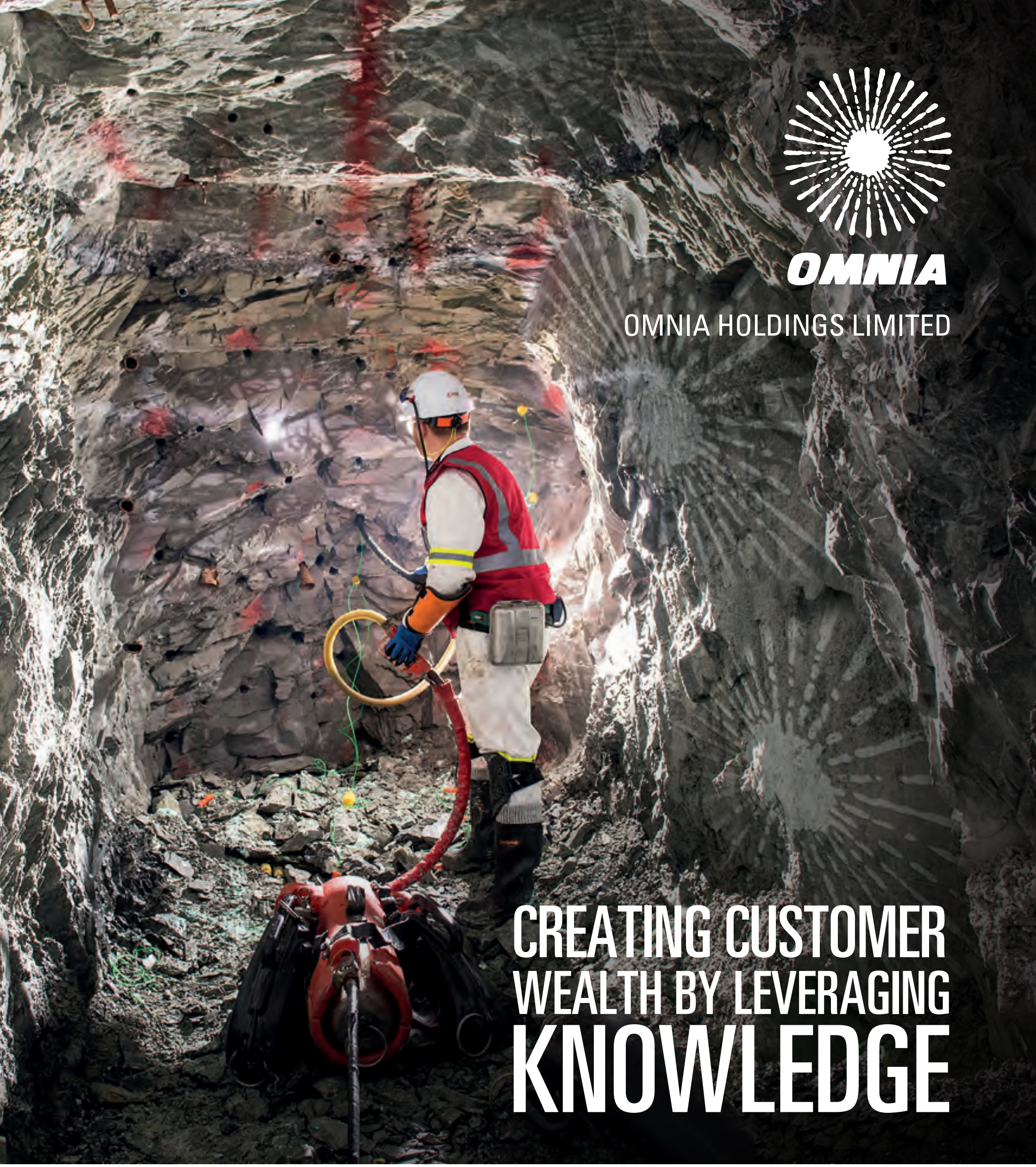

OMNIA HOLDINGS LIMITED

CREATING CUSTOMER WEALTH BY LEVERAGING KNOWLEDGE

AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2017

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

FINANCIAL FEATURES

Revenue down 3% to
R16.3bn

Profit after tax of
R592m
down 8%

Operating profit down 6% to
R1 040m

Headline earnings per share of
881 **cents** down 7%

Profit before tax of
R856m
down 8%

A-CREDIT RATING
affirmed by Global Credit Rating in August 2016 at A- (long-term) and A1- (short-term), with a stable outlook

