

GROUP FINANCIAL STATEMENTS 2019



OMNIA

Trusted Performance Innovative Solutions

BETTER WORLD

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2019

The board is responsible for the preparation and integrity of the financial statements of Omnia Holdings Limited and its subsidiaries (the Group). The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act, No 71 of 2008, as amended (Companies Act) and include amounts based on judgements and estimates made by management. The directors are also responsible for ensuring that accounting records are kept.

The directors applied their minds to the consistency and appropriateness of accounting policies, judgements and estimates used in the preparation of the financial statements as well as the disclosure of material items important for economic decision making, as required by IFRS and is satisfied as to the compliance of the financial statements in terms of IFRS. Omnia operates in an established control environment, which are regularly reviewed and improved. This incorporates risk management and internal control procedures, which are designed to provide comfort to management and the board that assets are safeguarded and the risks facing the business are being controlled.

The going concern basis of accounting has been adopted in preparing the financial statements. Please refer to notes 12 and 1.1 of the annual financial statements for additional disclosure in respect of the capital restructure as well as the going concern of the company and the Group have been made. The directors are satisfied that the company and the Group will continue as a going concern for the foreseeable future, based on forecasts, facilities and available cash resources.

The financial statements have been audited by the independent auditors, PricewaterhouseCoopers Inc. who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board and committees of the board. The independent auditors were invited to and participated in the audit committee meetings. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The directors' report and the financial statements were approved by the board on 25 June 2019 and are signed on its behalf by:



R Havenstein
Chair

25 June 2019



AJ de Lange
Group managing director



T Gobalsamy
Group finance director

CERTIFICATE BY THE GROUP COMPANY SECRETARY

FOR THE YEAR ENDED 31 MARCH 2019

To the best of my knowledge as Group company secretary, I hereby confirm, in terms of section 33 of the Companies Act, that for the financial year ended 31 March 2019, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.



M Nana
Group company secretary

25 June 2019

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The board is pleased to present this report for the year ended 31 March 2019 and will continue to closely consider the strategic direction and the long-term decisions to enhance the value of Omnia and, in so doing, protect the interests of all the stakeholders.

NATURE OF BUSINESS

Omnia listed on the JSE Limited (JSE) in 1980, is incorporated and domiciled in the Republic of South Africa. Omnia is a diversified chemicals Group that supplies chemicals and specialised services and solutions for the agriculture, mining and chemical applications industries. Using technical innovation combined with intellectual capital, Omnia, with the expertise of their 4 755 employees working in 48 countries, adds value for customers at every stage of the supply and service chain. With its vision of leaving a Better World as a footprint, the Group's solutions promote the responsible use of chemicals for health and safety, and whether there is a potential environmental impact, with an increasing shift towards cleaner technologies. The subsidiaries of the Group are involved in the development, manufacture, distribution and sale of mining explosives and accessories, fertilizers, speciality fertilizers and chemicals.

CAPITAL RESTRUCTURE

- On 30 May 2019 the Group announced a R2 billion capital raise
- The proceeds of the rights issue will reduce debt. This will result in a sustainable debt structure going forward
- The board is of the view this capital restructure, together with a well thought through turnaround strategy, will stand the business in good stead once implemented

FINANCIAL RESULTS

The Group made a loss after tax of R407 million for the 2019 financial year compared to a profit of R664 million for the same period in the prior year.

The main factors affecting the operational performance in the three main divisions were as follows:



AGRICULTURE DIVISION

Lower profits were largely driven by exchange rate volatility, market and price pressures (low prices for key agricultural commodities, in Africa and globally), economic challenges in Zimbabwe and an unstable political climate. Further pressure on regional demand from various droughts and unfavourable weather patterns have disrupted planting patterns. Other challenges include high inflation and other costs to address local challenges (labour, energy, taxes) compared to inexpensive imports with no import protection in place.



MINING DIVISION

Lower profits were driven by uncertainty regarding the outcome of the Mining Charter and slow reinvestment in the market. Furthermore, increased competition and oversupply, leading to local margin pressure as well as price pressure on mining supplies as a direct result of cost-cutting activities in the mining sector, have put this business under severe pressure. Cost competitiveness of mining in core regions, coupled with uncertainty, is resulting in low growth locally being when compared to other countries.



CHEMICALS DIVISION

Lower profits were driven by a decrease in commodity prices and a decline in demand, resulting from a general slowdown in the sector. Low oil prices filtered through into reduced pricing on oil-based products. The South African manufacturing sector stagnation has suppressed chemical demand and even though this business has now been right sized to implement a new strategy, the effectiveness of this strategy on the business' performance will only become apparent in the next financial year.

The overall operating margin was 0.1% for the year, down from 6.7% in the prior year. Following the adjustment of the once-off items in the current year's results, as set out below, the current year operating margin is 2.3%:

- A further impairment of a problematic debtor in Angola of R44 million, now fully provided for
- Protea Chemicals incurred R35 million to restructure its business. As a result, annual costs of R75 million have been removed from the business on an ongoing basis, however, this full benefit will only be realised in FY2020. Phase two of the process has commenced, which will result in additional annual savings and improved quality of business as part of its newly developed strategy. Notwithstanding these actions, management included an impairment of the entire goodwill balance of R324 million due to historical performance
- The Emerging Farmers programme, in a year of drought, continues to be under stress linked to the financial pressure experienced by farmers. To this end, a further provision has been made for expected losses. Management action has been implemented to reduce the risks within this business and to reduce the exposure of the Group
- Both businesses in Zimbabwe, Fertilizer Zimbabwe and Acol Chemical, have been impacted by an intentional slowdown in business due to the liquidity constraints in the country. In addition, their financial results have been reduced (by c.R95 million) to approximately one quarter of their nominal value following the introduction of an alternative currency in Zimbabwe namely the RTGS dollar (real time gross settlement) through the impact of the accounting treatment on the change in functional currency
- Net share-based payment charges of R54 million relates to the Group's share schemes. The Group's 12-year BBBEE share scheme, Sakhile 1 increased with a non-cash share-based payment charge of R80 million
- Transaction costs linked to the acquisition of Oro Agri of R28 million

The Group completed the acquisition of Oro Agri effective 1 May 2018. Overall, this business performed slightly below expectation due to global trade wars and the drought experienced in Brazil. Oro Agri is a rapidly growing business and the Group has invested in a production and research facility in Europe which will assist in future growth.

Net finance expenses are 62% higher than the comparative period due to debt funding of working capital and the inclusion of working capital from the Group's two acquisitions. The construction of the nitrophosphate plant, which was completed in March 2019, was also financed with debt, however, this interest of R80 million (2018: R23 million) has been capitalised to the cost of the asset during the year. The Oro Agri acquisition was funded through the US dollar denominated cash reserves previously used to reduce overdraft facilities.

DIVIDENDS

No final dividend will be paid to shareholders. The total dividend for the full year ended 31 March 2019, including the interim dividend of 75 cents per share, is 75 cents per share.

STATED CAPITAL

Stated capital increased to R1 604 million in the year from R1 597 million in the prior year, due to a portion of the Sakhile 2 share scheme that vested. The authorised share capital has remained unchanged at 75 million ordinary shares of no-par value. The total number of issued shares on 31 March 2019, net of treasury shares, was 68 005 178 shares (FY2018: 67 947 559), representing an increase of 57 619 shares. On 31 May 2019 the Group announced a R2 billion capital raise.

SHAREHOLDERS' ANALYSIS

Refer to page 73 and 74 in the Group annual financial statements for disclosure regarding shareholders' analysis.

CAPITAL EXPENDITURE

Capital expenditure of R1 120 million (2018: R887 million) was incurred based on planned capital projects including R497 million (2018: R196 million) incurred on the construction of the nitrophosphate plant and R143 million (2018: R166 million) of intangible assets, of which R87 million (2018: R150 million) relates to the implementation of the Microsoft Dynamics AX ERP system and related IT projects. R74 million was spent on the establishment of the Oro Agri European hub including a manufacturing facility and laboratories and R14 million was spent on the Morwell factory solid K-humate® manufacturing facility in Australia. Capital expenditure is nearing the end of the capital reinvestment cycle and is expected to reduce going forward.

DIRECTORS AND COMPANY SECRETARY

Details regarding the curriculum 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 have been made to the composition of the board and company secretary:

- Thoko Mokgosi-Mwantombe was appointed as a non-executive director effective 1 June 2018
- Michelle Nana was appointed as company secretary effective 1 July 2018
- Wim Plaizier was appointed as an independent non-executive director effective 11 February 2019
- Wayne Koonin resigned as Group finance director effective 28 February 2019
- Seelan Gobalsamy was appointed as an independent non-executive director with effect from 10 September 2018. Effective 1 March 2019, Seelan was appointed as the Group finance director
- Rod Humphris retired as chair effective 6 June 2019 but remains on the board as a non-executive director
- Ralph Havenstein was appointed as chair effective 6 June 2019

SERVICE CONTRACTS

Executive director's normal retirement age is 65 years at which time the executive directors will retire from their positions from the board. The executive directors are subject to three to six calendar months' written notice under their existing employment contracts.

MANAGEMENT BY THIRD PARTIES

During the financial year, none of the businesses of the company or its subsidiaries had been managed by a third party or a company in which a director has an interest.

DIRECTORS' INTEREST IN CONTRACTS

No material contracts in which the directors have an interest were entered into during the current year.

DIRECTORS' REMUNERATION

Details of directors' remuneration are set out in note 26 to the Group annual financial statements.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

DIRECTORS' SHAREHOLDING

The table below summarises directors' interests in shares in Omnia Holdings Limited.

	31 March 2019				31 March 2018			
	Total	Direct beneficial	Indirect beneficial	Indirect non-beneficial	Total	Direct beneficial	Indirect beneficial	Indirect non-beneficial
FD Butler	6 500	6 500	–	–	6 500	6 500	–	–
RB Humphris	957 810	905 619	44 575	7 616	1 042 117	988 942	53 175	–
R Havenstein	785	785	–	–	785	785	–	–
AJ de Lange	2 150	2 150	–	–	2 150	2 150	–	–
Total	967 245	915 054	44 575	7 616	1 051 552	998 377	53 175	–

There were no changes in directors' shareholdings between 31 March 2019 and the date of approval of the Group 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 financial statements in note 29.

The attributable interest of the holding company in the income earned and losses incurred after taxation by its subsidiaries, is set out in note 2 to the company financial statements.

During the year, the Group acquired 100% of the shareholding in Oro Agri SEZC Limited and Oro Agri SA (Pty) Limited. Refer to note 14 for more information.

GOING CONCERN

The directors endorse and are of the opinion that the Group has sufficient resources to maintain the business for the future. Consequently, the going concern basis for preparing the financial statements is adopted. The board's statement in this regard appears in the statement of responsibility of directors for the annual financial statements.

The board minutes the facts and assumptions used in the assessment of the going concern status of the Group at financial year-end. At the interim reporting stage, the directors consider their assessment at the previous year-end of the Group's ability to continue as a going concern and determine whether any of the significant factors in the assessment have changed to such an extent that the appropriateness of the going concern assumption at the interim reporting stage has been affected.

SUBSEQUENT EVENTS

Refer to note 28 of the Group annual financial statements for disclosure regarding subsequent events.

AUDITORS

PricewaterhouseCoopers Inc. (PwC) will continue as the external auditors in office in accordance with section 90(6) of the Companies Act.

AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The Omnia audit committee is constituted to comply with the statutory requirements as set out in the Companies Act, and the JSE Listings Requirements. Furthermore, it applies the principles and appropriate practices, as recommended by the King IV Code of Corporate Governance in South Africa (King IV), in addition to fulfilling other duties as delegated by the Omnia board.

The detailed duties of the audit committee are set out in its charter, which is available on the Omnia website. 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 management of risk at Omnia is delegated to the social, ethics and risk committee, however the audit committee oversees the management of financial and other risks that affect the integrity of financial reporting by Omnia.

FY2019 FOCUS AREAS

Beyond its usual duties, as briefly described above and set out in its charter, the audit committee specifically focused on the following matters in 2019:

Focus area	Activities and explanation
Overseeing the treasury function, including cash and working capital management	<p>In all of our discussions and activities, including the work done by Internal Audit, the quality of internal financial controls in respect of working capital (cash, debtors, creditors and inventory) was emphasised.</p> <p>The committee continuously encouraged management to get a deeper and greater understanding of our debt profile, forex exposures, working capital requirements and related matters.</p>
Enhancement of internal controls and financial discipline, particularly in light of the Microsoft Dynamics AX implementation	<p>The implementation of Microsoft Dynamics AX greatly contributed to the effectiveness of the Omnia control environment, but it required a great deal of change management and training to ensure successful implementation and rollout and to ultimately ensure that benefits are fully achieved.</p> <p>This resulted in the need to update and reconsider important policies such as procurement, protection of information, etc.</p>
IT governance	<p>IT governance, beyond merely the implementation of the Microsoft Dynamics AX system, is an important focus of the committee. In this regard the committee considered information security, the IT control landscape, enterprise architecture and the quality of operations and IT support to the business. This is an area that will require further focus in 2020.</p>
Business unit reviews	<p>Each quarter, one of the business units' managing director and finance director is invited to the audit committee, allowing a deep dive into the business unit's results, controls, challenges and internal audit findings.</p>
Accounting and IFRS technical matters in respect of the financial statements	<p>Numerous matters come up in this regard in such a complex group, including impairment considerations, the impact of the forex crisis in Zimbabwe, the recoverability of intangible assets on the balance sheet, as well as the purchase price allocation of Oro Agri. Significant focus is given to these matters by the committee to ensure appropriate risk management and disclosure. These matters are more fully described in the related notes in the annual financial statements.</p> <p>A specific area of focus at year-end was the very careful consideration of the going concern status and hence the application of the going concern assumption as basis of accounting in terms of IFRS.</p>

COMMENTS ON KEY AUDIT MATTERS (KAMS) AS REPORTED BY THE AUDITORS IN THE AUDIT REPORT

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

PROTEA CHEMICALS GOODWILL IMPAIRMENT

During the year, Protea Chemicals was restructured to unlock and realise the value potential in that segment. Irrespective, it was deemed appropriate, considering historical performance and the long standing historical nature of goodwill that accumulated from various transactions in the past, to impair the entire goodwill balance of R324 million.

The audit committee interrogated managements assumptions and projected cash flows in the revised business plan, resulting from the business structure. Note 4 of the annual financial statements provides further disclosure in this regard.

ACQUISITION OF ORO AGRICULTURE

On 1 May 2018 Omnia acquired 100% of the ordinary shares of Oro Agri SEZC Limited and its subsidiaries, collectively referred to as Oro Agri. Oro Agri has been consolidated into the Group financial results from this date and forms part of the Agriculture division.

AUDIT COMMITTEE REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

The committee oversaw the purchase price allocation of this acquisition and the necessary valuations performed in order to finalise this. Assumptions used in these valuations were considered and specific focus was given to the recoverability of intangible assets identified and their useful lives. Please refer to note 14 of the annual financial statements for more information in this regard.

DISCHARGE OF DUTIES FOR THE 2019 FINANCIAL YEAR

Recommendation on the annual financial statements to the board for approval

The committee reviewed the accounting policies, significant accounting matters as well as the going concern assessment applicable to the annual financial statements of the Group for the year ended 31 March 2019 and ensured that these financial statements and the related results announcements were in compliance with the provisions of the Companies Act, IFRS and the JSE Listings Requirements. The annual financial statements and results announcement were recommended to the board for the approval. Please refer to note 1.1 of the annual financial statements for a more detailed analysis of the going concern assumption.

The audit committee, in the finalisation of the annual financial statements, also considered matters, including those emanating from the JSE's pro-active monitoring process in respect of accounting policies and financial reporting.

External audit quality and independence

The committee considered and satisfied itself with the independence of and audit quality provided by PwC and Ms Tanya Rae in their respective capacities as the appointed external audit firm and lead audit partner. In doing so the JSE Listings Requirements duties for audit committees were considered and adhered to. Furthermore, the committee ensured that the scope of non-audit services rendered in respect of our non-audit services policy did not impair auditor independence.

The matter of mandatory audit firm rotation will be considered, and the audit committee will make recommendations in this regard for shareholder consideration and voting at the next AGM.

Internal audit and internal financial controls

Deloitte was appointed in 2017 to perform the internal audit function and role of chief audit executive, fulfilled by Rushdi Solomons. Internal audit has unrestricted access to myself, as chair of 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 considers the results of the reviews performed by internal audit and ensures that processes are put in place by management to take the necessary corrective action where control weaknesses have been identified.

Internal audit provided a written assessment regarding the Group's system of internal controls and confirmed that, based on the results of the work undertaken, these were partially adequate and effective. As reported last year, work to be done to improve the control environment in the Group, but we are comfortable that significant strides have been made in 2019, confirmed by much fewer and less concerning control weaknesses identified in the finalisation of the year end audit and preparation of 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.

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

The committee considered and satisfied itself of the appropriateness of the expertise and adequacy of resources within the Group's finance function. As the Group finance director, Seelan Gobalsamy, was only appointed in March 2019, and in-depth assessment of the incumbent will only take place in due course. However, the audit committee is very satisfied with the work done by him to date and the progress achieved by him in a very short space of time.

It is recognised that a detailed review of the finance function at a Group and business unit level will be required in due course. However, we obtained the views of internal and external audit to give comfort that there are adequate resources in the finance function.

COMMITTEE FOCUS IN FY2020

While the audit committee will continue to operate within its mandate and ensure that meetings address all regular matters reserved for its consideration, the following focus areas will be top of our agenda in FY2020:

- A strengthening of the finance function across the Group
- A strong focus on financial performance, cash management and in particular working capital management more generally, as part of a greater treasury enhancement strategy
- A post implementation review of Microsoft Dynamics AX to ensure that synergies and benefits are achieved and that controls are operational
- Further improvement to the internal control environment and the culture in this regard by the businesses
- Operationalising combined assurance and the integration of the finance, risk and compliance functions across the Group



Linda de Beer

Audit committee chair

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2019

TO THE SHAREHOLDERS OF OMNIA HOLDINGS LIMITED

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Omnia Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2019, and its consolidated and separate financial performance and its consolidated and separate 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 and separate financial statements, set out on pages 12 to 72, comprise:

- the group and company balance sheets as at 31 March 2019;
- the group and company income statements for the year then ended;
- the group and company statements of other comprehensive income for the year then ended;
- the group and company statements of changes in equity for the year then ended;
- the group and company cash flow statements for the year then ended; and
- the notes to the group and company 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 and separate 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

Our audit approach

Overview



Overall group materiality

Overall group materiality: R33 million, which represents 5% of average consolidated profit before income tax over four years (normalised for significant non-recurring transactions).



