 31 March 2021

DISTRIBUTION OF SHAREHOLDERS

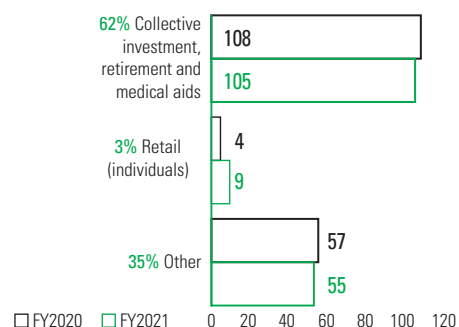
Number of shareholders



FY2021 public versus non-public (%)



Type (millions of shares)



	Shares held at 31 March 2021	% of total issued shares
Fund managers >5%		
Public Investment Corporation	27 401 630	16.21
Prudential Investment Managers	24 676 194	14.60
Kagiso Asset Management	23 682 574	14.01
Foord Asset Management	18 759 604	11.10
Old Mutual Investment Group	15 699 019	9.29
Allan Gray	13 706 019	8.11
Total	123 925 040	73.31
Beneficial shareholders >5%		
Government Employees Pension Fund	30 874 165	18.26
Old Mutual Investment Group	14 108 631	8.35
Alexander Forbes Investments	13 043 599	7.72
Foord Asset Management	10 767 161	6.37
Prudential	10 196 909	6.03
Total	78 990 465	46.73

Shareholders' diary

Description	Date
Financial year-end	31 March 2021
Audited results announcement	22 June 2021
Dividend paid	16 August 2021
Integrated annual report	30 July 2021
Annual general meeting	22 September 2021
Interim results announcement	23 November 2021

Contact information

OMNIA HOLDINGS LIMITED

(a company registered and domiciled in the Republic of South Africa)

Registration number: 1967/003680/06

JSE code: OMN ISIN: ZAE000005153

REGISTERED OFFICE AND POSTAL ADDRESS

OMNIA HOLDINGS LIMITED

2nd Floor, Omnia House

Epsom Downs Office Park

13 Sloane Street, Epsom Downs

Bryanston, 2021

PO Box 69888

Bryanston, 2021

Telephone: +27 11 709 8888

Email: omniaR@omnia.co.za

Tip-offs anonymous: omnia@tip-offs.com

SPONSOR

JAVA CAPITAL

6th Floor

1 Park Lane

Wierda Valley

Sandton, 2196

PO Box 522606,

Saxonwold, 2132

Telephone: +27 11 722 3050

TRANSFER SECRETARIES

JSE INVESTOR SERVICES SOUTH AFRICA PROPRIETARY LIMITED

13th Floor

19 Ameshoff Street

Braamfontein, 2001

PO Box 4844

Johannesburg, 2000

Telephone: +27 86 154 6572

AUDITOR

PRICEWATERHOUSECOOPERS INC.

4 Lisbon Lane

Waterfall City

Jukskei View, 2090

Private Bag X36

Sunninghill, 2157

Telephone: +27 11 797 4000

Forward-looking statements

Throughout this report there are certain statements made that are “forward-looking statements”. Any statements preceded or followed by, or that include the words “forecasts”, “believes”, “expects”, “intends”, “plans”, “predictions”, “will”, “may”, “should”, “could”, “anticipates”, “estimates”, “seeks”, “continues”, or similar expression or the negative thereof, are forward-looking statements. By their nature, forward-looking statements are speculative and allude to known and unknown risks, opportunities, macro-economic issues and any factors that could cause the actual results, performance or achievements of the Group to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and reflect the Group’s view at the date of publication of this report. The Group is not obliged to publicly update or revise these forward-looking statements for events or circumstances occurring after the date of publication of this report. Any forward-looking statement contained herein based on current trends and/or activities of the Group should not be taken as a representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group. Forward-looking statements should not be relied on because they involve uncertainties and known and unknown risks which risk factors are described throughout the commentary in this report, and include economic, business and political conditions in South Africa and elsewhere.

#BetterWorld



OMNIA

OMNIA HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
Registration number 1967/003680/06
JSE code OMN • ISIN ZAE000005153
(Omnia or the Group)



www.omnia.co.za
omniar@omnia.co.za