STRONG BALANCE SHEET
Ungeared balance sheet at year-end of R90m net cash

Cash generated from operations of
R1 349m

RESTATEMENT OF FY2016 EARNINGS
from R702m to R642m*

Concluded the
ACQUISITION OF 90% INTEREST IN UMONGO PETROLEUM
for R780m

* Due to an ongoing legal dispute regarding the recoverability of amounts overcharged by a third-party supplier of raw material to the Agriculture division, which remains unresolved at this stage.

SUMMARY CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

Rm	Audited 2017	Restated Audited 2016	%
Revenue	16 269	16 774	(3)
Cost of sales	(12 802)	(13 220)	3
Gross profit	3 467	3 554	(2)
Distribution expenses	(1 551)	(1 554)	–
Administrative expenses	(998)	(880)	(13)
Net other operating income/(expenses)	122	(12)	>100
Operating profit	1 040	1 108	(6)
Net finance expenses	(184)	(179)	(3)
Profit before taxation	856	929	(8)
Income tax expense	(264)	(287)	8
Profit for the year	592	642	(8)
Attributable to:			
Owners of Omnia Holdings Limited	593	641	(7)
Non-controlling interest	(1)	1	>(100)
Profit for the year	592	642	(8)
Earnings per share from profit attributable to owners of Omnia Holdings Limited (cents)			
Basic earnings per share	885	953	(7)
Diluted earnings per share	823	903	(9)
Headline earnings per share	881	944	(7)
Diluted headline earnings per share	819	895	(9)

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

Rm	Audited 2017	Restated Audited 2016	%
Profit for the year	592	642	(8)
Other comprehensive income, net of tax			
Currency translation differences	(425)	682	>(100)
Total comprehensive income for the year attributable to:			
Owners of Omnia Holdings Limited	168	1 323	(87)
Non-controlling interest	(1)	1	>(100)
	167	1 324	(87)

SUMMARY CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2017

Rm	Audited 2017	Restated Audited 2016	%
ASSETS			
Non-current assets	**5 009**	4 701	7
Property, plant and equipment	**4 283**	4 060	6
Goodwill, intangible and other assets	**645**	569	13
Trade and other receivables	**72**	64	13
Deferred income tax assets	**9**	8	13
Current assets	**7 755**	7 617	2
Inventories	**3 229**	3 850	(16)
Trade and other receivables	**3 096**	3 084	–
Derivative financial instruments	**55**	67	(18)
Income tax assets	**73**	44	66
Cash and cash equivalents	**1 302**	572	>100
Total assets	**12 764**	12 318	4
EQUITY			
Capital and reserves attributable to the owners of Omnia Holdings Limited	**7 545**	7 612	(1)
Stated capital	**1 500**	1 500	–
Treasury shares	**(120)**	(121)	(1)
Other reserves	**1 367**	1 787	(24)
Retained earnings	**4 798**	4 446	8
Non-controlling interest	**(3)**	(10)	(70)
Total equity	**7 542**	7 602	(1)
LIABILITIES			
Non-current liabilities	**831**	621	34
Deferred income tax liabilities	**580**	565	3
Trade and other payables	**98**	19	>100
Debt	**153**	37	>100
Current liabilities	**4 391**	4 095	7
Trade payables and other liabilities	**3 324**	3 606	(8)
Debt	**19**	45	(58)
Derivative financial instruments	**8**	182	(96)
Bank overdrafts	**1 040**	262	>100
Total liabilities	**5 222**	4 716	11
Total equity and liabilities	**12 764**	12 318	4
Net cash (Rm)	**90**	228	
Net asset value per share (Rand)	**113**	113	
Capital expenditure (Rm)			
Depreciation	**366**	333	
Amortisation	**46**	40	
Incurred	**817**	494	
Authorised and committed at year end	**301**	293	
Authorised but not contracted for at year end	**190**	68	