Group audit scope

Our audit included full scope audits of the Group's significant South African and International operations. Analytical review procedures were performed over the remaining components.



Key Audit Matters

Key audit matters relevant to the consolidated financial statements only:

- Goodwill impairment assessment – Protea Chemicals; and
- Oro Agri Business combination.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate 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.

Overall group materiality	R33 million
How we determined it	5% of the four-year average of consolidated profit before income tax including normalising 2019 profit before income tax by excluding the impairment of goodwill of R324 million relating to the Protea Chemicals division (note 4), restructuring costs relating to Protea Chemicals division of R35 million (note 17) and once-off transaction costs relating to the acquisition of Oro Agri amounting to R28 million (note 14). The 2018 profit before income tax was also normalised by reducing the profit for income amounting to R156 million recognised in the year ended 31 March 2018 relating to prior years following the conclusion of a protracted legal dispute with a supplier and increasing the profit by R30 million relating to an administrative penalty on a complaint that was referred to the Competition Commission in November 2003.
Rationale for the materiality benchmark applied	<p>We chose consolidated profit before income tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and it is a generally accepted benchmark.</p> <p>We evaluated the profit/(loss) before income tax amount for 2019 and prior years noting significant fluctuations from year to year. As a result, we used the average of 2019 (normalised for significant non-recurring transactions), 2018 (normalised for significant non-recurring transactions), 2017 and 2016 profit/(loss) before income tax for purposes of determining our group materiality. This represents a more appropriate reflection of the Group's performance in recent financial periods. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.</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 industries in which the Group operates.

The Group's businesses, segmented across the Group's core markets of Agriculture, Mining and Chemicals, are primarily operated in South Africa, with the remaining businesses predominantly spread throughout the rest of Africa, Europe, Australasia, Asia Pacific, North and South America.

Significant components of the Group were subjected to a full scope audit. Our determination of the full scope and analytical review scope components considered the financial results of each component against the overall group materiality. We also considered the risk of material misstatement posed by each component in the context of the consolidated financial statements, both individually and in aggregate.

Where the work was performed by component auditors, we as group auditor determined the level of involvement we needed to have in the audit work at those functions 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. The group engagement team had update calls with the component auditors regularly. In addition, the group engagement team reviewed the audit work on high-risk areas of the significant components. In order to obtain audit evidence in respect of components not part of the full scope audit, the group engagement team performed analytical review procedures.

Key audit matters

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

We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Goodwill impairment assessment – Protea Chemicals</p> <p>This key audit matter relates to the audit of the consolidated financial statements. Refer to note 4 to the group financial statements.</p> <p>IAS 36 – Impairment of assets requires assets that are not subject to amortisation, such as goodwill and indefinite life intangible assets to be assessed for impairment annually, irrespective of whether any impairment indicators exist.</p> <p>For the year ended 31 March 2019, management performed an impairment assessment over the goodwill balance by performing the following:</p> <ul style="list-style-type: none">• Assessing the recoverable amount through determination of a value-in-use amount and comparing this to the carrying amount. The value-in-use for the Protea Chemicals cash generating unit (CGU) was calculated using a discounted cash flow model; and• Sensitivity analysis over the value-in-use calculation, by varying the assumptions used, (revenue growth rates, expense and fixed cost increases, gross margin percentage and the weighted average cost of capital i.e. discount rate). <p>During the current year, the Protea Chemicals Goodwill (R324 million) was impaired in full.</p> <p>We considered the Goodwill impairment assessment of the Protea Chemicals CGU to be a matter of most significance to our current year audit due to the following:</p> <ul style="list-style-type: none">• the magnitude of the Goodwill that was impaired; and• the significant judgement and estimates applied by management in determining the value in use of the CGU.	<p>We utilised our valuation expertise to evaluate the appropriateness of the approach adopted by management in the valuation model by comparing the approach to market practice and the applicable requirements of IAS 36: Impairment of Assets and we found the approach to be consistent with market practice.</p> <p>We tested the mathematical accuracy of the valuation model used by management by performing a recalculation of the valuation. No material differences were noted.</p> <p>We evaluated management’s goodwill impairment assessment of the Protea Chemicals CGU by performing the following procedures:</p> <ul style="list-style-type: none">• We assessed the reasonability of management’s cash flow forecasts and assumptions by comparing them to historic results and actual 2019 results, taking into account our understanding of the industry and entity specific circumstances. We found management’s cash flow forecasts to be reasonable;• We made use of our valuation expertise to independently calculate the discount rate (weighted average cost of capital), taking into account independently obtained data such as the cost of debt, risk free rates in the market, market risk premiums, specific risk premium, debt/equity ratios as well as the beta of comparable companies;• We compared the terminal growth rate used by management to long-term inflation rates obtained from independent sources. <p>We found the discount rate and terminal growth rate used by management to be marginally lower than our independently determined rates. We recalculated a range of values using our independently determined discount rate and growth rate and compared this to the value as calculated by management. No material differences were noted.</p> <p>Based on the above procedures performed, we concurred with management’s conclusion to fully impair the Protea Chemicals Goodwill.</p>

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Key audit matter	How our audit addressed the key audit matter
<p>Oro Agri Business combination</p> <p>This key audit matter relates to the audit of the consolidated financial statements. Refer to note 14 to the group financial statements.</p> <p>On 1 May 2018 the Group completed the acquisition of the Oro Agri group of companies for a total purchase consideration of R1.2 billion.</p> <p>The Group determined this acquisition to be the acquisition of a business as defined in International Financial Reporting Standard 3 – Business Combinations (“IFRS 3”) which requires the recognition of identifiable assets, liabilities, indemnification assets, contingent liabilities and deferred consideration in a business combination at fair value at the date of acquisition, with the excess of the acquisition price over the identified fair values recognised as goodwill.</p> <p>We considered the Oro Agri business combination to be a matter of most significance to our current year audit due to the following:</p> <ul style="list-style-type: none">• the magnitude of the transaction and the complexity of the transaction in relation to IFRS 3; and• the significant judgement applied by management in the identification and measurement of the identifiable intangible assets.	<p>We assessed management’s accounting treatment of the transaction. In doing so, we inspected the acquisition contracts, taking into account the requirements of IFRS 3, considering the retention amounts, contingent liabilities, deferred consideration, and indemnification assets. We concurred with management’s accounting treatment of the transaction.</p> <p>We utilised our valuation expertise to perform the following procedures:</p> <ul style="list-style-type: none">• We evaluated the model used by management to calculate the fair value of the intangible assets acquired against the requirements of IFRS 3; and• We independently recalculated the fair value of the identifiable intangible assets (Technology and product registration, distribution network and brands) using our own independent inputs to consider the reasonability of management’s valuation thereof. In performing this assessment, we evaluated the key assumptions in management’s valuation including the blended tax rate, discount rate, growth rate and terminal growth rate by recalculating the assumptions and/or comparing these assumptions to those of comparable companies using acceptable valuation benchmarking techniques. No material differences were noted.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Omnia Group Financial Statements 2019”, which includes the Directors’ Report, Audit Committee Report and Certificate by the Group 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 other sections of the document titled “Omnia Integrated Annual Report 2019”, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate 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 and separate 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 and separate 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 and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate 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 and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company’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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 and separate 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 and separate 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 and the company'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 and the company'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 and separate 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 and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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 41 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: T. Rae
Registered Auditor
Johannesburg
25 June 2019

GROUP BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2019

Rm	Notes	2019	2018
ASSETS			
Non-current assets		8 140	6 181
Property, plant and equipment	3	5 425	4 588
Goodwill and intangible assets	4	2 488	1 363
Investments accounted for using the equity method	5	49	71
Trade and other receivables	7	106	128
Deferred income tax assets	11	72	31
Current assets		8 507	9 221
Inventories	6	3 883	4 190
Trade and other receivables	7	3 838	3 686
Derivative financial instruments	25	59	103
Income tax assets		83	131
Cash and cash equivalents	24	644	1 111
Total assets		16 647	15 402
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to the owners of Omnia Holdings Limited		7 123	7 488
Stated capital	8	1 604	1 597
Treasury shares	8	(123)	(123)
Other reserves	9	1 048	812
Retained earnings		4 594	5 202
Non-controlling interests	10	102	(5)
Total equity		7 225	7 483
LIABILITIES			
Non-current liabilities		1 091	1 924
Deferred income tax liabilities	11	733	666
Trade payables and other liabilities	13	313	190
Interest-bearing borrowings	12	45	1 068
Current liabilities		8 331	5 995
Trade payables and other liabilities	13	3 300	3 378
Derivative financial instruments	25	29	32
Interest-bearing borrowings	12	2 745	15
Bank overdrafts	24	2 257	2 570
Total liabilities		9 422	7 919
Total equity and liabilities		16 647	15 402

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

Rm	Notes	2019	2018
Revenue	15	18 628	17 372
Cost of sales		(14 495)	(13 462)
Gross profit		4 133	3 910
Distribution expenses		(2 140)	(1 815)
Administrative expenses		(1 500)	(1 233)
Other operating income	16	325	461
Other operating expenses	16	(384)	(213)
Impairment losses on non-financial assets	16	(340)	–
Impairment losses on financial assets	17	(97)	–
Share of net profit of investments: equity method	5	27	46
Operating profit	17	24	1 156
Net finance expenses	18	(438)	(270)
(Loss)/profit before income tax		(414)	886
Income tax expenses	19	7	(222)
(Loss)/profit for the year		(407)	664
Attributable to:			
Owners of Omnia Holdings Limited		(414)	666
Non-controlling interest		7	(2)
		(407)	664
Earnings per share from profit attributable to equity holders of Omnia Holdings Limited during the year			
Basic earnings per share (cents)	20	(609)	985
Diluted earnings per share (cents)	20	(609)	927

GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

Rm	2019	2018
(Loss)/profit for the year	(407)	664
Other comprehensive income, net of tax that will be recycled to the income statement		
Currency translation differences	193	(491)
Total comprehensive income for the year	(214)	173
Attributable to:		
Owners of Omnia Holdings Limited	(232)	175
Non-controlling interests	18	(2)
Total comprehensive income for the year	(214)	173

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

Rm	Attributable to the owners of Omnia Holdings Limited				Non- controlling interest	Total
	Stated capital	Treasury shares	Other reserves	Retained earnings		
At 31 March 2017	1 500	(120)	1 367	4 798	(3)	7 542
Recognised income and expenses for the year						
Profit for the year	–	–	–	666	(2)	664
Currency translation difference	–	–	(491)	–	–	(491)
Transactions with shareholders						
Ordinary shares issued	97	–	(97)	–	–	–
Ordinary dividends paid	–	–	–	(262)	–	(262)
Movement in treasury shares	–	(3)	4	–	–	1
Share-based payment – value of services provided	–	–	29	–	–	29
At 31 March 2018	1 597	(123)	812	5 202	(5)	7 483
Implementation of new standards						
Change in accounting policy IFRS 9 (net of tax)	–	–	–	(41)	–	(41)
At 1 April 2018	1 597	(123)	812	5 161	(5)	7 442
Recognised income and expenses for the year						
Loss for the year	–	–	–	(414)	7	(407)
Currency translation difference	–	–	182	–	11	193
Transactions with shareholders						
Acquisition of business	–	–	–	–	89	89
Ordinary shares issued	7	–	(7)	–	–	–
Ordinary dividends paid	–	–	–	(153)	–	(153)
Share-based payment – value of services provided	–	–	61	–	–	61
At 31 March 2019	1 604	(123)	1 048	4 594	102	7 225
Notes	8	8	9			

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

Rm	Notes	2019	2018
Net cash inflow/(outflow) from operating activities		311	(767)
Cash generated from/(utilised by) operations	22	998	(133)
Interest paid	18	(561)	(335)
Interest received	18	43	42
Income taxes paid	23	(169)	(341)
Net cash outflow from investing activities		(2 059)	(1 452)
Purchase of property, plant and equipment	3	(977)	(721)
Proceeds on disposal of property, plant and equipment	3	2	13
Additions to goodwill and intangible assets	4	(143)	(166)
Acquisition of business	14	(941)	(578)
Net cash inflow from financing activities		1 463	601
Movement in treasury shares		-	(3)
Repayment of interest-bearing borrowings	12	(111)	(29)
Interest-bearing borrowings raised	12	1 727	940
Acquisition of non-controlling interest		-	(45)
Dividends paid		(153)	(262)
Net decrease in cash and cash equivalents		(285)	(1 618)
Net cash and cash equivalents at beginning of year		(1 459)	262
Exchange rate movements		131	(103)
Net cash and cash equivalents at end of year	24	(1 613)	(1 459)

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL INFORMATION

Omnia Holdings Limited (the company) and its subsidiaries (together the Group) offer a broad spectrum of products and services to the mining industry, produce and distribute granular, liquid and speciality fertilizers and distribute specialty, functional and effect chemicals and polymers. The Group has operations throughout South Africa and Africa, as well as in North America, Indonesia, Europe, 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 applied 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 in note 1.3.

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 2019 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 SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, 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 instruments measured at fair value.

Assets and liabilities are classified as either current or non-current on the balance sheet. Assets are classified as current when they are expected to be realised within 12 months after the balance sheet date or when held primarily for the purpose of 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 balance sheet date are classified as non-current.

The income statement 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.

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 of these financial statements, the Group's operating focus, the availability of continued borrowing facilities and the Group's actions to reduce debt levels through the rights issue has resulted in the directors concluding that the going concern assumption is an appropriate basis of preparation for these financial statements.

1.2 Adoption of new and revised standards

Standards, amendments and interpretations effective in 2019

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 April 2018:

Standards

IFRS 9 *Financial Instruments*

IFRS 15 *Revenue from Contracts with Customers*

Amendments

Clarifications to IFRS 15 *Revenue from Contracts with Customers*

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* (Amendments to IFRS 4)

Transfers of Investment Property (Amendments to IAS 40)

Annual Improvements to IFRS Standards 2014–2016 Cycle (Amendments to IFRS 1, IFRS 12 and IAS 28)

Interpretations

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

The Group changed its accounting policies and made certain retrospective adjustments following the adoption of IFRS 9. This is disclosed in note 1.3. The Group's adoption of IFRS 15 did not result in retrospective adjustments and disclosures were updated to meet the requirements of the new standard. All the other amendments listed above did not have any impact on the amounts recognised in prior and current periods.

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 March 2019 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 16 – Leases Disclosure

The Group is required to adopt IFRS 16 from 1 April 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability (the obligation to pay rentals) are recognised. The only exceptions are short-term and low-value leases. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of R281 million on an undiscounted basis, see note 21. Approximately R82 million of these relate to payments for the short-term. The nature of expenses related to those applicable leases will change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense for lease liabilities. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on the economic conditions, including the Group's borrowing rate at 1 April 2019, the composition of the Group's lease portfolio remaining at that date, exercising of any renewal options and the extent to which the Group chooses to utilise practical expedients and recognition exemptions. The Group expects, on transition to IFRS 16, to recognise additional lease liabilities of approximately R231 million and R231 million right of use assets. When measuring the lease liabilities at present value, a weighted average incremental borrowing rate of 8.25% was applied. However, operating profit is expected to increase by R44 million and interest expense is expected to increase by R19 million. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. The cumulative effect of adopting IFRS 16 will be recognised as an adjustment to retained earnings on 1 April 2019. The Group will also apply the practical expedient to grandfather the definition of a lease on transition.

IFRIC 23 – Uncertainty over Income Tax Treatments

The Group is required to adopt IFRIC 23 from 1 April 2019. This interpretation provides more guidance on how to account for uncertain tax positions. The Group previously recognised uncertain tax positions based on IAS 12 and measured uncertain tax positions based on an expected probability basis to the extent that such information was available.

The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. The cumulative effect of adopting IFRIC 23 will be recognised as an adjustment to retained earnings on 1 April 2019.

The following new standards, amendments and interpretations are not expected to have a material impact on the Group:

New standards

IFRS 17 *Insurance Contracts*

Amendments

Prepayment Features with Negative Compensation (Amendments to IFRS 9)
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
Annual Improvements to IFRS Standards 2015–2017 Cycle (IFRS 3, IFRS 11, IAS 12 and IAS 23)
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
Amendments to References to the Conceptual Framework in IFRS Standards (various)
Definition of a Business (Amendments to IFRS 3)
Definition of Material (Amendments to IAS 1 and IAS 8)
Editorial Corrections (various)

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL INFORMATION (continued)

1.3 Change in accounting policies – adoption of IFRS 9 and IFRS 15

This note explains the impact of the adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on the Group's financial statements.

IFRS 9 Financial Instruments

IFRS 9 was adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are not reflected in a restated balance sheet as at 31 March 2018, but are recognised in the opening balance sheet on 1 April 2018.

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The changes and the impact on the financial statements are detailed below.

Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. Additionally, IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner as under IAS 39, however, there are differences in the requirements applying to the measurement of an entity's own credit risk.

IFRS 9 introduces new classification categories for financial instruments. Under IFRS 9, financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics, while the classification of financial liabilities remains largely the same as under IAS 39. The table below details the classification of the Group's financial assets and financial liabilities under IFRS 9 as well as the previous classification under IAS 39. The classification of financial assets and financial liabilities under IFRS 9 did not have an impact on the measurement in the Group results.

Financial assets	IAS 39 classification	IFRS 9 classification
Trade receivables	Loans and receivables	Amortised cost
Loans receivable from emerging farmers	Loans and receivables	Amortised cost
Derivative instruments	Fair value through profit/loss	Fair value through profit/loss
Cash and cash equivalents	Loans and receivables	Amortised cost

Financial liabilities	IAS 39 classification	IFRS 9 classification
Interest-bearing borrowings	Amortised cost	Amortised cost
Trade payables	Amortised cost	Amortised cost
Derivative instruments	Fair value through profit/loss	Fair value through profit/loss
Bank overdraft	Amortised cost	Amortised cost

Trade receivables and loans receivable from emerging farmers are classified at amortised cost. At the date of the initial application the Group's business model was to hold these receivables for collection of contractual cash flows, and the cash flows represent solely payments of principal and, in the case of emerging farmers, interest on the principal amount.