SUMMARY CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

Rm	Audited 2017	Restated Audited 2016
Cash generated from operations before working capital movement	1 138	1 963
Generated from working capital	211	341
Cash generated from operations	1 349	2 304
Interest paid	(195)	(203)
Taxation paid	(268)	(245)
Net cash inflow from operating activities	886	1 856
Cash outflow from investing activities	(772)	(469)
Cash outflow from financing activities	(139)	(432)
Net (decrease)/increase in cash and cash equivalents	(25)	955
Net cash and cash equivalents at beginning of year	310	(699)
Exchange rate movements on cash and cash equivalents	(23)	54
Net cash and cash equivalents at end of year	262	310

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Attributable to the owners of Omnia Holdings Limited					
	Stated capital	Treasury shares	Other reserves	Retained earnings	Non-controlling interest	Total
Rm						
At 31 March 2015 as previously reported	1 500	(70)	1 028	4 195	(11)	**6 642**
Recognised income and expenses						
Profit for the year ended 31 March 2016				641	1	**642**
Currency translation difference			682			**682**
Change in functional currency of subsidiary			67	(66)		**1**
Transactions with shareholders						
Ordinary dividends paid				(324)		**(324)**
Movement in treasury shares		(51)				**(51)**
Share-based payment – value of services provided			10			**10**
At 31 March 2016 restated	1 500	(121)	1 787	4 446	(10)	**7 602**
Recognised income and expenses						
Profit for the year ended 31 March 2017				593	(1)	**592**
Non-controlling interest buyout				(8)	8	**–**
Currency translation difference			(425)			**(425)**
Transactions with shareholders						
Ordinary dividends paid				(233)		**(233)**
Movement in treasury shares		1	3			**4**
Share-based payment – value of services provided			2			**2**
At 31 March 2017	**1 500**	**(120)**	**1 367**	**4 798**	**(3)**	**7 542**

RECONCILIATION OF HEADLINE EARNINGS

FOR THE YEAR ENDED 31 MARCH 2017

Rm	Audited 2017	Restated Audited 2016	%
Profit for the year attributable to owners of Omnia Holdings Limited	**593**	641	(7)
Adjusted for:			
Loss/(profit) on disposal/impairment of property, plant and equipment	**23**	(6)	>100
Profit on disposal of goodwill, intangible and other assets	**(7)**	–	>(100)
Insurance proceeds for replacement of property, plant and equipment	**(19)**	–	>(100)
Headline earnings	**590**	635	(7)

SEGMENTAL ANALYSIS

FOR THE YEAR ENDED 31 MARCH 2017

Rm	Revenue* 2017 Rm	Revenue* 2016** Rm	%	Operating profit 2017 Rm	Operating profit 2016** Rm	%
Agriculture division	**8 159**	**8 218**	**(1)**	**438**	**411**	**7**
Agriculture RSA	**4 443**	4 650	(5)	**255**	369	(31)
Agriculture Trading	**1 331**	1 632	(18)	**(10)**	(1)	>(100)
Agriculture International	**2 385**	1 936	23	**193**	43	>100
Mining division	**4 378**	**4 551**	**(4)**	**457**	**526**	**(13)**
Mining RSA	**1 775**	1 875	(5)	**152**	253	(40)
Mining International	**2 603**	2 676	(3)	**305**	273	12
Chemicals division	**3 732**	**4 005**	**(7)**	**145**	**171**	**(15)**
Chemicals RSA	**3 472**	3 822	(9)	**123**	179	(31)
Chemicals International	**260**	183	42	**22**	(8)	>100
Total	**16 269**	**16 774**	**(3)**	**1 040**	**1 108**	**(6)**

** Excludes intercompany revenue*

***Restated*

OTHER RESERVES

AS AT 31 MARCH 2017

Rm	Audited 2017	Audited 2016
Share-based payment reserve	**113**	111
Foreign currency translation reserve	**1 230**	1 655
Gain on treasury shares sold	**21**	18
Net discount arising on acquisition of shares of subsidiaries	**3**	3
	1 367	1 787

ADDITIONAL INFORMATION

FOR THE YEAR ENDED 31 MARCH 2017

000's	Audited 2017	Audited 2016
Weighted average number of shares in issue	**66 997**	67 277
Weighted average number of diluted shares in issue	**72 076**	70 976
Number of shares in issue (excluding treasury shares)	**67 248**	67 173