Impairment: IFRS 9 introduces an 'expected credit loss' or ECL model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised. Before the adoption of IFRS 9, the Group calculated the allowance for credit losses using the incurred loss method. Under the incurred loss method, the provision for impairment of trade receivables is made when there is objective evidence that the Group will not collect the amount as per the original term of the receivable. Significant financial difficulties, probability of bankruptcy or financial reorganisation and default or delinquency in payments were considered indicators that a trade receivable should be impaired.

Under IFRS 9, the ECL model is used to measure the impairment of financial assets. The Group has elected the simplified approach in measuring ECL for trade receivables resulting in calculating ECLs on a lifetime basis. In determining the ECL, the receivables are grouped based on similar risks. ECLs are calculated by applying a historic loss ratio to the aged balances of trade receivables at each reporting date. In instances where there was no evidence of historical impairments, management used their knowledge of the business to determine the potential impairment. The historic loss ratio is adjusted for forward-looking information to determine the lifetime ECL for the portfolio of trade receivables, taking into consideration the potential growth or decline in the industry, inflation and stability of the sector.

The Group's impairment of trade receivables using the incurred loss method under IAS 39 for the year ended 31 March 2018 was R299 million. The ECLs at this date under IFRS 9 were calculated to be R315 million. The additional R16 million ECLs and related deferred tax of R4 million (based on an effective rate of 25.1%) were recorded as a net reduction of R12 million in retained earnings at 1 April 2018 according to the modified retrospective approach.

The total impact on trade receivables is as follows:

Rm	2018
Trade receivables at 1 April 2018	
Gross trade receivables	3 276
Impairment under IAS 39	(299)
Impairment adjusted	(16)
Net trade receivables	2 961

Emerging farmer receivables are classified at amortised cost and the impairment provision is determined based on the 3-stage approach to ECLs. The simplified approach is not available as this receivable represents drawdowns on a loan facility available to emerging farmers and not a receivable as a result of a sale to a customer. Applying the 3-stage approach to ECLs resulted in the recognition of an additional ECL of R40 million on 1 April 2018 (31 March 2018: R43 million). The additional ECL and related deferred tax of R11 million (tax rate of 28%) recorded as a net reduction of R29 million in retained earnings at 1 April 2018 according to the modified retrospective approach.

Rm	2018
Emerging farmer receivables at 1 April 2018	
Emerging farmer receivables	108
Impairment under IAS 39	(43)
Impairment adjusted	(40)
Net emerging farmer receivables	25
Retained earnings	
Retained earnings at 31 March	5 202
Change in accounting policy IFRS 9 (net of tax)	(41)
Adjustment to retained earnings on adoption of IFRS 9 – trade receivables	(16)
Adjustment to retained earnings on adoption of IFRS 9 – emerging farmer receivables	(40)
Deferred tax	15
Retained earnings at 1 April 2018	5 161

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive '5 step' framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group has adopted IFRS 15 using the modified retrospective method, with the effect of initially applying this standard recognised at the date of initial application being 1 April 2018. Under this transition method, the Group applies IFRS 15 retrospectively only to contracts that are not completed at the date of initial application, with no restatement to comparative period information.

IFRS 15 did not impact the Group's results for the current year. The accounting policies and additional disclosure requirements of IFRS 15 are set out in note 15.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL INFORMATION (continued)

1.3 Change in accounting policies – adoption of IFRS 9 and IFRS 15 (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

The significant considerations and assessments undertaken by the Group are summarised below:

a) Determining whether certain services are a distinct performance obligation: *Agriculture RSA, Agriculture International, Mining RSA and Mining International segments*

The Agriculture segments package certain commercial service offerings and sell those services separately. However, included in the sale of each product is a value-add service offering that is part of the value proposition to the customer and core to these segments' product sales. The Agriculture segments differentiate products and bring a holistic solution to customers through these value-add service offerings. The segments are strategically focusing on commercialising these value-add service offerings separately to expand the serviceable market.

On applying IFRS 15, the value-add services are a critical component of the product sold to the customer. The value-add services ensure the correct application of the best product to minimise farming risk, maximise water use efficiency and nutrient use efficiency and optimise yield. In terms of IFRS 15, the value-add service offering and the sale of the product are highly integrated and interdependent. As Agriculture RSA is strategically focusing on commercialising the value-add service offerings (currently only offered existing products and to existing customers) these value-add services are not sold separately or offered with competitors' products and are, therefore, not distinct. As such, value-added service offerings are recognised as a single performance obligation with the product sales.

The Mining RSA and Mining International segments sell four distinct blasting services with explosive products. These services are commercial services and are sold separately to customers and invoiced separately. Customers may perform blasting on their own or choose to engage the segments in performing the blasting services for them; it is at the customer's discretion and based on the customers' requirements.

On applying IFRS 15, as the customer has discretion in choosing whether to procure blasting services from the Mining RSA and Mining International segments, these services are not an integral part of the explosives sold and can be separated from the product. They are therefore distinct and recognised as a separate performance obligation.

b) Determining whether transport services are a distinct performance obligation: *All segments*

The Agriculture and Chemicals group of segments provide transport for the delivery of products to the customer based on whether the customer requests this service. Transport is therefore provided entirely at the discretion of the customer. Certain customers collect the products from Omnia or arrange for third-party transport for delivery.

On applying IFRS 15, as the customer has discretion in choosing whether to use transport offered by Omnia, this service is neither an integral part of nor interdependent on the product sold and has been assessed as a separate performance obligation. Transport revenue is invoiced separately and recognised when the delivery service has been completed.

The Mining RSA and Mining International segments sell and deliver explosives to customers. Transport of explosives requires specialised vehicles and the customer does not have the discretion of requesting or providing alternative transport.

On applying IFRS 15, due to the nature of the product sold, the sale of products is dependent on specialised transport in order to transfer control to the customer. The sale of explosives and the related specialised transport service provided by the Mining segment was determined to be a single performance obligation.

c) Agent vs principal considerations: *Agriculture International, Agriculture Trading and Mining International*

Group entities in the Agriculture International, Agriculture Trading and Mining International segments sometimes enter into back-to-back agreements with suppliers and customers. These agreements are often structured in a way that the Group entity doesn't take physical control of the inventory and it is transferred directly from the supplier to the customer. The Group entity determines the margin and invoices the customer separately.

The Group entity's agreement with the customer is for the supply of products. That product may be sourced from any supplier and the Group entity chooses the supplier with the best rate from which to source that product. The agreement with the customer is largely independent of the agreement with the customer.

Each Group entity is able to specifically identify the goods transferred to the customer. Each Group entity is also able to demonstrate that it controls the goods transferred as it meets the following indicators of control:

- The Group entity has the primary obligation to deliver the product according to the agreement with the customer
- The Group entity, even though it may not take physical possession of the product, is responsible for the inventory risk and bears the risks of return from the customer
- The Group entity has full discretion in establishing and charging the price of the product

The Group entities display characteristics of a principal in back-to-back agreements. When the Group entity or supplier effectively transfers control to the customer, the Group entity recognises revenue at the gross amount of consideration receivable from the customer. This is consistent with how the Group recorded revenue in the prior year.

1.4 Functional and presentation currency

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 that entity operates (functional currency). The consolidated financial statements are presented in rand, which is the Group's presentation currency and the company's functional and presentation currency.

Financial results of foreign subsidiaries are translated to the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet
- Income and expenses for each income statement are translated at average exchange rates
- 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

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 the translation of foreign operations that are not wholly owned are allocated to and recognised as part of non-controlling interests in the consolidated balance sheet.

Significant estimates and judgements

Judgement is required in determining an entity's functional currency based on individual facts and circumstances as stated below.

Change in functional currency – Zimbabwe operations

During 2019, the reported profits and net asset value of the Group have been negatively impacted by the change in functional currency in respect of the Group's businesses in Zimbabwe. The continued US dollar shortages experienced in Zimbabwe have led to the increased use of electronic transactions. This is facilitated through the real-time gross settlement (RTGS) system, a mechanism for the settlement of non-cash transactions, which resulted in the use of RTGS as the term for currency held in bank accounts. The heightened use of this mechanism gave rise to parallel market activities and multiple pricing mechanisms where Bond Notes and RTGS traded at a discount to the US dollar.

On 20 February 2019, the Reserve Bank of Zimbabwe (RBZ) announced that RTGS would be recognised as an official currency and that a formal inter-bank foreign exchange market would be established to formalise trading in RTGS balances. In line with industry consensus on this matter, management applied a change in the functional currency of the businesses in Zimbabwe from 1 October 2018, being the date the RBZ directed all banks to ringfence Nostro foreign currency accounts (FCAs) by separating them into two categories, namely Nostro FCAs and RTGS FCAs.

At 1 October 2018 management estimated a RTGS exchange rate of 1:1 to the US dollar and this rate was used to translate the results and net asset value of the business. The rate was estimated based on assessing various inputs such as operating expenses, capital expenditure, settlement of debtors and creditors and selling prices. In the absence of an official exchange rate, the Old Mutual Implied Rate was subsequently used to translate transactions in US dollars to RTGS. The US dollar:Old Mutual Implied Rate at 31 March 2019 was 1:5. The Group translates the RTGS operations from its Zimbabwean subsidiary and joint venture into rands for consolidation and equity accounting respectively.

The Group's subsidiary in Zimbabwe imports inventory in US dollars from intercompany and third party suppliers for sale in the local market in Zimbabwe. Legacy funding that forms part of the Group's net investment in the Zimbabwean subsidiary is also denominated in US dollars. As such the Group has significant US dollar creditors and payables at year-end resulting in significant volatility in profits and net asset value from the movement in exchange rates.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1. GENERAL INFORMATION (continued)

1.4 Functional and presentation currency (continued)

Change in functional currency – Zimbabwe operations (continued)

The impact of the Zimbabwean operations' change in functional currency on the Group's results is disclosed below:

	Before functional currency change 2019 Rm	Reported 2019 Rm
Property, plant and equipment	46	9
Inventories	419	183
Trade and other receivables	106	99
Cash and cash equivalents	278	61
Trade and other payables	(373)	(438)
Investments accounted for using the equity method (Acol)	82	42
IFRS net asset value	558	(44)
Profit for the year	76	(7)
Share of net profit of investments: equity method	39	27
Profit for the year	115	20

After reporting date, the US dollar:Old Mutual Implied Rate weakened further to 1:10. Using this exchange rate, the results from Zimbabwean operations included in the Group's results would be a loss of R160 million (Reported 2019: R20 million profit) and IFRS net asset value would be a net liability of R22 million (reported 2019: R44 million net liability).

2. SEGMENT INFORMATION

Accounting policies

The Group's chief operating decision-maker has been identified as the executive committee consisting of the chief executive officer, the chief financial officer, managing directors from each of the Group's operating segments and the executive for business initiatives. The executive committee is responsible for allocating resources, assessing the performance of operating segments and making strategic decisions. The executive committee reviews the Group's performance from both a product and a geographical perspective and has defined the following eight operating segments in the Group.



AGRICULTURE DIVISION

Agriculture RSA: This part of the business produces and trades in granular, liquid and speciality fertilizers and humates and value-added services and solutions to a broad customer base including commercial and small-scale farmers, co-operatives and wholesalers in South Africa. The business also supplies the Agriculture International, Mining RSA and Mining International businesses.

Agriculture International: This part of the business produces and trades in granular, liquid and speciality fertilizers to a broad customer base outside South Africa.

Agriculture Biological: This part of the business is involved in the research and development, production, distribution and sales of a unique range of patented agriculture biological (AgriBio) products. The key product ranges include bio stimulants, adjuvants, crop protection products, liquid foliar fertilizers and soil conditioners for large-scale agriculture applications, including all row, stone fruit, pasture and other crop types, as well as smaller pasture, lawn and garden applications.

Agriculture Trading: This part of the business relates to wholesale and trading of agriculture commodities throughout Africa.



MINING DIVISION

Mining RSA: This segment comprises the Bulk Mining Explosives (BME) and Protea Mining Chemicals businesses in South Africa. The businesses focus on blasting agents – bulk emulsion and blended bulk explosives – complemented by an innovative electronic detonator system and modern software that are crucial to cost-efficient and safe rock breaking, non-electric detonators and other blasting products, equipment and accessories.

Mining International: This segment relates to the Mining and Protea Mining Chemicals businesses outside of South Africa.



CHEMICALS DIVISION

Chemicals RSA: Protea Chemicals is a long-established and well-known manufacturer and distributor of speciality, functional and effect chemicals and polymers. This reportable segment relates to the larger South African part of the business and smaller international part of the business.

Chemicals Petroleum: This part of the business supplies lubricant additives, base oils, process oils and chemicals.



HEAD OFFICE AND ELIMINATIONS

OMNIA

Head office includes acquisition activities and the effect of amortisation of intangible assets acquired in Umongo Petroleum and Oro Agri, and other once-off items.

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 which the Group trades in, being Agriculture, Mining and Chemicals. The executive committee primarily reviews revenue, operating profit and profit before tax to assess the performance of each operating segment and also receives information about each operating segment's net working capital, net controlled assets and net debt on a monthly basis.

In the current financial year, tough economic conditions, higher debt levels and higher working capital levels required the executive committee to analyse information differently for clarity and decision making. Changes include balance sheet information on net controlled assets. Comparative information was restated so that the executive committee could view the relative performance and position of operating segments. This restatement to the comparative information has also been presented below.

Income statement

Gross revenue includes intercompany sales to operating segments in different industry groups. These are then eliminated in the intersegmental column to disclose the net revenue reported by the Group. Reconciling items relate to certain revenue items, such as transport revenue, not being disclosed as revenue in the management reporting.

Operating profit and profit before tax are measured consistently in these financial statements and management reporting.

Income statement (Rm)	Gross revenue	Inter-segmental	Net revenue	Operating profit	Profit before taxation
Year ended 31 March 2019					
Agriculture RSA	5 661	(1 174)	4 487	93	(58)
Agriculture International	2 081	–	2 081	169	131
Agriculture Trading	961	–	961	3	(3)
Agriculture Biological	711	–	711	105	88
Total Agriculture	9 414	(1 174)	8 240	370	158
Mining RSA	2 104	–	2 104	21	(16)
Mining International	3 001	(220)	2 781	148	114
Total Mining	5 105	(220)	4 885	169	98
Chemicals ¹	4 108	–	4 108	(68)	(102)
Chemicals Petroleum	1 193	–	1 193	78	68
Total Chemicals	5 301	–	5 301	10	(34)
Head Office and elimination²	–	–	–	(525)	(636)
Reconciling items	(164)	366	202	–	–
Total	19 656	(1 028)	18 628	24	(414)

1. Includes the EcoGypsum plant impairment of R16 million.

2. Includes the impairment of goodwill of R324 million relating to the Group's investment in the Protea Chemicals.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

2. SEGMENT INFORMATION (continued)

Income statement (continued)

Income statement – reclassified (Rm)	Gross revenue	Inter-segmental	Net revenue	Operating profit	Profit before taxation
Year ended 31 March 2018					
Agriculture RSA	5 349	(1 076)	4 273	295	177
Agriculture International	2 592	–	2 592	263	232
Agriculture Trading	1 213	–	1 213	16	10
Total Agriculture	9 154	(1 076)	8 078	574	419
Mining RSA	2 253	(3)	2 250	76	43
Mining International	2 889	–	2 889	267	236
Total Mining	5 142	(3)	5 139	343	279
Chemicals	4 004	(4)	4 000	148	109
Chemicals Petroleum	355	–	355	15	2
Total Chemicals	4 359	(4)	4 355	163	111
Head Office and elimination	–	–	–	76	77
Reconciling items	67	(267)	(200)	–	–
Total	18 722	(1 350)	17 372	1 156	886

There were no impairment losses recorded in the 2018 financial year.

Balance sheet

Current assets and current liabilities excluding cash, interest-bearing borrowings and overdrafts, deferred and current tax assets and liabilities are reviewed net and managed per operating segment as part of the Group's net working capital strategy. Reconciling items relate to consumable and maintenance spares disclosed as property, plant and equipment for management reporting compared to inventory. Net controlled assets are seen as a measure of the Group's capital invested in assets net of trade payables and other liabilities. Profit from operations divided by net controlled assets is used to assess the returns generated by each operating segment. Net controlled assets are measured in the same way as reported in these financial statements.

Balance sheet (Rm)	Net working capital	Net-controlled assets	RONCA %
Year ended 31 March 2019			
Agriculture RSA	965	4 508	2.1
Agriculture International	1 053	1 318	12.8
Agriculture Trading	217	217	1.4
Agriculture Biological	304	588	17.9
Total Agriculture	2 539	6 631	5.6
Mining RSA	363	1 148	1.8
Mining International	833	1 083	13.6
Total Mining	1 196	2 231	7.6
Chemicals	876	1 275	(5.3)
Chemicals Petroleum	278	295	26.4
Total Chemicals	1 154	1 570	0.6
Head Office	(483)	1 905	(27.6)
Reconciling items	(142)	–	–
Total	4 264	12 337	0.2

	Net working capital	Net controlled assets
Balance sheet reconciliation (Rm)		
Year ended 31 March 2019		
Property, plant and equipment	–	5 425
Goodwill and intangible assets	–	2 488
Investments accounted for using equity accounting	–	49
Inventories	3 883	3 883
Trade and other receivables	3 944	3 944
Trade and other payables	(3 593)	(3 593)
Derivative financial instruments (net)	30	30
Cash in countries with liquidity constraints	–	111
Total from balance sheet	4 264	12 337

	Net working capital	Net- controlled assets	RONCA %
Balance sheet – reclassified (Rm)			
Year ended 31 March 2018			
Agriculture RSA	1 486	4 414	6.7
Agriculture International	849	1 239	21.2
Agriculture Trading	128	128	12.7
Total Agriculture	2 463	5 781	9.9
Mining RSA	332	1 096	6.9
Mining International	929	1 151	23.2
Total Mining	1 261	2 247	15.3
Chemicals	811	1 250	11.8
Chemicals Petroleum	353	367	4.0
Total Chemicals	1 164	1 617	10.1
Head Office	(238)	1 189	(6.4)
Reconciling items	(129)	–	–
	4 521	10 834	10.7

	Net working capital	Net- controlled assets
Balance sheet reconciliation (Rm)		
Year ended 31 March 2018		
Property, plant and equipment	–	4 588
Goodwill and intangible assets	–	1 363
Investments accounted for using equity accounting	–	71
Inventories	4 190	4 190
Trade and other receivables	3 814	3 814
Trade and other payables	(3 554)	(3 554)
Derivative financial instruments (net)	71	71
Cash in countries with liquidity constraints	–	291
Total from balance sheet	4 521	10 834

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

3. PROPERTY, PLANT AND EQUIPMENT

Accounting policies

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Freehold land is not depreciated. All other classes of property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Historical cost includes all costs directly attributable to bringing the assets to a working condition for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of replaced parts is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the assets for their intended use. Other borrowing costs are expensed.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to be realised from the continued use of the asset.