RESTATED SUMMARY INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

	Audited 2016	Adjustment (1)	Adjustment (2)	Restated Audited 2016
Rm				
Revenue	16 774			16 774
Cost of sales	(13 369)	(83)	232	(13 220)
Gross profit	3 405	(83)	232	3 554
Distribution expenses	(1 400)		(154)	(1 554)
Administrative expenses	(802)		(78)	(880)
Net other operating income/(expenses)	(12)			(12)
Operating profit	1 191	(83)	–	1 108
Net finance expenses	(179)			(179)
Profit before taxation	1 012	(83)	–	929
Income tax expense	(310)	23		(287)
Profit for the year	702	(60)	–	642
Attributable to:				
Owners of Omnia Holdings Limited	701	(60)	–	641
Non-controlling interest	1	–	–	1
Profit for the year	702	(60)	–	642
Earnings per share from profit attributable to owners of Omnia Holdings Limited (cents)				
Basic earnings per share	1 042	(89)		953
Diluted earnings per share	988	(85)		903
Headline earnings per share	1 033	(89)		944
Diluted headline earnings per share	979	(84)		895

RESTATED SUMMARY BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2016

	Audited 2016	Adjustment (1)	Restated Audited 2016
Rm			
ASSETS			
Non-current assets	4 701		4 701
Current assets	7 677	(60)	7 617
Inventories	3 850		3 850
Trade and other receivables	3 167	(83)	3 084
Derivative financial instruments	67		67
Income tax assets	21	23	44
Cash and cash equivalents	572		572
Total assets	12 378	(60)	12 318
EQUITY			
Capital and reserves attributable to owners of Omnia Holdings Limited	7 672	(60)	7 612
Stated capital	1 500		1 500
Treasury shares	(121)		(121)
Other reserves	1 787		1 787
Retained income	4 506	(60)	4 446
Non-controlling interest	(10)		(10)
Total equity	7 662	(60)	7 602
LIABILITIES			
Non-current liabilities	621		621
Current liabilities	4 095		4 095
Total liabilities	4 716		4 716
Total equity and liabilities	12 378	(60)	12 318

ADJUSTMENT 1

Since 2014, the Group has been involved in a legal dispute with one of its suppliers of raw material to the Agriculture division that has continued into the current year. The dispute relates in part to refunds due to the Group from the supplier. In October 2015, the High Court made a ruling in favour of the Group. Subsequently in March 2016, the supplier lodged an appeal that resulted in the ruling being suspended and the supplier being granted leave to appeal. For the year ended 31 March 2016, the board assessed that it was virtually certain that this income would be realised by the Group and accordingly an asset to the value of R83 million was recognised. After having reconsidered the events to date, the board believes that based on the pending appeal and the financial situation of the supplier, there was insufficient evidence to prove the virtual certainty of the recovery of the amount in accordance with the international financial reporting standard *IAS 37 Provisions, Contingent Liabilities and Contingent Assets.*

Accordingly, the board believes that it is appropriate to restate the 31 March 2016 financial statements, and more specifically the Agriculture RSA division, to derecognise the asset and to rather disclose the receivable as a contingent asset. Accordingly, no amount is reflected on the balance sheet at 31 March 2016 (restated) and at 31 March 2017.

The Group continues to pursue the matter through the courts to ensure that the High Court ruling is upheld, the appeal is dismissed and the refunds paid as originally contemplated. The period to conclude this matter and the recoverability of the amount remains uncertain.

ADJUSTMENT 2

In the prior year, certain distribution and administrative expenses were incorrectly classified in cost of sales. This error in the 31 March 2016 financial statements has been restated.

NOTES

BASIS OF PREPARATION

These summarised financial statements (financial statements) have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, presentation and disclosures as required by *IAS 34 Interim Financial Reporting*, the Listings Requirements of JSE Limited and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended. The summarised financial statements do not include all of the information required by IFRS for the full annual financial statements. The preparation of these financial statements was supervised by the Group finance director, WG Koonin CA(SA).

The financial statements have been prepared using accounting policies that comply with IFRS and which are consistent with those applied in the preparation of the annual financial statements for the year ended 31 March 2016, unless otherwise stated.

The accounting standards, amendments to issued accounting standards and interpretations, which are not yet effective as at 31 March 2017, have not been adopted by the Group.