Depreciation is calculated to write off the cost of property, plant and equipment, including assets under finance leases to their residual value over their estimated useful lives on a straight-line basis. Adjustments are made prospectively to the depreciation charge to reflect any change in the useful life or residual value. Improvements to leasehold property are depreciated over the lesser of 50 years or the period of the lease.

Expected useful lives are as follows:

- | | |
|--|--------------|
| • Buildings and leasehold improvements | 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.

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the estimated present value of the minimum lease payment. Each lease payment is allocated between the liability and the finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing borrowings. The interest element of the finance lease is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability at each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the leased asset or the lease term.

Assets purchased under instalment sale agreements are capitalised and the relevant obligations are recorded as liabilities. Interest incurred in respect of such obligations is brought to account in the period to which it relates.

Significant estimates and judgements

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. There were no changes to useful life estimates in the current year.

The restructure at Chemicals RSA segment raised an indicator that the carrying amount of the EcoGypsum plant may not be recoverable. The restructure plan indicated reduced output would be required from the EcoGypsum plant. The value-in-use of the plant was assessed to be less than the carrying amount and an impairment of R16 million was in the income statement. The main valuation inputs were reduced production volumes and sales in line with the restructured business. Other assumptions used were consistent with those used in the Chemicals goodwill impairment calculation in note 4.

Rm	Freehold land and buildings	Plant and machinery	Furniture, equipment and vehicles*	Leased assets*	Total
At 31 March 2019					
Cost	1 209	6 039	613	90	7 951
Accumulated depreciation	(233)	(1 839)	(398)	(40)	(2 510)
Accumulated impairment	–	(16)	–	–	(16)
	976	4 184	215	50	5 425
Year ended 31 March 2019					
Opening net carrying amount	765	3 600	179	44	4 588
Acquisition of business	104	28	7	–	139
Additions	142	830	67	13	1 052
Interest capitalised	–	80	–	–	80
Disposals	(1)	(13)	(2)	–	(16)
Depreciation charge	(40)	(269)	(104)	(5)	(418)
Impairment	–	(16)	–	–	(16)
Effect of foreign currency movement and other	6	(56)	68	(2)	16
Closing net carrying amount	976	4 184	215	50	5 425
At 31 March 2018					
Cost	956	5 238	532	85	6 811
Accumulated depreciation	(191)	(1 638)	(353)	(41)	(2 223)
	765	3 600	179	44	4 588
Year ended 31 March 2018					
Opening net carrying amount	711	3 353	171	48	4 283
Acquisition of business	11	1	2	–	14
Additions	90	531	76	1	698
Interest capitalised	3	20	–	–	23
Disposals	–	(19)	(4)	–	(23)
Depreciation charge	(34)	(284)	(61)	(5)	(384)
Effect of foreign currency movement	(16)	(2)	(5)	–	(23)
Closing net carrying amount	765	3 600	179	44	4 588

* Includes IT equipment.

Details of freehold land and buildings are contained in registers that are open for inspection by members or their duly authorised agents at the registered office of the company.

During the year, the Group capitalised borrowing costs amounting to R80 million (2018: R23 million) on qualifying assets.

Borrowing costs were capitalised at the weighted average rate of the Group's general borrowings of 8.8% (2018: 8.3%).

Depreciation expense of R216 million (2018: R206 million) has been charged to cost of sales, R160 million (2018: R147 million) to distribution expenses and R42 million (2018: R31 million) to administrative expenses.

The value of capital work-in-progress included in property, plant and equipment amounts to R347 million (2018: R744 million).

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

3 PROPERTY, PLANT AND EQUIPMENT (continued)

Significant estimates and judgements (continued)

Rm	2019	2018
Opening balance at 1 April	744	550
Additions	825	620
Freehold land and buildings	51	70
Plant and machinery	733	485
Furniture, equipment and vehicles	41	65
Interest capitalised	80	23
Transfers to	(1 302)	(449)
Freehold land and buildings	(124)	(81)
Plant and machinery	(1 130)	(288)
Furniture, equipment and vehicles	(48)	(80)
Closing balance	347	744

4. GOODWILL AND INTANGIBLE ASSETS

Accounting policies

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the entity acquired and the acquisition-date fair value of any previous equity interest in the entity acquired over the fair value of the Group's share of the identifiable net assets.

An intangible asset is recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Separately acquired intangible assets are initially recognised at historical cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Costs that are directly associated with the development of identifiable and unique intangible assets controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are capitalised as intangible assets when all of the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use
- Management intends to complete the product and use it
- There is an ability to use or sell the product
- It can be demonstrated how the product will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development for use or sale are available
- The expenditure attributable to the product during its development can be reliably measured

Development costs that do not meet the criteria for capitalisation are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Costs of researching new products are recognised as an expense when incurred. These costs include employee costs and relevant overheads incurred for research activities.

Intangible assets are subsequently measured at costs and are amortised using the straight-line method over the asset's estimated useful life. Annually, the estimated remaining useful life is reviewed. Adjustments are made prospectively to the amortisation charge to reflect any change in the useful lives. The estimated 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

The Group does not have intangible assets that have an indefinite useful life.

Goodwill and intangible assets not yet ready for use are required to be tested annually for impairment. Intangible assets that are amortised are reviewed for impairment whenever events or changes in 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 under administrative expenses in the income statement.

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.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to be realised from the continued use of the asset.

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. There were no changes to useful life estimates in the current year.

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 which are detailed below.

Rm	Goodwill	Trademarks, patents and distribution contracts	Software	Brands	Customer relationships	Total
At 31 March 2019						
Cost	921	1 726	598	131	22	3 398
Accumulated amortisation	–	(415)	(156)	(12)	(3)	(586)
Accumulated impairment	(324)	–	–	–	–	(324)
	597	1 311	442	119	19	2 488
Year ended 31 March 2019						
Opening net carrying amount	525	453	341	23	21	1 363
Additions	339	850	143	93	–	1 425
Disposals	–	(3)	–	–	–	(3)
Amortisation charge (refer to note 16)	–	(142)	(42)	(11)	(2)	(197)
Impairment	(324)	–	–	–	–	(324)
Effect of foreign currency movement	57	153	–	14	–	224
Closing net carrying amount	597	1 311	442	119	19	2 488
At 31 March 2018						
Cost	525	712	474	24	22	1 757
Accumulated amortisation	–	(259)	(133)	(1)	(1)	(394)
	525	453	341	23	21	1 363
Year ended 31 March 2018						
Opening net carrying amount	333	75	206	–	–	614
Additions	192	407	166	24	22	811
Amortisation charge (refer note 16)	–	(29)	(31)	(1)	(1)	(62)
Closing net carrying amount	525	453	341	23	21	1 363

The amortisation expense of R197 million (2018: R62 million) is included in other operating expenses in the income statement.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

4. GOODWILL AND INTANGIBLE ASSETS (continued)

Annual impairment test on goodwill

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 units ability to generate future cash flows which is a direct results 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 (Rm)	2019	2018
Agriculture International*	3	3
Agriculture Biological	396	–
Mining International*	6	6
Protea Chemicals	–	324
Chemicals Petroleum	192	192
	597	525

* Immaterial to the Group.

Management has calculated the value-in-use of cash-generating units by using a discounted cash flow model where budgeted cash flows are discounted at the Group's weighted average cost of capital. Budgeted cash flows are based on past performance and the Group's implemented strategy for that cash-generating unit 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 the reporting date) and are determined based on the same assumptions as budgeted cash flows. The weighted average cost of capital of the Group is not adjusted for risks as these adjustments are accounted for in the cash flows.

The Group uses sensitivity analysis to test the reasonability of assumptions used in the value-in-use calculations. The Group performs a sensitivity analysis based on a change in an assumption while holding all other assumptions constant in order to eliminate headroom. In practice, this is unlikely to occur, as changes in some of the assumptions may be correlated.

Chemicals

During the year, Protea Chemicals was restructured to unlock and realise the potential value in that segment. The restructure included focusing on higher margin product lines and reducing fixed costs especially relating to low margin streams of revenue. Irrespective, it was deemed appropriate, considering historical performance to impair the entire goodwill balance of R324 million. Plants affected by a reduction of sales of products were separately assessed for impairment and resulted in the EcoGypsum plant being impaired by R16 million (see note 3). Details of key assumptions used are as follows:

%	Annual growth rates 2019	Sensitivity analysis rate changes 2019	Annual growth rates 2018	Sensitivity analysis rate changes 2018
Average annual revenue	3.5	5.0	8.7	2.4
Average gross margin percentage	12.7	13.7	14.1	12.0
Average annual increase in expenses	5.0	3.0	6.1	14.5
Average annual increase in fixed costs	7.5	–	6.1	14.5
Discount rate – weighted average cost of capital (pre-tax)	16.7	13.9	11.9	24.3

Chemicals Petroleum

Chemicals Petroleum did not perform as well as expected largely due to a depressed mining sector and administrative delays preventing start-up in new locations. The impairment test on goodwill was computed using lower total budgeted cash flows and lower average annual revenue growth but keeping other assumptions stable. No impairment charge was required. The assumptions used in the value-in-use calculations are as follows:

%	Annual growth rates 2019	Sensitivity analysis rate changes 2019	Annual growth rates 2018	Sensitivity analysis rate changes 2018
Umongo				
Average annual revenue	8.1	7.1	9.7	5.5
Average gross margin percentage	10.2	9.0	10.2	6.5
Average annual increase in expenses	6.5	11.9	9.4	32.1
Average annual increase in fixed costs	5.5	18.0	9.4	32.1
Discount rate – weighted average cost of capital (pre-tax)	25.6	26.8	11.7	17.8

Agriculture Biological

The acquisition of Oro Agri in the Agriculture Biological segment was conducted on 1 May 2018 and the related acquisition accounting was completed at 31 March 2019. The Agricultural Biological segment, with the recent investment in Europe is expected to grow cash flows from the 2020 financial year. The assumptions used in the value-in-use calculations are as follows:

%	Annual growth rates 2019	Sensitivity analysis rate changes 2019
Average annual revenue	11.0	8.0
Average gross margin percentage	70.1	64.0
Average annual increase in fixed costs and expenses	2.7	5.3
Discount rate – weighted average cost of capital (pre-tax)	20.4	31.0

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Accounting policies

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined they are joint ventures. 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 or 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, forms 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.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment when there are indicators that the carrying amount may exceed the recoverable amount.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

Accounting policies (continued)

The Group's investment in material joint arrangements are disclosed below:

Name of entity	Country of incorporation	% of ownership interest	Measurement method
Acol Chemicals (Pvt) Limited	Zimbabwe	50	Equity

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

The amounts recognised in the balance sheet are as follows:

Rm	2019	2018
At 1 April	71	31
Share of profit	27	46
Forex movement	(49)	(6)
At 31 March (Acol Chemicals and other*)	49	71

* The other is immaterial to the Group.

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

Summarised income statement

Rm	2019	2018
Revenue	126	538
Profit from operations	72	124
Profit for the year	53	91

Income tax expense for the year was R19 million (2018: R33 million). Depreciation expense and interest income and expense were each below R1 million (2018: each below R1 million).

Summarised balance sheet

Rm	2019	2018
Non-current assets	2	3
Current assets	114	242
Non-current liabilities	(18)	(3)
Current liabilities	(15)	(100)
Net assets	83	142
Interest in joint venture at 50% – carrying value	42	71

Included in current assets are cash and cash equivalents of R33 million (2018: R150 million). Current and non-current liabilities excluding trade and other payables are R6 million (2018: R72 million) and R18 million (2018: R3 million) respectively.

6. INVENTORIES

Accounting policy

Inventory is stated at the lower of cost or net realisable value. Dependent on the nature 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 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.

Rm	2019	2018
Raw materials	899	1 167
Finished goods	2 842	2 894
Consumables	142	129
	3 883	4 190
Inventory written-down during the current period	165	59
Inventory recognised as cost of sales	14 495	13 462

Cyclone Idai affected the Omnia operations in Mozambique where R96 million in inventory was destroyed and is included in inventory written down. An insurance claim was successfully lodged and is receivable from the insurers for the full value of inventory losses. The insurance claim is recorded as part of other income in the income statement.

7. TRADE AND OTHER RECEIVABLES

Accounting policies

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less credit loss allowance. IFRS 9 introduced an 'expected credit loss' (ECL) method for the measurement of the impairment of financial assets, it is no longer necessary for a credit event to have occurred before a credit loss is recognised. Before the adoption of IFRS 9, the Group calculated the allowance for credit losses using the incurred loss model. Under the incurred loss model, the provision for impairment of trade receivables was made when there was objective evidence that the Group will not collect the amount as per the original term of receivables. The Group has elected the simplified approach in measuring ECL for trade receivables resulting in calculating ECLs on a lifetime basis. In determining the ECL, the receivables are grouped based on similar risks. ECLs are calculated by applying a historic loss ratio to the aged balance of trade receivables at each reporting date. In instances where there was no evidence of historical impairment, management used their knowledge of the business to determine the potential impairment. The historic loss ratio is also adjusted for credit insurance where applicable and forward-looking information to determine the lifetime ECL for the portfolio of trade receivables, taking into consideration the potential growth or decline in the industry, inflation and stability of the sector. The impairment loss is recognised in the income statement. When the trade receivable is considered uncollectable, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Emerging farmer receivables are classified at amortised cost. Interest is charged on loans to emerging farmers at a average rate of 5%. The terms of these loans are for one season (October to September). For any amounts that are not paid, an acknowledgement of debt is signed for the outstanding amount which will be payable between one and three years. Active farmers represent farmers who maintain their credit facility and have the ability to draw down on that facility. Inactive farmers may still be operating but have exhausted their credit facility with the Group.

The collectability of the Group's emerging farmers loan book was assessed for impairment using the ECL model. The simplified approach is not available as this receivable represents draw downs on a loan facility available to emerging farmers and not a receivable as a result of a sale to a customer. 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 relevant to active emerging farmers. There is a significant increase in the credit risk of a farmer who has signed an acknowledgment 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

7. TRADE AND OTHER RECEIVABLES (continued)

Significant estimates and judgements

ECLs on trade receivables were determined using a provision matrix by estimating expected cash flows to be received from customers. Historical provisions were used as an estimate of cash that will not be received by the Group as the Group has a very low history of bad debt write-offs. Forward-looking information was estimated with reference to the different industries in which the Group's customers operate and the macroeconomic factors that impact those industries.

ECLs on emerging farmers were estimated using historical default rates to determine the expected losses over the next 12 months. For emerging farmers, where acknowledgment of debt have been signed by the farmer, the probability of default was expected to be the total percentage of the debt which was not insured. Management experience on the emerging farmer programme has indicated that the probability of default over the lifetime of the receivable is high.

Rm	2019	2018
Trade and other receivables are analysed as follows:		
Net trade receivables (refer to note 25)	3 154	2 977
Trade receivables	3 536	3 276
Less: expected credit losses	(382)	(299)
Net emerging farmers (refer to note 25)	17	65
Emerging farmers	101	108
Less: expected credit losses	(84)	(43)
Value-added tax receivable	85	283
Prepaid expenses	76	85
Receivables from related parties (refer to note 26)	24	58
Insurance receivable	100	16
Supplier dispute receivable	100	100
Right to receive asset	73	16
Indemnification receivable	62	–
Other receivables	253	214
Total trade and other receivables	3 944	3 814
Less: non-current portion	(106)	(128)
Emerging farmers and other receivables	(181)	(151)
Expected credit loss	75	23
Total current receivables	3 838	3 686
Emerging farmers		
Active	13	31
Inactive	88	77
	101	108

The value of ECL recognised during the year is R97 million (2018: impairment of receivables R114 million). This ECL has been included within administrative expenses in the income statement.

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

Rm	2019	2018
Rand	1 554	1 611
US dollar	487	1 151
Euro	664	3
Other	449	212
	3 154	2 977

The fair values of trade receivables approximate their carrying values.

Supplier dispute receivable

At 31 March 2017, the Group had a dispute with a supplier in terms of the price of the supply of raw materials. In 2010, the Commission Tribunal ruled that the supplier had been overcharging customers and set a rate at which customers should be charged in the future. During the 2015 financial year, the supplier increased its prices above the agreed rate despite a High Court ruling confirming the Tribunal's decisions. In March 2016, the supplier was granted leave to appeal by the High Court which took place in August 2017 and was found in favour of Omnia.

At 31 March 2018, the supplier no longer had recourse to appeal the decision and the Group recognised a receivable of R100 million relating to overpayment by the Group to the supplier for the period August 2014 to November 2015 and October 2016 to March 2018. At the same time a liability resulting from shortfall payments on supply of R101 million was reversed.

During the year ended 31 March 2019, the Group approached the court to force the supplier to refund the overpayment made by the Group. The supplier is now required to respond to the Group's demand for the refund.

8. STATED CAPITAL

Accounting policies

Ordinary shares are classified as equity.

Where the company, its share incentive scheme or its subsidiaries purchase the company's equity share capital, the consideration paid (including any attributable transaction costs) is 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.

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Rm	2019	2018
Authorised:		
Stated capital		
75 000 000 (2018: 75 000 000) ordinary shares of no par value		
Issued and fully paid up:		
Stated capital		
69 052 173 (2018: 68 996 832) ordinary shares of no par value	1 604	1 597

	Number of shares '000	Stated capital Rm	Treasury shares		Net total Rm
			Number of shares '000	Capital value Rm	
The movement in capital is analysed as follows:					
Balance at 31 March 2017	68 293	1 500	(1 045)	(120)	1 380
Ordinary shares issued	704	97	–	–	97
Treasury shares sold	–	–	(4)	(3)	(3)
Balance at 31 March 2018	68 997	1 597	(1 049)	(123)	1 474
Ordinary shares issued*	55	7	–	–	7
Treasury shares sold	–	–	2	–	–
Balance at 31 March 2019	69 052	1 604	(1 047)	(123)	1 481

* During the year shares were issued to satisfy the Group's obligation under the Sakhile 2 share incentive scheme. These shares were issued at market value (refer to note 27).