The Group has restated its financial results for the year ended 31 March 2016, in terms of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors,* for two errors in the prior year. The Group's profit for the year ended 31 March 2016 reduced by R60 million (R83 million pre-tax).

The directors take full responsibility for the preparation of this summarised report and the financial information has been correctly extracted from the underlying annual financial statements.

AUDIT OPINION

The Group's auditors, PricewaterhouseCoopers Inc., have issued their opinion on the Group's full financial statements for the year ended 31 March 2017. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. This summarised report has been derived from the audited Group financial statements and is consistent in all material respects with the audited Group financial statements, but is not itself audited. A copy of their audit report is available for inspection at the Group's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the auditors.

COMMENTARY

INTRODUCTION

Omnia is a diversified provider of specialised chemical products and services used in the agriculture, mining and chemical sectors. Omnia's corporate office is based in Johannesburg, South Africa and its main production facility in Sasolburg, some 70 kilometers south of Johannesburg. The Group has a physical presence in 24 countries and its operations extend into 18 countries on the African continent, including South Africa, with additional focused operations in Australasia, Brazil and China. Omnia's client base extends across southern and West Africa and to other regions such as Europe, South America and South East Asia. Omnia differentiates itself from other commodity chemical providers by adding value at every stage of the supply and service chain, through technological innovation and deploying the Group's intellectual capital. The sustainability of the business model is based on and strengthened by the Group's targeted backward integration through installing technologically advanced plants to manufacture core materials such as nitric acid and explosives emulsions. In addition to securing sources of supply, this also enables Omnia to improve operational efficiencies throughout the product development and production chain. Omnia provides customised, knowledge-based solutions through its Agriculture, Mining and Chemicals divisions. Omnia continues to offer extraordinary value to the Group's customers by tailoring solutions to their business needs through product and service innovation, with the expert application thereof.

GLOBAL ECONOMIC ENVIRONMENT

The global economy continues to experience difficulties with geo-political events and in particular the extensive number of countries that had elections in the past year. The impact on the major currencies has been demonstrated in the volatility of the US dollar, pound and euro.

The recovery in commodity prices has slowed but remains steady for now. The fluctuations in the oil price continues to be a dominant factor in global economics and more specifically for Omnia, which created a knock-on effect in terms of certain chemical related products. The slowdown in global economic activity remains a key driver for the demand of the various commodities and therefore, the inability for a sustained increase in prices for Omnia's products to materialise in the short to medium term.

SOUTH AFRICAN ECONOMIC ENVIRONMENT

South Africa continues to struggle under the weight of political and economic turbulance which culminated in various rating downgrades in recent months.

The impact on the currency, investor confidence and the cost of doing business in South Africa is problematic for businesses and consumers alike. This is evident in the ongoing slowdown in the mining and manufacturing sectors, which have been under pressure for the past few years. South Africa officially entered into a recession in the first quarter of 2017, the first time in 14 years. Inflation remains high around the upper end of the target range of 3%-6% as set by the South African Reserve Bank and imported inflation continues to be driven through the economy resulting in uncompetitive higher operating costs.

The recent drought in South Africa was the worst in more than one hundred years. Widespread rains, in late 2016, brought welcome relief to farmers and the country except for the Western Cape which continues to experience a severe drought, with precariously low levels of water in dams to sustain the situation.

FINANCIAL REVIEW
INCOME STATEMENT

Group revenue decreased marginally to R16 269 million (2016: R16 774 million) based on a weaker performance from the Mining and Chemicals divisions due to a general slowdown in those sectors. Revenue in the Agriculture division remained relatively flat with excellent growth in the International Agriculture division which offset the lower revenue in Agriculture Trading as a result of the once-off large trade in Australia in the prior year that was not repeated in the current year.

Gross profit decreased by 2% to R3 467 million (2016 restated: R3 554 million). The gross margin percentage remained unchanged at 21% compared to FY2016 (restated).

Distribution expenses remained flat at R1 551 million (2016 restated: R1 554 million), with some higher volumes being offset by lower pricing.

Administrative expenses of R998 million (2016 restated: R880 million) was 13% higher year-on-year. Overheads increased in the Mining division on the back of new products, technologies, territories and contracts.