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

9. OTHER RESERVES

Accounting policies

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 the income statement, with a corresponding adjustment to this reserve in equity for equity-settled plans.

The foreign currency translation reserve relates to exchange differences arising from the translation of foreign subsidiaries' and joint ventures' income statements at average rates for the year and their balance sheets at the ruling exchange rates at the balance sheet date.

Other reserves consist of non-distributable reserves in respect of the net discount arising in previous years on the acquisition of shares of subsidiaries and gains on treasury shares sold.

Rm	Share-based payment reserve	Foreign currency translation reserve	Other reserves	Total
At 31 March 2017	113	1 230	24	1 367
Share-based payment – value of services provided	29	–	–	29
Share-based payment – ordinary shares issued	(97)	–	–	(97)
Decrease in foreign currency translation reserve	–	(491)	–	(491)
Gain on treasury shares sold	–	–	4	4
At 31 March 2018	45	739	28	812
Share-based payment – value of services provided	61	–	–	61
Share-based payment – ordinary shares issued	(7)	–	–	(7)
Increase in foreign currency translation reserve	–	182	–	182
Gain on treasury shares sold	–	–	–	–
At 31 March 2019	99	921	28	1 048

10. NON-CONTROLLING INTERESTS

Accounting policies

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

The material non-controlling interests of the Group are disclosed below:

Name of entity	Country of incorporation	Non-controlling interest %	Measurement method
Oro Agri Brasil Produtos Para Agricultura Ltda	Brazil	25	Proportionate share

Oro Agri Brasil Produtos Para Agricultura Ltda is a manufacturer and distributor of a range of agrochemical products.

	2019 Rm
The amounts recognised in the balance sheet are as follows:	
At acquisition	89
Share of profit	7
Forex movement	11
Non-controlling interest – Oro Agri Brasil	107
Other non-controlling interest	(5)
At 31 March	102
Set out below is the summarised financial information for Oro Agri Brasil Produtos Para Agricultura Ltda.	
Summarised income statement	
Revenue	268
Profit from operations	44
Profit for the year	29
Summarised balance sheet	
Non-current assets	386
Current assets	253
Non-current liabilities	(97)
Current liabilities	(114)
Net assets	428

11. DEFERRED INCOME TAXES

Accounting policies

Deferred income tax is recognised, using the balance sheet 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 balance sheet 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 the 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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The effect on deferred tax on any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously recognised in other comprehensive income or credited directly to equity.

Deferred taxation is calculated on all temporary differences under the balance sheet method using a principal tax rate of 28% (2018: 28%) or the tax rate applicable to the relevant foreign country.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

11. DEFERRED INCOME TAXES (continued)

Accounting policies (continued)

Rm	2019	2018
Deferred income tax assets	(72)	(31)
Deferred income tax liabilities	733	666
	661	635
Gross movement in the deferred income tax assets account:		
Opening balance at beginning of year	(31)	(9)
Income statement charge (refer to note 19)	(41)	(22)
Closing balance at end of year	(72)	(31)
Gross movement in the deferred income tax liabilities account:		
Opening balance at beginning of year	666	580
Acquisition of business (refer to note 14)	233	124
Current year charge (refer to note 19)	(97)	(38)
Prior year charge (refer to note 19)	(69)	–
Closing balance at end of year	733	666
The deferred tax balance is attributable to the following items:		
Capital allowances	723	668
Provisions and prepayments	(84)	(168)
Taxation losses	(297)	15
Intangible assets	319	120
	661	635

12. INTEREST-BEARING BORROWINGS

Accounting policies

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. Any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowing as interest.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs.

Interest-bearing borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Rm	2019	2018
Secured	103	1
Unsecured	2 687	1 082
	2 790	1 083
Portion repayable within one year transferred to current liabilities	(2 745)	(15)
	45	1 068
Borrowings are secured by the inventory, debtors and equipment of Oro Agri International (Agriculture Biological segment).		
Non-current interest-bearing borrowings are repayable as:		
2019	–	–
2020	–	157
2021	–	207
2022	20	158
2023	6	456
2024	4	90
Repayable thereafter	15	–
	45	1 068

Details of interest-bearing borrowings

	Original year of redemption	Closing interest rates		2019 Rm	2018 Rm
		2019 %	2018 %		
Secured					
Mortgage bond	2027	8.2	8.2	1	1
International entities (Oro Agri)	2020 – 2021	3.0	–	102	–
Unsecured					
Finance for Sakhile 2, tranche 3	2020	10.3	10.3	5	10
Finance for computer hardware	2020	7.6	7.6	6	10
Finance for wireless network	2022	8.1	8.1	22	17
Land Bank facility for funding emerging farmers	2022	2.0	1.8	84	125
Finance for nitrophosphate plant	2022	9.3	9.0	720	520
Working capital loan 1	2023	9.6	9.3	400	400
Working capital loan 2	2021	9.1	–	400	–
Working capital loan 3	2022	9.4	–	400	–
Working capital loan 4	2021	9.3	–	300	–
Working capital loan 5	2021	9.2	–	350	–
				2 790	1 083
Portion repayable within one year				(2 745)	(15)
				45	1 068

During the year the Group obtained financing as follows:

- New long-term working capital loans were drawn early in the current year to fund working capital. Each loan had an initial duration of three years with interest calculated at JIBAR plus a margin.
- The nitrophosphate plant loan is a syndicated loan of which an additional R200 million was drawn down to complete the construction of the nitrophosphate plant. The loan had an initial duration of 6.5-year period, and had an 18-month repayment holiday period.

R73 million of the Land Bank loan has been included as part of trade and other payables balance as this amount has not been advanced to farmers at 31 March 2019.

At 31 March 2019, the Group did not have the ability to defer repayment for more than 12 months, and to this end, all borrowing facilities were disclosed as short term. Refer to note 25 for information relating to the Group's debt restructure.

Rm	2019	2018
Reconciliation of cash flows from financing activities:		
At 1 April	1 083	172
Movements	1 707	911
Repayments of loans (cash flow)	(111)	(29)
Proceeds from new loans (cash flow)	1 727	940
Acquisition of business	158	–
Transfer to other payables	(73)	–
Forex movement	6	–
At 31 March	2 790	1 083

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

12. INTEREST-BEARING BORROWINGS (continued)

Details of interest-bearing borrowings (continued)

The operating losses together with the increase in the Group's debt levels were not in terms of the Group's principle lenders anticipation and covenant requirements. The Group engaged with its principle lenders and at 31 March 2019, the lenders agreed to waive all rights of default on existing debt of R5 billion (disclosed as current interest-bearing borrowings and bank overdrafts on the balance sheet) on the condition that a new borrowings structure be agreed before 25 June 2019.

In June 2019, the Group secured a 12-month R6.8 billion bridge facility from principal lenders comprising of a 12-month bridge loan of R5 billion and committed liquidity facilities of R1.8 billion. This bridge facility will allow the Group to settle all existing borrowings and overdraft facilities at 24 June 2019.

13. TRADE PAYABLES AND OTHER LIABILITIES

Accounting policies

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet 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, and at least one of the following conditions is met:

- There is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements
- Past practice has created a valid expectation by employees that they will receive a bonus and the amount can be determined before the time of issuing the financial statements

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are not recognised for future operating losses.

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 the future adjusted for inflation and discounted at the risk-free rate.

The Group's operations impacts the environment, contributing to water and atmospheric pollution. The Group's strategy is to invest in green technology and processes to reduce the impact on the environment. Rehabilitation of sites that the Group currently operates on has been assessed and provided for as the Group has determined it to be a constructive and/or legal obligation.

Government grants are recognised at fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The Group has determined the government grant to be the interest rate differential between a market-related loan rate and the rate on the loan from the Land Bank. The interest rate differential is deferred and released to the income statement to reduce the unwinding of the market-related interest rate on the Land Bank loan. The Land Bank loan is utilised by the Group to provide similar funding to emerging farmers and repayments of these loans are ceded back to the Land Bank.

Significant estimates and judgements

The determination of these provisions remains a key area of management's judgement as estimating the future cost of these 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	2019	2018
Trade payables	1 854	1 967
Accrued expenses	580	591
Income received in advance [^]	–	343
Contract liabilities [^] (refer to note 15)	354	–
Leave pay accrual	146	103
Bonus accrual	100	146
Provisions	63	67
Employee benefit and share-based payments liabilities	28	20
Amounts due to revenue authorities	20	14
Value-added tax payables	78	5
Deferred consideration	252	40
Contingent consideration	60	122
Administrative penalty (Competition Commission)	–	30
Other payables	78	120
Total trade and other payables	3 613	3 568
Less: Non-current portion*	(313)	(190)
Total current payables	3 300	3 378

[^] Disclosed as contract liabilities in the current year following the adoption of IFRS 15.

* Includes employee benefits, share-based payment liabilities, deferred and contingent consideration.

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 falls 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.

Land previously leased from the Royal Bafokeng Nation (RBN) is required to be rehabilitated and restored to its original condition. The obligation includes decommissioning of assets and rehabilitation. The rehabilitation of the land and restoration to its original condition is expected to occur over the next 14 years. This provision has been estimated and is included in the provision.

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 groundwater 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% per annum was applied to current costs.
- A discount rate of 8.5% was used.

Rm	2019	2018
Rehabilitation provision can be analysed as follows:		
At 1 April	67	24
Additions	4	43
Utilised during the year	(12)	(2)
Unwinding of discount	4	2
Total provisions	63	67
Less: Non-current portion	(55)	(64)
Total current provisions	8	3

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

14. ACQUISITION OF BUSINESS

Accounting policy

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary fair values the assets transferred, liabilities incurred to the former owners of the acquired business, and fair values of any asset or liability resulting from a deferred consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets of the business acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Business combination accounting for the acquisition of a subsidiary

On 1 May 2018, Omnia, through its wholly owned subsidiaries, acquired 100% of the ordinary shares of Oro Agri SEZC Limited group, collectively referred to herein as Oro Agri. Oro Agri has been consolidated into the Group financial results from this date and forms part of the Agriculture division. The Group has determined the acquisition to be an acquisition of a business as defined in IFRS 3 Business Combination.

Oro Agri is an international company involved in the research and development, production, distribution and sales of a unique range of patented AgriBio products. The key product ranges include biopesticides, biostimulants and biofertilizers as well as, adjuvants, crop protection products, liquid foliar fertilizers and soil conditioners. Clients include farmers with large-scale agriculture applications across all row, stone fruit, pasture and other crop types, as well as smaller pastures, lawn and garden applications.

For the 11 months ended 31 March 2019, Oro Agri contributed revenue of R711 million and an operating profit of R105 million to the Group's results. If the acquisition had occurred on 1 April 2018, management estimates that the consolidated revenue would have been R18 674 million and the consolidated operating loss for the year would have been R13 million. The Oro Agri operating result excludes the amortisation of the various intangible assets identified as part of the purchase price allocation.

		USDm	Rm
Accounting for the acquisition of a subsidiary			
Cash		54	671
Deferred consideration – paid on 31 October 2018	i)	31	380
Deferred consideration – payable on 30 April 2020	i)	15	186
Fair value of consideration transferred		100	1 237
Fair value of assets and liabilities*		24	296
Fair value of intangible assets acquired in the business combination		56	694
– Technology and product registration	ii)	67	825
– Distribution network	ii)	1	7
– Brand	ii)	7	93
– Deferred tax on the above		(19)	(231)
Fair value of contingent liabilities and related indemnification assets		–	(3)
Contingent liability – leakage costs	iii)	(1)	(12)
Indemnification asset – leakage costs	iii)	1	16
Contingent liability – other costs	iii)	–	(2)
Indemnification asset – other costs	iii)	1	6
Contingent liability – permitted deductions	iii)	(5)	(64)
Indemnification asset – permitted deductions	iii)	4	53
Fair value of assets and liabilities acquired		80	987
Indirect non-controlling interest	iv)	(7)	(89)
Goodwill	v)	27	339

* Included in the fair value of assets and liabilities are trade and other receivables of R243 million. The carrying amount of these receivables approximates its fair value and contractual cash flows.

i) Deferred consideration

The deferred consideration of USD46 million includes USD29 million and USD2 million paid on 31 October 2018. This consideration was reduced to recover post-acquisition leakage costs and other costs respectively. The remaining USD15 million, relating to the retention mechanism to cover any unknown and additional liabilities, is payable on 30 April 2020. This amount has been discounted at the estimated borrowing rate of 3%. In addition, this consideration may be reduced to recover any post-acquisition leakage costs incurred up to and including 30 April 2020.

ii) Intangible assets

Excess consideration, after taking into account the fair value of the tangible assets and liabilities of Oro Agri, was allocated to the following intangible assets using the valuation techniques detailed below:

- For the technology and product registrations, a discounted cash flow method was used. The estimated useful life for product registrations is 10 years. The discount rate of the product registrations was based on an assessment of the risk profile of the product registrations relative to the risk profile of the overall business of which the asset was part. The overall weighted average cost of capital (WACC) was adjusted by adding a 1.0% premium, and this adjusted discount rate was applied to product registrations.
- For the distribution networks, a distributor method was used. Based on the attrition assumptions, the term of each agreement, the probability of renewal of each agreement and management's understanding of the relations, the estimated useful life of the distribution network is 12 years. The overall WACC was adjusted by adding a premium of 2.0% and this adjusted discount rate was applied to the distribution agreements. WACC was calculated based on estimates of required after tax equity rates of return.
- For the brand, the relief-from-royalty method was used. The estimated useful life for product registrations is 10 years. The historical longevity of the brand supports this representation as the Oro Agri brand has been in existence since 2009. The discount rate of the brand was based on an assessment of the risk profile of the brand relative to that of the overall business of which the asset was part. Overall WACC was adjusted by adding a 2.0% premium and this adjusted discount rate was applied to the brand.

iii) Contingent liabilities and indemnification assets

The Group identified and recognised contingent liabilities (leakage and permitted deductions) relating to litigation and potential additional taxes due for Federal and State Income Tax in the USA as part of the fair value of the assets and liabilities of Oro Agri at the date of acquisition.

The sellers of Oro Agri have agreed to indemnify the Group for any leakage costs for 24 months after the date of acquisition. The indemnification asset has been recognised as part of the fair value of the assets and probable liabilities at the date of acquisition. The maximum indemnification asset that can still be claimed from the seller is R186 million, being the total of the deferred consideration payable in April 2020.

iv) Indirect non-controlling interest

Indirect non-controlling interests relate to non-controlling interests in Oro Agri Brazil, a subsidiary of the Oro Agri Group. The Group measured non-controlling interests at the non-controlling interests proportionate share of the acquired entity's net and identifiable assets.

v) Goodwill

Goodwill is presented after subsuming the workforce in place as the workforce acquired does not qualify for separate recognition and is not deductible for tax purposes.

vi) Acquisition-related costs

The Group incurred total acquisition-related costs of approximately R41 million on legal and consulting fees and due diligence costs. Certain of these costs had already been incurred in the previous financial year and a further R28 million was incurred in the current financial year. These costs have been included as administrative expenses in the income statement.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

14. ACQUISITION OF BUSINESS (continued)

Cash flows on acquisition of the subsidiary

During the period the Group obtained control of Oro Agri. The cash paid to 31 March 2019 on the acquisition of Oro Agri is disclosed below:

	USDm	Rm
Property, plant and equipment	11	139
Intangible assets	75	934
Investments	1	6
Deferred tax*	–	3
Inventories	6	78
Trade and other receivables	21	243
Cash and cash equivalents	7	90
Loans and borrowings	(13)	(158)
Deferred tax liabilities – tangible assets*	–	(5)
Deferred tax liabilities – intangible assets	(19)	(231)
Trade and other payables	(9)	(109)
Contingent liability – leakage	(1)	(12)
Indemnification asset – leakage	1	16
Contingent liability – other costs*	–	(2)
Indemnification asset – other costs	1	6
Contingent liability – permitted deductions	(5)	(64)
Indemnification asset – permitted deductions	4	53
Total fair value of identifiable net assets acquired	80	987
Less indirect non-controlling interest	(7)	(89)
Plus goodwill	27	339
Total consideration paid	100	1 237
Less cash and cash equivalents of subsidiary	(7)	(90)
Less deferred consideration	(15)	(186)
Less foreign exchange gains	–	(20)
Cash paid to obtain control of the Oro Agri Group	78	941

* Less than USD1 million.

15. REVENUE

Accounting policies

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 segment
- Bulk emulsion, blended bulk explosives, blasting agents, accessories and services from its Mining segment
- Specialty, functional and effect chemicals, polymers, base oils and additives from its Chemicals segment

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 segments, 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 these segments' product sales. The value-add services ensure the correct application of the best product to minimise farming risk, maximise water use efficiency and nutrient use efficiency and optimise yield. In terms of IFRS 15, the value-add service offering and the sale of the product are highly integrated and interdependent as 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 relating to deliveries of products to customers are assessed to be a separate, distinct performance obligation for the Agriculture and Chemicals group of segments as customers have the option of choosing a delivery service or collecting the products themselves. Transport revenue is invoiced separately and recognised when the delivery service has been completed. Transport revenue from deliveries of explosives in the Mining segment can only be carried out by the Group due to safety requirements for the transport of explosives and is 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, soil analysis systems, resource utilisation systems and expert recommendation reports are the services offered by the Agriculture segment to assist farmers to maximise their crop yields
- Specialised blasting, blast management and consulting services offered by the Mining segment to assist mining companies 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 segment 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. As allowed by IFRS 15, the Group does not disclose the remaining performance obligations of service agreements as customers are invoiced when actual services are provided and the consideration is payable when invoiced.

Other factors considered by the Group

The Group encourages customers to pay early by granting settlement discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated settlement discounts. Accumulated experience is used to estimate discounts, using the expected value method and the transaction price is adjusted to reflect the effect of the discount.

The Group sells products with retrospective volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and the transaction price is adjusted. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The Group's credit terms are 30-180 days. Credit terms vary across segments, with longer credit terms granted to Agriculture segment customers mainly due to seasonal weather conditions. The Group has deemed that no element of financing exists as maximum credit terms are 180 days. Additionally, the period between the transfer of products to the customer and payment by the customer, even if outside of contractual credit terms, does not exceed one year. As a result, the Group does not adjust the transaction price for the time value of money.

Costs to obtain and fulfil contracts from sale of 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.

Refer to note 1.4 for critical estimates and judgements applied in revenue recognition. The Group's material performance obligations from contracts with customers are as follows:

Rm	2019	2018
Product	17 510	16 719
Transport	560	—*
Services	558	653
	18 628	17 372

* Transport revenue was not disclosed as a separate category of revenue under IAS 18 Revenue.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

15. REVENUE (continued)

Other factors considered by the Group

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

Rm	Product	Transport	Services	Net revenue
Analysis of revenue per performance obligation per segment				
Year ended 31 March 2019				
Agriculture RSA	4 300	365	6	4 671
Agriculture International	1 892	–	8	1 900
Agriculture Trading	950	–	–	950
Agriculture Biological	711	–	–	711
Total Agriculture	7 853	365	14	8 232
Mining RSA	2 308	151	207	2 666
Mining International	2 151	44	276	2 471
Total Mining	4 459	195	483	5 137
Chemicals RSA	4 005	–	61	4 066
Chemicals Petroleum	1 193	–	–	1 193
Total Chemicals	5 198	–	61	5 259
Total	17 510	560	558	18 628

Revenue amounts reported under IFRS in this note differ from revenue reported to the chief operating decision maker as disclosed in the segment report in note 2. Reconciling items relate to certain revenue items, such as transport revenue reported against cost of sales for management reporting but disclosed as revenue in these financial statements.

Rm	Product	Transport	Services	Net revenue
Analysis of revenue per performance obligation per geographical segment				
Year ended 31 March 2019				
Agriculture				
– South Africa	4 660	219	6	4 885
– Rest of Africa	2 232	126	–	2 358
– Rest of the world	961	20	8	989
Total Agriculture	7 853	365	14	8 232
Mining				
– South Africa	2 253	8	206	2 467
– Rest of Africa	2 102	187	277	2 566
– Rest of the world	104	–	–	104
Total Mining	4 459	195	483	5 137
Chemicals				
– South Africa	4 747	–	–	4 747
– Rest of Africa	451	–	61	512
– Rest of the world	–	–	–	–
Total Chemicals	5 198	–	61	5 259
Total	17 510	560	558	18 628
Timing of revenue recognition				
Transfer at a point-in-time	17 510	560	558	18 628

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.

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. Contract liabilities are disclosed under trade and other payables.

Rm	2019
Contract liabilities	
Opening balance	343
Revenue recognised in the current year	(323)
Advances from customers	334
Closing balance	354

16. NET OTHER OPERATING INCOME/(EXPENSES) AND IMPAIRMENT LOSSES ON NON-FINANCIAL ASSETS

Accounting policies

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 the income statement as either other operating income or expenses.

Rm	2019	2018
Income		
Net forex gains on revaluation of assets and liabilities	66	200
Reversal of liabilities	–	141
Recreation of debtor	–	55
Insurance claims	96	12
Earn-out reversal	97	–
Profit on disposal of property, plant and equipment	3	–
Other	63	53
	325	461
Expenses		
Net forex loss on revaluation of assets and liabilities	(196)	(98)
Amortisation of intangible assets (refer to note 4)	(197)	(62)
Loss on disposal of property, plant and equipment/intangible assets	–	(10)
Environmental provision	9	(43)
	(384)	(213)
Impairment losses on non-financial assets		
Goodwill	(324)	–
Property, plant and equipment	(16)	–
	(340)	–

17. OPERATING PROFIT

Accounting policies

The Group operates defined contribution plans, the assets of which are held in separate trustee administered funds. The pension plans are funded by payments from employees and by the Group companies, taking account of advice from independent qualified actuaries. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods. The Group's contributions to defined contribution plans are charged to the income statement and are included in staff costs in the period to which the contributions relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

17. OPERATING PROFIT (continued) Accounting policies (continued)

Rm	2019	2018
Operating profit is stated after charging:		
Auditors' remuneration	44	27
– Fees for audit	41	25
– Other services	3	2
Depreciation	418	384
Buildings and improvements to leasehold properties	40	34
Plant and machinery		
– Owned	269	284
– Leased	1	1
Furniture, vehicles and equipment		
– Owned	104	61
– Leased	4	4
Rentals under operating leases	92	146
– Land and buildings	65	117
– Furniture, equipment and vehicles	12	15
– Plant and machinery	15	14
Research and development expenditure	22	18
Staff costs	2 041	1 780
– Wages and salaries including cash incentives	1 907	1 662
– Provident fund costs – defined contribution plans	63	60
– Equity settled share-based payment expense	61	29
– Cash-settled LTIP expense	(11)	9
– Employee services cost linked to business combination	21	20
Staff costs have been charged to:	2 041	1 780
– Distribution expenses	968	854
– Administrative expenses	682	520
– Cost of sales	391	406
Administrative penalty (Competition Commission) (refer to note 13)	–	30
Impairment of receivables (refer to notes 7 and 25)*	97	114
Restructuring cost	35	–
Acquisition related costs	28	29
Refer to note 26 for directors' remuneration		

* Separately disclosed in the current year as required by IFRS 9.

18. NET FINANCE EXPENSES

Rm	2019	2018
Interest paid		
Short-term interest-bearing borrowings	357	289
Long-term interest-bearing borrowings	88	19
Interest paid on acquisition prices*	116	27
	561	335
Interest capitalised (refer to note 3)	(80)	(23)
	481	312
Interest received	(43)	(42)
	438	270

* Indicative.

19. INCOME TAX EXPENSE

Accounting policies

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, 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 on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and joint venture 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 establishes provisions where appropriate on the basis of amounts expected 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.

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 balance sheet.

Rm	2019	2018
South African normal taxation		
– Current year	36	133
– Prior year	37	–
Foreign taxation		
– Current year	127	149
Total normal tax	200	282
Deferred taxation		
– Current year	(138)	(60)
– Prior year	(69)	–
Total deferred tax (refer to note 11)	(207)	(60)
Taxation for the year	(7)	222
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:		
Profit before taxation	(414)	886
Tax calculated at 28% (2018: 28%)	(116)	248
Adjusted for:		
Non-deductible expenses	166	53
Assessable losses not accounted for as deferred tax asset	33	6
Different tax rates in countries in which the Group operates	(23)	(36)
Assessable losses utilised	(3)	(2)
Exempt income	(30)	–
Special allowances	(58)	(8)
Over/under provision of prior year tax and additional provisions	24	(33)
Other	–	(6)
Tax charge	(7)	222
Effective tax rate (%)	(1.7)	25.1

Included in exempt income are the Umongo earn-out. The Department of Trade and Industry rebates and carbon credit income allowances under S12I and S12H learnerships are disclosed as special allowances. Non-deductible expenses comprise share-based payments, impairment of goodwill and forex losses from the change in functional currency in Zimbabwe.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

20. EARNINGS PER SHARE AND DIVIDENDS PER SHARE

Accounting policies

Basic and headline earnings per share are 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 the Share Incentive Scheme and by the Omnia Management Share Trust, held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2019	2018
Basic earnings		
(Loss)/profit attributable to the owners of Omnia Holdings Limited (Rm)	(414)	666
Divided by the weighted number of shares in issue: ('000) (excluding treasury shares)	67 975	67 607
Basic (loss)/earnings per share (cents)	(609)	985

Rm	2019		2018	
	Gross pre-tax	Net	Gross pre-tax	Net
Headline earnings				
(Loss)/profit attributable to the owners of Omnia Holdings Limited		(414)		666
Adjusted for:				
Loss on disposal of property, plant and equipment	(3)	(2)	10	7
Impairment of property, plant and equipment	16	16	–	–
Impairment of goodwill	324	324	–	–
Insurance proceeds for replacement of property, plant and equipment	–	–	(4)	(3)
		(76)		670
Divided by the weighted number of shares in issue: ('000) (excluding treasury shares)		67 975		67 607
Headline (loss)/earnings per share (cents)		(112)		991

	2019	2018
Diluted earnings per share:		
The diluted weighted average number of ordinary shares is calculated as follows:		
Weighted average number of ordinary shares in issue ('000)	67 975	67 607
Adjustments for:		
Shares in respect of Sakhile 1 ('000)	*	2 917
Shares in respect of Sakhile 2 ('000)	*	587
Shares in respect of Long Term Incentive Plan ('000)	*	737
Diluted weighted average number of ordinary shares	67 975	71 848
(Loss)/profit attributable to the owners of Omnia Holdings Limited (Rm)	(414)	666
Diluted (loss)/earnings per share (cents)	(609)	927
Diluted headline (loss)/earnings per share (cents)	(112)	933
Dividends per share		
Final dividend per share declared and paid during the year (cents) in respect of the prior year	–	180
Interim dividend declared and paid in respect of current year (cents)	75	200

* Due to the net loss incurred by the Group, all dilutive potential ordinary share are anti-dilutive.

21. COMMITMENTS

Rm	2019	2018
Capital commitments – intangible assets and property, plant and equipment		
Capital expenditure approved by the directors but not contracted for	180	409
Capital expenditure approved and contracted for but no delivery has taken place	147	403
	327	812
Funds to meet these commitments will be provided from cash flow from operations and existing general borrowing facilities.		
Operating lease commitments		
The future minimum lease payments under non-cancellable operating leases are as follows:		
Not later than one year	82	105
Later than one year and not later than five years	195	164
Later than five years	4	3
	281	272

The Group leases various offices, warehouses, vehicles and office equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The lease expenditure charged to the income statement during the year is disclosed in note 17.

Contingent assets and liabilities

Accounting policies

A contingent liability is a possible obligation that arises from past events and its existence will be confirmed only by the 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 no 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

21. COMMITMENTS (continued)

Contingent assets and liabilities (continued)

Significant estimates and judgements (continued)

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. Litigations, current or pending, are not likely to have a material adverse effect on the Group.

Guarantees

Certain group companies have guaranteed the fulfilment of various subsidiaries' obligations in terms of contractual agreements. The Group has guaranteed the borrowing facilities and banking arrangements of certain of its subsidiaries.

22. CASH GENERATED FROM OPERATIONS

Rm	2019	2018
(Loss)/profit before taxation	(414)	886
Adjusted for:		
Forex impact in income statement	(427)	(103)
Movement in derivative financial instruments	(3)	(24)
Decrease/(increase) in inventory	627	(800)
Decrease/(increase) in trade and other receivables	419	(503)
Decrease in trade and other payables	(627)	(345)
Depreciation	418	384
Amortisation	197	62
Net finance costs	438	270
(Profit)/loss on disposal of property, plant and equipment	(3)	10
Share-based payment expense	61	29
Environmental provision	(4)	43
Share of net profit of investments: equity method	(27)	(46)
Impairment of property, plant and equipment	16	–
Impairment of goodwill	324	–
Other	3	4
	998	(133)

The Group has elected to show dividends paid as part of financing activities on the cash flow statement.

23. INCOME TAXES PAID

Rm	2019	2018
Income tax asset at beginning of year	117	67
Charged to the income statement	(200)	(282)
Foreign currency movement	(23)	(9)
Income tax asset at end of year	(63)	(117)
	(169)	(341)

24. CASH AND CASH EQUIVALENTS

Accounting policies

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 balance sheet. The cash and cash equivalents can be converted to cash without a change in value.

Rm	2019	2018
Bank balances and cash	644	1 111
Bank overdrafts	(2 257)	(2 570)
	(1 613)	(1 459)
The effective interest rate on borrowings was 8.8% (2018: 8.3%)		
Restricted cash relates to cash balances in Angola and Zimbabwe	111	291
The carrying amount of bank and cash balances are denominated in the following currencies:		
Rand	11	276
USD	338	700
Euro	58	–
Other currencies	237	135
	644	1 111
The carrying amount of bank overdrafts are denominated in the following currencies:		
Rand	(2 180)	(2 508)
US dollar	(40)	(14)
Other currencies	(37)	(48)
	(2 257)	(2 570)

25. FINANCIAL RISK MANAGEMENT

Accounting policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price 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 financial risks 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.

The Group classifies its financial assets in the following categories: at amortised cost and at fair value through profit or loss. 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, or for sale or both. Management determines the classification of its financial assets on initial recognition.

The Group classifies its financial liabilities in the following categories: at amortised cost and at fair value through profit or loss. Liabilities are classified at amortised cost unless the Group elects classification at fair value through profit or loss. Management determines the classification of its financial liabilities on initial recognition.

Financial assets and liabilities at amortised cost are initially recognised at fair value including 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 net finance costs in the income statement. Impairment of financial assets are recognised in terms of the ECL model and disclosed as impairment losses on financial assets in the income statement.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

25. FINANCIAL RISK MANAGEMENT (continued)

Derivative financial assets and liabilities are classified at fair value through profit or loss. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. These assets and liabilities are subsequently recognised at fair value. Gains or losses arising from changes in the fair value of financial assets and liabilities at fair value through profit or loss are presented in the income statement within other operating expenses/income 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 assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts in every circumstance and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial instruments by category

Rm	Amortised cost	Fair value through profit or loss	Total
31 March 2019			
ASSETS			
Derivative financial instruments	–	59	59
Trade and other receivables excluding prepayments and VAT	3 783	–	3 783
Total	3 783	59	3 842

Rm	Amortised cost	Fair value through profit or loss	Total
LIABILITIES			
Interest-bearing borrowings	5 047	–	5 047
Derivative financial instruments	–	29	29
Trade and other payables excluding non-financial liabilities	2 998	–	2 998
Total	8 045	29	8 074

Rm	Amortised cost	Fair value through profit and loss	Total
31 March 2018			
ASSETS			
Derivative financial instruments	–	103	103
Trade and other receivables excluding prepayments and VAT	3 446	–	3 446
Total	3 446	103	3 549

Rm	Amortised cost	Fair value through profit and loss	Total
LIABILITIES			
Interest-bearing borrowings	3 653	–	3 653
Derivative financial instruments	–	32	32
Trade and other payables excluding non-financial liabilities	3 568	–	3 568
Total	7 221	32	7 253

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 from customers, cash and cash equivalents and derivative financial instruments with positive fair values. The Group has policies in place to ensure that sales of products and services are made to customers with appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. 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	% of revenue
Local commercial farmers and co-ops	25
International farmers	11
Commodity customers	5
International agriculture distributors	4
Local mining companies	11
International mining companies	15
Local manufacturers	29
Total	100

Credit risk and customer relationships are managed in a number of ways within the Group. 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, past 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.

Under IAS 39, the Group estimated the recoverability of debtor balances based on specific debtor loss events and calculated the impairment loss on the trade receivables in this manner. Debtors were written off only when concerted efforts to recover cash have been unsuccessful. The Omnia Group has had minimal bad debt write-offs over the last five years.

Under IFRS 9 *Financial Instruments*, the Group adopted the simplified approach for calculating ECL on trade receivables as all trade receivables are as a result of transactions with customers as per IFRS 15 *Revenue from Contracts with Customers* and do not contain significant financing. This means that ECLs are measured using the lifetime ECL assessment. The Group determines receivables to be credit impaired when a default event, such as indication of an inability to repay, has occurred.

The Group 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 recognised under IAS 39 were used as a measure of default of debtors as the Group has a history of minimal write-offs. The default assessment was adjusted for credit insurance or other security over the debtor balance. Macroeconomic forward-looking information, to the extent it was relevant, was factored into the ECL percentage.

Expected credit loss for trade receivables

Type of debtor	Up to 3 months	3 – 6 months	More than 6 months	Specific debtors	Credit impaired	Total
Local commercial farmers and co-ops	–	–	–	8	45	53
International farmers	43	2	18	4	47	114
Commodity customers	13	–	–	–	24	37
International agriculture distributors	–	–	–	1	1	2
Local mining companies	17	–	–	20	–	37
International mining companies	4	1	2	5	79	91
Local manufacturers	22	1	4	15	–	42
Head office and eliminations	–	–	6	–	–	6
Total (refer to note 7)	99	4	30	53	196	382

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

25. FINANCIAL RISK MANAGEMENT (continued)

Loss rates for trade receivables

	Outstanding amount Rm	Loss rate %	Expected credit loss Rm
Local commercial farmers and co-ops	566	9	53
Lifetime ECL – up to 3 months*	358	–	–
Lifetime ECL – 3 – 6 months*	33	–	–
Lifetime ECL – more than 6 months	32	25	8
Credit impaired – specific debtors	143	31	45
International farmers	624	18	114
Lifetime ECL – up to 3 months	422	10	43
Lifetime ECL – 3 – 6 months	21	10	2
Lifetime ECL – more than 6 months	120	15	18
Credit impaired – specific debtors	12	33	4
Credit impaired – fully provided	49	96	47
Commodity customers	134	28	37
Up to 3 months	110	12	13
Credit impaired – fully provided	24	100	24
International agriculture distributors	360	1	2
Lifetime ECL – up to 3 months*	221	–	–
Lifetime ECL – 3 – 6 months*	13	–	–
Lifetime ECL – more than 6 months*	106	–	–
Credit impaired – specific debtors	19	5	1
Credit impaired – fully provided	1	100	1
Local mining companies	322	11	37
Lifetime ECL – up to 3 months	301	6	17
Credit impaired – specific debtors	21	95	20
International mining companies	348	26	91
Lifetime ECL – up to 3 months	236	2	4
Lifetime ECL – 3 – 6 months	15	7	1
Lifetime ECL – more than 6 months	9	22	2
Credit impaired – specific debtors	9	56	5
Credit impaired – fully provided	79	100	79
Local manufacturers	1 135	4	42
Lifetime ECL – up to 3 months	1 018	2	22
Lifetime ECL – 3 – 6 months	22	5	1
Lifetime ECL – more than 6 months	68	6	4
Credit impaired – specific debtors	27	56	15
Head office and eliminations	47	13	6
Lifetime ECL – up to 3 months*	10	–	–
Lifetime ECL – more than 6 months	37	16	6
	3 536	11	382

* ECL on these receivables are less than R1 million.

Efforts to recover debtors are ongoing even through 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 long standing and have an established track record when transacting with the Group. The Group has a history of low write-offs.