Other operating income/expenses of R122 million income (2016: R12 million expense) includes insurance claims of R81 million relating to the Sasolburg's nitric acid plant 2 (NAP2) loss of income and other inventory claims, and R24 million for a rehabilitation provision in the Agriculture division. Foreign exchange gains of R46 million (2016: R53 million loss) were largely driven by the stronger SA rand exchange rate against the US dollar at year-end. Amortisation of intangible assets of R46 million (2016: R40 million) includes the amortisation cost in respect of the portion of the new Microsoft Dynamics AX ERP system that commenced operating during the year.

Operating profit of R1 040 million (2016 restated: R1 108 million) was down 6% year-on-year. The **Agriculture division** showed an increase of 7% in operating profit to R438 million (2016: R411 million), driven by strong growth in the international business that was partially offset by costs relating to the deductible period when the NAP2 plant was not operational and a lower cost recovery from the Mining division on the back of lower volumes. The **Mining division** returned a lower operating profit of R457 million (2016: R526 million), down 13% year-on-year with lower volumes linked to the low point in the mining cycle, as well as higher overheads. The **Chemicals division's** operating profit of R145 million (2016: R171 million) was 15% lower year-on-year due to subdued growth in the industrial manufacturing sector and lower oil and commodity prices.

Operating profit margin of 6.4% (2016 restated: 6.6%) for the year under review was marginally lower year-on-year, with the comparison of the divisional operating margins in percentage terms being mixed. The Agriculture division was up at 5.4% (2016: 5.0%), the Mining division was down at 10.4% (2016: 11.6%) and the Chemicals division down at 3.9% (2016: 4.3%).

Net finance expenses of R184 million (2016: R179 million) increased marginally year-on-year. Finance expenses of R251 million (2016: R239 million) are net of the capitalisation of R11 million (2016: R24 million) of interest costs relating to capital projects under construction during the year. Finance income of R67 million (2016: R60 million) increased as a result of higher cash balances on hand.

Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) was 2% lower at R1 452 million (2016 restated: R1 481 million).

Profit before tax of R856 million (2016 restated: R929 million) was R73 million or 8% lower year-on-year.

Taxation of R264 million (2016 restated: R287 million) decreased by 8% or R23 million year-on-year. The **effective tax rate** of 30.8% (2016 restated: 30.9%) remained higher than normal, with mix of profits favouring higher tax rate jurisdictions.

Profit after tax of R592 million (2016: restated R642 million) was 8% lower year-on-year, underpinned by lower operating profit offset by tax savings, which is commendable under the tough macro-economic environment and prevailing weather conditions.

Total comprehensive income was lower year-on-year at R167 million (2016 restated: R1 324 million), due to a stronger rand at year-end decreasing the foreign currency translation reserve by R425 million compared to a weaker rand in 2016 increasing the reserve by R682 million. The majority of the foreign-currency translation reserve relates to the revaluation of the US dollar denominated equity. At year-end, the rand strengthened compared to the US dollar by 9% from R14.72 at 31 March 2016 to R13.38 at 31 March 2017.

Headline earnings per share of R8.81 (2016 restated: R9.44) was down 7% year-on-year.

LONG-TERM INCENTIVE PLAN CHARGES

The current year's long-term incentive plan (LTIP) charges amounted to R14 million (2016: R1 million income) and was made up as follows: R1 million reversal (2016: R3 million) for the cash and equity-settled Partnership with Management 5 Share Scheme, R10 million (2016: R10 million reversal) for the Share Appreciation Rights Scheme due to the year-on-year increase in the Omnia share price and R5 million (2016: R6 million) for the equity-settled Sakhile 2 Scheme.

FINANCIAL REVIEW
BALANCE SHEET

The balance sheet continues to strengthen with **total assets** increasing by 4% or R446 million to R12 764 million (2016 restated: R12 318 million). The increase in **current assets** of R138 million was largely attributable to the R730 million increase in cash and cash equivalents which could not be offset against Group overdrafts with other financial institutions at year end. This was partially offset by the R621 million decrease in inventory, predominantly in the Agriculture division, where the high volume of stock on hand at the end of FY2016 was reduced in line with the strategy to mitigate the effect of the drought. The net increase in **non-current assets** of R308 million is largely attributable to the capital expenditure of R817 million (2016: R494 million) based on planned capital projects offset by depreciation and amortisation charges of R412 million (2016: R373 million).