	2018			Net carrying amount Rm
	Gross carrying amount Rm	Expected loss rate %	Loss allowance Rm	
The ageing of trade receivables at 31 March 2018 was:				
Fully performing	1 859	–	–	1 859
Past due 31 – 60 days	430	–	–	430
Past due 61 – 90 days	181	–	–	181
Past due 91 – 120 days	129	–	–	129
More than 120 days	338	–	–	338
Specific debtors	340	88	299	41
	3 277	88	299	2 978

Loss allowance reconciliation for trade receivables

	2019 Rm	2018 Rm
Opening loss allowance	(299)	(255)
Amounts restated through opening retained earnings (adoption of IFRS 9)	(16)	
Opening loss allowance as at 1 April	(315)	(255)
Increase in loss allowance recognised in income statement during the year	(147)	(88)
Decrease in loss allowance recognised in income statement during the year – credit impaired	51	–
Receivables written off during the year as uncollectable	27	11
Unused amounts reversed	–	13
Foreign currency movement	2	20
At 31 March	(382)	(299)

The ECL allowance increased in the current financial year mainly due to the increase in trade receivables. The effect of excluding credit insurance and other security was not significant.

Emerging farmer receivables

Under IFRS 9 – *Financial Instruments*, the Group adopted the 12-month expected credit loss method for active emerging farmers. Where significant risk of default has increased, such as with inactive emerging farmers with signed acknowledgement of debt, the Group assessed expected credit losses over the lifetime. The Group determines receivables to be credit impaired when a default event has occurred.

ECLs on active emerging farmers were estimated using historical default rates to determine the expected losses over the next 12 months. Inactive emerging farmers were assessed as a significant increase in risk due to receivable being outstanding from the previous season. For inactive emerging farmers, where acknowledgements of debt have been signed by the farmer, the probability of default was calculated on a lifetime basis and expected to be the percentage of the receivable which was not insured. 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 to the extent that it was relevant and was factored into the expected credit loss percentage.

Loss rates for emerging farmers

	2019			Net carrying amount Rm
	Gross carrying amount Rm	Expected loss rate %	Loss allowance Rm	
12-month ECL – active emerging farmers	13	23	3	10
Lifetime ECL – inactive emerging farmers with signed acknowledgement of debt	43	84	36	7
Credit impaired – specific inactive emerging farmers	9	100	9	–
Credit impaired – inactive emerging farmers in advanced legal debt recovery	36	100	36	–
	101	83	84	17

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

25. FINANCIAL RISK MANAGEMENT (continued)

Loss rates for emerging farmers (continued)

	Gross carrying amount Rm	2018		Net carrying amount Rm
		Expected loss rate %	Loss allowance Rm	
The ageing of emerging farmers at 31 March 2018 was:				
Current	27	–	–	27
Past due and impaired – with signed knowledge of debt	38	–	–	38
Past due and impaired – specific inactive debtors	10	100	10	–
Past due and impaired – inactive emerging farmers in advanced legal debt recovery	33	100	33	–
	108	40	43	65

Loss allowance reconciliation for emerging farmers

Rm	2019	2018
Opening loss allowance	(43)	(17)
Amounts restated through opening retained earnings (adoption of IFRS 9)	(40)	
Opening loss allowance as at 1 April	(83)	(17)
Decrease/(increase) in loss allowance recognised in profit or loss during the year – active farmers*	1	(26)
Increase in loss allowance recognised in profit or loss during the year – credit impaired	(2)	–
At 31 March	(84)	(43)

* There was no change in the loss allowance for inactive farmers measured on a lifetime ECL basis in the current year.

The expected credit loss allowance increased mainly due to more emerging farmers classified as credit impaired. The effect of excluding credit insurance and other security was not significant. Efforts to recover 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.

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 the undrawn borrowing facilities and cash and cash equivalents (note 24) on the basis of expected cash flows. Cash flow forecasts are compiled by each operating segment in accordance with the requirements set by the Group. These requirements are standardised but cater for the different operations carried out by the various operating segment. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

At 31 March 2019, the Group had access to undrawn overdraft facilities of R1.4 billion (R1.2 billion in South Africa).

Refer to the capital risk management note below for details of the Groups debt and related information.

Exposure to liquidity risk

	Less than 1 year Rm	Between 1 and 2 years Rm	Between 2 and 5 years Rm	Over 5 years Rm	Discounting effect Rm	Total Rm
At 31 March 2019						
Cash and cash equivalents	644	–	–	–	–	644
Trade receivables	3 662	105	–	–	(5)	3 762
Emerging farmers	24	45	37	–	(5)	101
Interest-bearing borrowings	(2 745)	–	(45)	–	–	(2 790)
Forward exchange contracts	(30)	–	–	–	–	(30)
Bank overdraft	(2 257)	–	–	–	–	(2 257)
Trade and other payables	(3 322)	(205)	(78)	–	13	(3 592)
Net liquidity position	(4 024)	(55)	(86)	–	3	(4 162)
At 31 March 2018						
Cash and cash equivalents	1 111	–	–	–	–	1 111
Trade receivables	3 586	141	–	–	(41)	3 686
Emerging farmers	31	36	46	–	(5)	108
Interest-bearing borrowings	(76)	(154)	(1 125)	(263)	535	(1 083)
Forward exchange contract	(70)	–	–	–	–	(70)
Bank overdraft	(2 570)	–	–	–	–	(2 570)
Trade and other payables	(3 378)	(74)	(69)	(63)	16	(3 568)
Net liquidity position	(1 366)	(51)	(1 148)	(326)	505	(2 386)

Fair value measurement

Rm	Level 1	Level 2	Level 3	Total
At 31 March 2019				
Derivative financial assets	–	59	–	59
Derivative financial liabilities	–	(29)	–	(29)
Total	–	30	–	30
At 31 March 2018				
Derivative financial assets	–	103	–	103
Derivative financial liabilities	–	(32)	–	(32)
Total	–	71	–	71

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Level 2 – Sensitivity

A strengthening of the underlying exchange rate will decrease the fair value of the trading derivatives, while a weakening of the underlying exchange rate at the reporting date would result in an increase in the fair value of the trading derivatives.

The Group has no financial instruments traded in active markets on its balance sheet.

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 as a result of ownership of foreign-based subsidiaries whose operating and functional currencies are not South African rand (rand); Omnia's main trading assets are predominantly sold in rand but are priced sourced and traded internationally in currencies other than rand, and Omnia is required to report its financial statements in rand.

Treasury operates on a centralised basis as an internal banker and provides hedging to its divisions and subsidiaries whereafter the consolidated and residual position is hedged with the market as per approved policies and strategies.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

25. FINANCIAL RISK MANAGEMENT (continued)

Currency risk (continued)

The Group differentiates between transactional and economic foreign exchange risk which are actively managed on a portfolio basis. The consolidated net portfolio value of the transactional risk resulting from the local business operations is up to USD65 million at any point in time. The economic foreign exchange risk is dynamically managed with specific strategies to address the risks in the Group's inventory. These strategies may have cumulative inventory at risk up to USD140 million at any point in time; sufficient facilities exist with the banks to effect these hedging strategies. The Group does not currently apply hedge accounting in terms of IFRS.

The Group is most exposed to the US dollar. The sensitivity of these exposures based on a 10% strengthening and weakening of the rand are as follows:

Rm income/(expense)	2019 Change		2018 Change	
	-10%	+10%	-10%	+10%
Items denominated in US dollar				
Net trade receivables	(49)	49	(115)	115
Trade payables	101	(101)	107	(107)
Cash and cash equivalents	4	(4)	1	(1)
Total movement through the income statement	56	(56)	(6)	6
Foreign currency translation reserve*	(105)	105	(81)	81
Total movement through equity	(105)	105	(81)	81
Derivatives – through the income statement	(163)	163	165	(165)

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

Interest rate risk

The Group's income and operations are substantially independent of changes in market interest rates. The Group's interest rate risk arises from borrowings and cash and cash equivalents.

An increase of 100 basis points (2018: 100 basis points) in the average interest rates for the reporting period would have decreased profit or loss by R32 million (2018: decreased by R37 million). This analysis assumes that all other variables, in particular 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.

Capital restructure

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of net interest-bearing borrowings over adjusted EBITDA. The Group aims to keep this ratio at 2 to 3 times in the medium term and below 2 times in the long term, measured at year-end.

Rm	2019	2018
Net interest-bearing borrowings	4 403	2 542
Adjusted EBITDA*	1 137	1 464
Ratio	3.9	1.7

* Adjusted for impairments of non-financial assets and unrealised losses.

The Group leveraged its balance sheet in its 2017, 2018 and 2019 financial years as part of a strategic growth initiative which included:

- expansion through the acquisitions of Umongo Petroleum (December 2018) and Oro Agri (May 2019) and venturing into new jurisdictions
- investment in the new nitrophosphate plant
- investment in Microsoft Dynamics AX and related infrastructure

In the 2019 financial year, the Group was adversely impacted by droughts, late rains, a volatile rand, a material slowdown in the local and international mining industry and overall difficult trading conditions resulting in a loss of R407 million. Increased working capital requirements following the recent acquisition, were funded through a combination of borrowings and overdraft facilities.

The net loss after tax together with the increase in the Group's debt levels, were not in line with the Group's principal debt providers' expectations or covenant requirements. The Group proactively engaged with its lenders. By 31 March 2019, the lenders had waived all potential rights of default on existing loan facilities (disclosed as current interest-bearing borrowings and bank overdrafts on the balance sheet) on condition that new debt terms be agreed before 25 June 2019.

The Group has now secured a 12-month R6.8 billion bridge facility from its principal lenders. The bridge comprises a 12-month loan of R5 billion and committed liquidity facilities of R1.8 billion. This bridge facility allows the Group to settle all existing borrowings and overdraft facilities at 24 June 2019.

While the bridge facility provides the Group with the liquidity it requires in the short term, the Group's debt levels remain high. In order to ensure its long-term sustainability, the Group has announced a rights issue of R2 billion as an immediate resolution to strengthen the capital structure. Proceeds from the rights issue will be used to partly repay the bridge facility. The rights offer will reduce debt levels to be within the Group's targeted range, thereby affording the Group access to undrawn facilities and reducing the Group's cost of capital.

The remainder of the bridge facility after reduction by the proceeds of the rights issue is expected to be refinanced into a structured term loan and working capital debt package.

26. RELATED PARTY TRANSACTIONS

The Group entered into transactions and has balances with a number of related parties, including joint ventures, directors and entities under common control. Transactions that are eliminated on consolidation are not included.

	2019 Rm	2018 Rm
Sales of goods		
Acol Chemicals – joint venture	17	43
Interest received		
Richards Bay Ammonia Partnership – joint operation	2	2
Trade receivables		
Acol Chemicals – joint venture	11	11
Richards Bay Ammonia Partnership – joint operation	13	47

Directors' shareholding

Directors' shareholding in the company has been disclosed in the directors' report.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

26. RELATED PARTY TRANSACTIONS (continued)

Directors' remuneration

Name	Fees R'000	Salary/ remune- ration R'000	Bonus accrual R'000	Retire- ment- funding R'000	Medical aid R'000	Car allow- ances R'000	Other# R'000	Total 2019 R'000	Total 2018 R'000
Executive									
A de Lange	–	3 244	–	292	40	306	–	3 882	8 948
WG Koonin ¹	–	5 059	–	–	73	250	8 368	13 750	9 939
T Gobalsamy ²	–	466	–	–	6	18	2 200	2 690	–
RB Humphris ³	–	–	–	–	–	–	–	–	3 603
Non-executive									
NA Binedell	391	–	–	–	–	–	–	391	430
RC Bowen	581	–	–	–	–	–	–	581	591
FD Butler	684	–	–	–	–	–	–	684	624
L de Beer	1 014	–	–	–	–	–	–	1 014	251
TNM Eboka	577	–	–	–	–	–	–	577	389
T Gobalsamy ²	531	–	–	–	–	–	–	531	–
R Havenstein ⁶	764	–	–	–	–	–	–	764	634
RB Humphris ³	2 593	–	–	–	–	–	–	2 593	2 458
SW Mncwango	344	–	–	–	–	–	–	344	314
W Plaizer ⁴	77	–	–	–	–	–	–	77	–
T Mokgosi- Mwanetembe ⁵	381	–	–	–	–	–	–	381	–
NJ Crosse	–	–	–	–	–	–	–	–	492
HH Hickey	–	–	–	–	–	–	–	–	521
Dr WT Marais	–	–	–	–	–	–	–	–	304
D Naidoo	–	–	–	–	–	–	–	–	503
Total	7 937	8 769	–	292	119	574	10 568	28 259	30 001

The basis of determination of executive bonuses is set out in the remuneration report.

¹ Resigned 28 February 2019.

² Appointed 10 September 2018. Appointed Executive Director (GFD) 1 March 2019.

³ Retired as chair effective 6 June 2019 but remains as non-executive director.

⁴ Appointed 11 February 2019.

⁵ Appointed 1 June 2018.

⁶ Appointed as chair effective 6 June 2019.

Termination and sign on benefits.

Long-term Share Incentive Plan

AJ de Lange 45 000 allocated trust units

These trusts units will only be transferred after the end of the five-year period, and is dependent on the achievement of targets.

The remuneration report section of this integrated annual report provides full details of the long-term share incentive plan.

Prescribed officers' remuneration

Name	Salary/ remune- ration R'000	Bonus accrual R'000	Retire- ment- funding R'000	Medical aid R'000	Car allow- ances R'000	Other*	Total 2019 R'000	Total 2018 R'000
J de Villiers	1 815	–	163	78	269	–	2 325	4 735
PF Mojono ¹	3 739	–	277	38	225	–	4 279	–
J Keenan	5 729	–	–	31	–	–	5 760	9 515
K Ramoupi ⁵	2 161	–	194	36	239	–	2 630	3 795
A Teeruth ⁶	1 618	–	146	2	295	–	2 061	9 612
J Vermaak	2 158	–	194	74	252	–	2 678	8 387
M Nana ²	1 613	–	139	28	218	225	2 223	–
CD Appollis ³	–	–	–	–	–	–	–	7 981
M Kearns ⁴	–	–	–	–	–	–	–	4 190
Total	18 833	–	1 113	287	1 498	225	21 956	48 215

¹ Appointed 1 August 2018.

² Appointed 1 July 2018.

³ Resigned 30 November 2017.

⁴ Resigned 1 August 2018.

⁵ Resigned 10 May 2019.

⁶ Resigned 30 April 2019.

* Sign on benefits.

Long-term Share Incentive Plan

J de Villiers	22 000 allocated trust units
J Keenan	21 000 allocated trust units
K Ramoupi	7 013 allocated trust units
A Teeruth	17 150 allocated trust units
J Vermaak	28 000 allocated trust units

These trusts units will only be transferred after the end of the five-year period, dependent on the achievement of targets.

Sakhile 2

K Ramoupi 1 528 shares in Sakhile 2 allocated

Omnia Holdings Limited has a call option to acquire the shareholders' shares in Sakhile 2. The exercise price is settled using new listed shares.

27. SHARE INCENTIVE SCHEME

Accounting policies

Long-term Share Incentive Plan – equity-settled and cash-settled

The Long-term Share Incentive Plan is a conditional performance-based share plan in that at the commencement of the plan, qualifying employees are awarded allocated trust units (each allocated trust unit is the equivalent of one Omnia Holdings share) which indicates the number of Omnia shares that the qualifying employees would earn at the end of the five-year period if the targets set by the board are met. The targets set are between 6% and 8% compound real growth in earnings per share and an average real return on equity of 11%. The qualifying employees' upfront allocation is weighted 80% to earnings per share and 20% to real return on equity targets.

The Omnia shares that are earned are only transferred after the end of the five-year period and are dependent on the achievement of the targets. Termination of employment prior to vesting will result in the cancellation of the employee's participation in the plan.

The fair value of the trust units granted is the economic equivalent of awarding an Omnia share at a zero strike price. Therefore, the value of each unit is equal to the share price on the grant date less the present value of future dividends expected over the vesting period.

The share-based payment charge associated with the Long-term Share Incentive Plan amounted to an income of R35 million (2018: charge of R35 million).

This incentive scheme is not expected to vest.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

27. SHARE INCENTIVE SCHEME (continued)

Sakhile Share Initiative (Sakhile 1) – equity-settled

Sakhile 1 allows the permanent employees of the Group, based in South Africa, to become part owners in the company and to share in its future growth and development. It was anticipated that employees would receive the benefits of share ownership as a result of the Group facilitating a loan, enabling each employee to acquire shares.

The scheme commenced on 1 April 2007 and has a finite term of 14 years. The Sakhile 1 shareholders are entitled to 100% of their shares after eight years from the date of allocation provided that they have been working for the Group during that period. The rules of the scheme allow Sakhile 1 shares to be converted to Omnia Holdings shares in three equal tranches in 2019, 2020 and 2021 when Omnia exercises its call option based on the value of the Sakhile 1 investment in Omnia Group (Pty) Limited.

The weighted average fair value for awards granted has been calculated using the Black Scholes option pricing model.

The share-based payment charge associated with Sakhile 1 amounted to R80 million (2018: Rnil), this was attributable to an increased vesting percentage than initially anticipated.

On the 13 February 2019 Omnia contemplated exercising its option in terms of the call option linked to Sakhile 1 but deferred the vesting to at least 31 October 2019. The current value of Sakhile 1 would require 3 million Omnia Holdings shares to settle. The directors are considering the most appropriate method to conclude this scheme.

Sakhile Share Initiative 2 (Sakhile 2) – equity-settled

Sakhile 2 allows the 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. It was anticipated that employees would receive the benefits of share ownership as a result of the Group facilitating a loan, enabling each employee to acquire shares.

Sakhile 2 acquired 2% in Omnia Group (Pty) Limited, referred to as Tranche 1 in January 2010. This tranche was exercised in the prior year.

In April 2011, Sakhile 2 Tranche 2 commenced by acquiring a further 1% in Omnia Group (Pty) Limited. This tranche was exercised in the current year.

In March 2013, Tranche 3 commenced by acquiring a further 0.5% in Omnia Group (Pty) Limited. Each allocation of shares must be held by the shareholder in Tranche 3 for seven years from the allocation date in order to benefit from the shareholding, i.e. around March 2020. Omnia Holdings has a call option to acquire at any time within 18 months after the seven month period the shareholder's shares in Sakhile 2.

The weighted average fair value for awards granted has been calculated using the Monte Carlo option pricing model.

The share-based payment charge associated with Sakhile 2 amounted to R2 million (2018: R5 million).

The number of shares that Omnia Holdings Limited will issue to the participants in Sakhile 2 for Tranche 3 is dependent on the 30-day VWAP of the Omnia Holdings Limited share price at the date of the vesting of the irrespective tranche. As a result, it is difficult to accurately calculate the final dilutive impact of Sakhile 2 on Omnia Holdings Limited.

In an attempt to provide some guidance, based on the assumption that the Omnia Holdings Limited share price at the exercise date of the various tranches would be at an average of R60, then zero Omnia Holdings shares would be issued to participants of Tranche 2 and Tranche 3 during FY2020 to FY2024.

28. SUBSEQUENT EVENTS

Debt restructure and rights issue

Details of the Group's debt restructure plans and the related rights issue are contained in note 25.

Devaluation of currency in Zimbabwe

In the absence of an official exchange rate, the Old Mutual Implied Rate was used by the Group to translate the Zimbabwean operations into US dollars and then rands. The US dollar:Old Mutual Implied rate at 31 March 2019 was 1:5. Since the reporting date, the RTGS currency has significantly devalued with the US dollar:Old Mutual Implied rate at 1:10. The impact of this devaluation on the Group's reported numbers has been quantified and is disclosed in note 1.4.

Restructure of the Mining segments

The Mining business continues to experience pressure on volumes and margins across the various commodities and geographies in which the business operates. Subsequent to year end mining strikes continued to impact on volumes and some of the strikes have not concluded. This decrease in volumes has impacted Mining RSA, and as this business supplies to Mining International, this has further impacted the international business. To mitigate this volume and margin pressure, the Group has decided to restructure both the Mining RSA and Mining International divisions. Various strategic initiatives will be put in place and a saving in staff costs will be achieved by rightsizing the business, which will commence in June 2019. The Group will assess all businesses on a return on net-controlled assets basis taking into account operational territories and other actions required to grow returns. A saving of R70 million has been targeted.

29. SUBSIDIARIES, JOINT VENTURES AND JOINT OPERATIONS

Accounting policies

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 rights to, variable returns from its involvement with the entity and has the ability to 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.

Investment in subsidiaries are accounted for at cost less impairment in the company's separate financial statement. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost 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.

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

At 31 March 2019	Country of incorporation	Issued capital Rm	Effective holding 2019 %	2018 %
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 (Pty) Limited	South Africa	3 958	100	100
Direct holdings of Omnia Group (Pty) Limited				
Omnia Group International Limited	Mauritius	7	100	100
Omnia Fertilizer Limited	South Africa	178	100	100
Bulk Mining Explosives Namibia (Pty) Limited	Namibia	–	100	100
Protea Chemicals Namibia (Pty) Limited	Namibia	–	100	100
Innofert (Pty) Limited	South Africa	–	100	100
Omnia Swaziland Limited	Swaziland	–	100	100
Umongo Petroleum (Pty) Limited	South Africa	8	100	100
K2017443268 (South Africa) (Pty) Limited	South Africa	–	100	100
K2017448055 (South Africa) (Pty) Limited	South Africa	–	100	100
Direct holding of Umongo Petroleum (Pty) Limited				
Orbichem (Pty) Limited	South Africa	–	100	100
Direct holding of K2017443268 (South Africa) (Pty) Limited				
Oro Agri SA	South Africa	–	52	–
Direct holding of K2017448055 (South Africa) (Pty) Limited				
Oro Agri SEZC Limited	Cayman Island	–	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	–
Oro Agri SA	South Africa	–	48	–
Direct holdings of Oro Agri International Limited				
Oro Agri B.V.	Netherlands	–	100	–
Oro Agri Brasil Produtos Para Agricultura Ltda	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 Ltd	India	–	99	–
Direct holdings of Oro Agri B.V.				
Oro Agri (Portugal) Property Company	Portugal	–	100	–
Oro Agri Europe, S.A.	Portugal	–	100	–

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

29. SUBSIDIARIES, JOINT VENTURES AND JOINT OPERATIONS (continued)

Accounting policies (continued)

At 31 March 2019	Country of incorporation	Issued capital Rm	Effective holding 2019 %	2018 %
Direct holdings of Omnia Group International Limited				
Banket Blender (Pvt) Limited	Zimbabwe	–	100	100
Omnia Fertilizer Zambia Limited	Zambia	–	100	100
Omnia Fertilizer Zimbabwe (Pvt) Limited	Zimbabwe	–	100	100
Omnia Small Scale Limited	Zambia	–	100	100
Omnia NZ International Limited	New Zealand	–	100	100
Omnia International (Australia) (Pty) 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 Ghana (Pty) Limited	Ghana	–	100	100
Bulk Mining Explosives Guinea Sarl	Guinea	–	100	100
Bulk Mining Explosives Liberia	Liberia	–	100	100
Bulk Mining Explosives Canada	Canada	–	100	100
Omnia Fertilizer Limited	Malawi	–	100	100
Omnia do Brasil Representações Comerciais Limitada	Brazil	24	100	100
Omnia Group Limited y Cia Ltda (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 (Pty) Limited	Tanzania	–	100	100
Bulk Mining Explosives Botswana (Pty) 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	–	78	78
Protea Polymers East 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) (Pty) Limited				
Omnia Specialities (Australia) (Pty) Limited	Australia	3	100	100
Bulk Mining Explosives Australia Asia (Pty) Ltd/Advanced Initiating Systems (Pty) Limited	Australia	–	100	100
Omnia Property (Australia) (Pty) Limited	Australia	–	100	100
Direct holding of Omnia NZ International Limited				
Omnia Specialities NZ Limited	New Zealand	–	100	100
Consolidated structured entities				
Sakhile Initiative Limited	South Africa	–	–	19
Sakhile Initiative 2 Limited	South Africa	–	81	63
Nanotron Investments (Pty) Limited	South Africa	–	100	100
Various dormant and property-owning companies				
Various dormant and property-owning companies		4	100	100
Joint ventures				
Acol Chemicals (Pvt) Limited	Zimbabwe	2	50	50
Joint operation				
Richard Bay Ammonia Partnership	South Africa	–	25	25

COMPANY BALANCE SHEET

AT 31 MARCH 2019

Rm	Notes	2019	2018
ASSETS			
Non-current assets			
Investments in subsidiaries	2	415	795
Current assets			
Trade and other receivables		–	–
Loans to subsidiaries	3	914	913
Cash and cash equivalents		10	8
Total assets		1 339	1 716
EQUITY AND LIABILITIES			
EQUITY			
Stated capital		1 604	1 597
Treasury shares		(123)	(123)
Other reserves	4	123	70
Retained earnings		(432)	18
Total equity		1 172	1 562
LIABILITIES			
Current liabilities			
Trade and other payables		2	2
Taxation		1	1
Loans from subsidiaries	3	164	151
Total liabilities		167	154
Total equity and liabilities		1 339	1 716

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

Rm	Notes	2019	2018
Revenue*	6	167	268
Administrative expenses		(11)	(10)
Impairment losses on non-financial assets		(440)	–
(Loss)/profit before tax		(284)	258
Income tax expense		–	(2)
(Loss)/profit for the year		(284)	256
Attributable to:			
Equity holders of the company		(284)	256
		(284)	256

* Dividends received.

COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

Rm	2019	2018
Profit for the year	(284)	256
Total comprehensive income for the year	(284)	256
Attributable to:		
Equity holders of the company	(284)	256
Total comprehensive income for the year	(284)	256

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

Rm	Attributable to the equity holders of the company				Total
	Stated capital	Treasury shares*	Other reserves	Retained earnings	
At 31 March 2017	1 500	(120)	134	23	1 537
Recognised income and expense for the year					
Profit for the year	–	–	–	256	256
Transaction with shareholders					
Ordinary shares issued	97	–	(97)	–	–
Ordinary dividends paid	–	–	–	(261)	(261)
Movement in treasury shares	–	(3)	4	–	1
Share-based payment – value of services provided	–	–	29	–	29
At 31 March 2018	1 597	(123)	70	18	1 562
Implementation of new standards					
Change in accounting policy IFRS 9 (net of tax)				(11)	(11)
At 1 April 2018	1 597	(123)	70	7	1 551
Recognised income and expense for the year					
Loss for the year	–	–	–	(284)	(284)
Transaction with shareholders					
Ordinary shares issued	7	–	(7)	–	–
Ordinary dividends paid	–	–	–	(155)	(155)
Share-based payment – value of services provided	–	–	60	–	60
At 31 March 2019	1 604	(123)	123	(432)	1 172

Notes

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* In April 2019 these treasury shares were transferred to Omnia Group (Pty) Limited.

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

Rm	Notes	2019	2018
Cash generated from operations	5	156	259
Cash flows from investing activities			
Increase in loans to subsidiaries		(12)	(5)
Net cash (outflow)/inflow from investing activities		(12)	(5)
Cash flows from financing activities			
Movement in treasury shares		–	1
Proceeds from loans from subsidiaries		13	14
Dividends paid		(155)	(261)
Net cash outflow from financing activities		(142)	(246)
Net increase in cash and cash equivalents		2	8
Net cash and cash equivalents at beginning of year		8	–
Net cash and cash equivalents at end of year		10	8

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. BASIS OF PREPARATION

The annual financial statements of the company are presented in accordance with and comply with International Financial Reporting Standards (IFRS) issued and effective at the time of preparing the financial statements. The accounting policies of the company are the same as those of the Group, where applicable (refer to the consolidated financial statements).

1.1 Change in accounting policy

The company's impairment of loans to subsidiaries using the incurred loss model under IAS 39 for the year ended 31 March 2018 was Rnil. The ECLs for this period under IFRS 9 were calculated to be R11 million and was recorded in retained earnings at 1 April 2018 according to the modified retrospective approach.

The total impact on trade receivables is as follows:

Rm	2018
Loans to subsidiaries at 1 April 2018	
Gross trade receivables	913
Impairment under IAS 39	–
Impairment adjusted	(11)
Net trade receivables	902
Retained earnings	
Retained earnings at 31 March 2018	18
Adjustment to retained earnings on adoption of IFRS 9	(11)
Retained earnings at 1 April 2018	7

2. INVESTMENTS IN SUBSIDIARIES

Accounting policies

The grant by the company of options over its equity instruments to the employees of the subsidiary undertaking in the Group is treated as capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings with a corresponding credit to equity in the parent entity's accounts.

Rm	2019	2018
Shares at cost in unlisted subsidiaries	855	795
Impairment of investment	(440)	–
	415	795

Investments increased due to the movement in the share-based payment contribution of subsidiaries of R60 million. The investment in Nanotron Investments (Pty) Limited was impaired during the year. The various schemes in this entity will unwind in 2020.

The following information relates to the company's investment in related parties:

Name	Effective %	Number of shares held	Country of incorporation
Omnia Group Investments Limited	100	6 631 500	South Africa
Sakhile Initiative Limited (preference shares)	100	100	South Africa
Nanotron Investments (Pty) Limited	82	81 446	South Africa
Sakhile Initiative 2 Limited	45	31 826	South Africa

The company's interest in the aggregate profits and losses incurred after taxation by subsidiaries for the year under review amounted to:

Rm	2019	2018
Profits	452	736
Losses	(859)	(72)
	(407)	664

Details of the company's investment in related parties are given in note 26 of the Group financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Rm	2019	2018
3. LOANS TO/(FROM) SUBSIDIARIES		
Loans to/(from) Group companies comprise the following:		
Omnia Group Investments Limited*	758	767
Omnia Group (Pty) Limited*	29	31
Sakhile Initiative Limited	127	115
	914	913
Omnia Group Investments Limited	(25)	(25)
Omnia Group (Pty) Limited	(139)	(126)
	(164)	(151)

* Included in the closing balance is expected credit losses of R11 million.

These loans are unsecured, interest-free with no fixed repayment terms.

Loans to subsidiaries were assessed for impairment in the current year. There was no significant increase in risk in the current year, the balance did not increase and there was no movement in the expected credit losses.

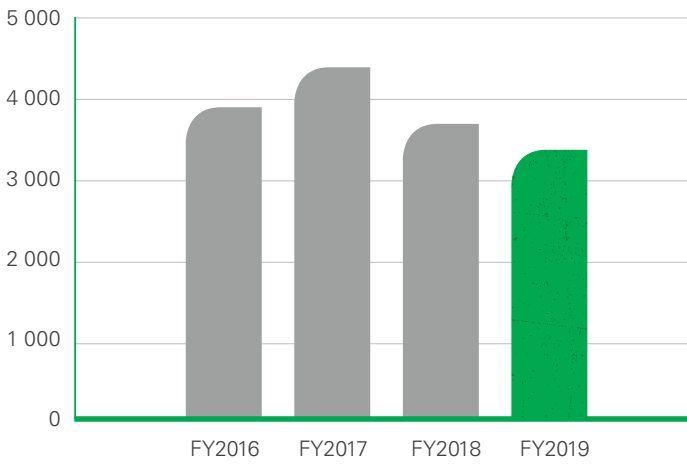
Rm	2019	2018
4. OTHER RESERVES		
Share-based payment reserve	98	45
Gain on treasury shares sold	25	25
	123	70
5. CASH GENERATED FROM OPERATIONS		
Profit before tax	(284)	258
Adjustments for:		
Impairment of investment	440	–
Decrease in trade and other receivables	–	1
	156	259
6. RELATED PARTY TRANSACTIONS		
Ordinary dividends received from Omnia Group Investments Limited	155	160
Accrued preference dividends from Sakhile Initiative Limited	12	108
	167	268
7. For details regarding share capital, related parties and directors' remuneration refer to notes 8 and 26 of the consolidated financial statements.		
8. The maximum exposure of the company to credit and liquidity risk arising from the issuance of financial guarantees to Group companies as at 31 March	4 055	3 602
9. For details regarding contingent liabilities refer to note 21 of the consolidated financial statements.		

SHAREHOLDERS' ANALYSIS

FOR THE YEAR ENDED 31 MARCH 2019

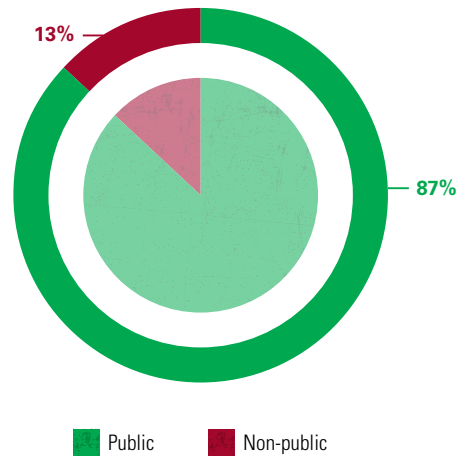
DISTRIBUTION OF SHAREHOLDERS

NUMBER OF SHAREHOLDERS



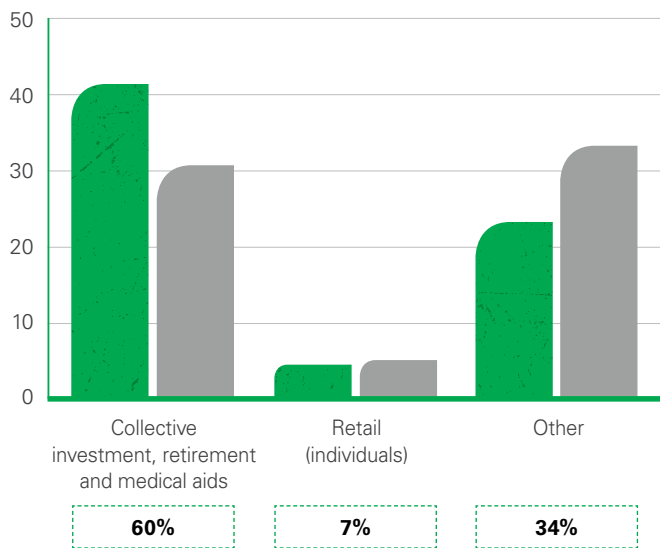
PUBLIC VERSUS NON-PUBLIC

FY2019



NUMBER OF SHAREHOLDERS

Millions of shares



SHAREHOLDERS' ANALYSIS

FOR THE YEAR ENDED 31 MARCH 2019

	Number of shareholders	% of total shareholders	Number of shares	% of total issued shares
Shareholder type				
Assurance companies	41	1.22	4 676 308	6.77
Close corporations	32	0.96	85 160	0.12
Collective investment schemes	285	8.51	33 451 390	48.44
Foundations and charitable funds	30	0.90	528 089	0.76
Hedge funds	3	0.09	542 041	0.78
Insurance companies	12	0.36	328 517	0.48
Investment partnerships	13	0.39	14 035	0.02
Managed funds	21	0.63	551 559	0.80
Medical aid funds	17	0.51	459 517	0.67
Organs of state	7	0.21	8 602 775	12.46
Private companies	72	2.15	1 492 600	2.16
Public companies	3	0.09	159 302	0.23
Public entities	3	0.09	253 345	0.37
Retail shareholders	2 335	69.74	4 489 217	6.50
Retirement benefit funds	195	5.82	7 427 966	10.76
Scrip lending	5	0.15	42 172	0.06
Share schemes	2	0.06	1 081 139	1.57
Sovereign funds	3	0.09	978 876	1.42
Stockbrokers and nominees	16	0.48	786 148	1.14
Trusts	251	7.50	3 102 010	4.49
Unclaimed scrip	2	0.06	7	<1.00
Total	3 348	100.00	69 052 173	100.00
Number of shares				
1 – 1 000	2 152	64.27	607 991	0.88
1 001 – 10 000	714	21.33	2 417 588	3.50
10 001 – 100 000	374	11.17	12 141 013	17.58
100 001 – 1 000 000	96	2.87	30 810 272	44.62
1 000 001 and more	12	0.36	23 075 309	33.42
Total	3 348	100.00	69 052 173	100.00
Non-public/public				
Non-public				
Directors and associates	4	0.12	915 054	1.33
Share incentive scheme	2	0.06	1 081 139	1.57
Own holdings (Omnia Group)	2	0.06	34 114	0.05
More than 10% of issued share capital	1	0.03	7 252 332	10.50
Public	3 339	99.73	59 769 534	86.56
Total	3 348	100.00	69 052 173	100.00
			Shares held at 31 March 2019	% of total issued shares
Major shareholders/fund managers >5%				
Foord Asset Management			11 975 644	17.34
Public Investment Corporation			8 000 468	11.59
Old Mutual Investment Group			8 802 350	12.75
Allan Gray			7 993 245	11.58
Prudential Investment Managers			6 815 653	9.87
Total			43 587 360	63.12

SHAREHOLDERS' DIARY

Description	Date
Financial year-end	31 March 2019
Audited results announcement	25 June 2019
Integrated annual report	July 2019
Annual general meeting	19 September 2019
Interim results announcement	26 November 2019

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, macroeconomic 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.

CONTACT INFORMATION

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OMNIA

OMNIA HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1967/003680/06

JSE code OMN • ISIN ZAE000005153

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