Total liabilities at financial year-end were R5 222 million (2016: R4 716 million), up R506 million or 11%. **Current liabilities** increased by R296 million or 7% to R4 391 million (2016: R4 095 million), with trade and other payables decreasing by R282 million to R3 324 million (2016: R3 606 million) and gross bank overdrafts increasing to R1 040 million from R262 million.

Non-current liabilities increased by R210 million to R831 million (2016: R621 million), with the increase in long-term debt of R116 million due to the introduction of third party low interest rate funding to back the financial assistance extended to emerging farmers.

Net debt was eliminated at year-end with the net cash position of R90 million (2016: R228 million) resulting in a debt free balance sheet at year-end.

Total equity decreased to R7 542 million (2016 restated: R7 602 million) comprising net profit after tax of R592 million offset by a decrease in the foreign currency translation reserve of R425 million and dividends paid of R233 million.

FINANCIAL REVIEW
CASH FLOW STATEMENT

Cash flow generated from operations reduced by R955 million to R1 349 million (2016 restated: R2 304 million) with the year-on-year decrease largely attributable to the net cash funding released in FY2016 for working capital which normalised in FY2017 and the impact of foreign currency movements. Slower paying customers in the current economic environment also impacted the cash flow generated from operations. Management have various credit risk mitigation strategies in place to deal with this risk.

Cash outflow from investing activities of R772 million (2016: R469 million) was higher due to the increase in expenditure on major capital projects, which remained in line with the business plan.

Cash outflow from financing activities of R139 million (2016: R432 million) was lower due to the year-on-year reduction in dividends declared and the resultant decreased dividend payments of R233 million (2016: R324 million), the net proceeds from debt amounting to R90 million, including the low-cost funding relating to emerging framers and no purchases (2016: R51 million) of treasury shares for share incentive schemes during the year.

The net decrease for the year of R48 million in **cash and cash equivalents** to R262 million, resulted in a reduction of the net cash position from R228 million to R90 million.

AGRICULTURE

Omnia's Agriculture division comprises of Omnia Fertilizer and Omnia Specialities and is the market leader in its field in South Africa and southern Africa. The division produces and trades in granular, liquid and speciality fertilizers for a broad customer base of farmers, co-operatives and wholesalers throughout South Africa, southern and East Africa and to select markets in Australasia, Brazil and Mauritius.

The Agriculture division's competitive edge lies in Nutriology®, which Omnia calls the "science of growing". This is Omnia's business philosophy and involves more than just selling fertilizer to farmers – it is about optimising yield and crop quality to maximise returns while reducing farming and environmental risk. Achieving this, entails becoming intricately involved in the producers' business to better understand their objectives and targets. Nutriology® also includes cutting-edge research and development that results in new products, services and farming practices. The Omnia Nutriology® brand is highly regarded in the regional market and strongly supports management's vision of ***creating customer wealth by leveraging knowledge***.

Omnia Fertilizer services the South African market through regional sales offices, a comprehensive network of agents and representatives supported by qualified agronomists and state of the art research facilities located at the Sasolburg site. The rest of the southern Africa market is supported from Omnia's regional offices located in Mauritius, Mozambique, Zambia and Zimbabwe, while other markets such as Botswana, Democratic Republic of the Congo (DRC), Kenya, Lesotho, Tanzania, Malawi, Namibia and Swaziland are supported from South Africa.

Omnia Specialities supplies a comprehensive range of water-soluble and foliar products, trace elements and organic soil conditioners to South Africa and southern African markets and through offices in Australia, New Zealand and Brazil. Selected speciality products are exported to Europe, Asia and South America.

The Agriculture division's revenue decreased by 1% to R8 159 million (2016: R8 218 million) on the back of a 10% increase in total volumes sold. South Africa's volumes increased by 2.5% while record sales volumes were noted for speciality fertilizers both locally and internationally.

The total operating profit margin of 5.4% is higher than the previous year's margin of 5.0% (restated), but was below the current year's target of between 7.0% and 9.0%. The 40 basis point year-on-year increase in margin was largely attributable to solid growth in all international businesses and improved hedging strategies against the movement in the SA rand against the US dollar. Overall, this resulted in the current year's operating profits increasing by 7% to R438 million (2016 restated: R411 million). Margins in South Africa were lower than anticipated on the back of lower production volumes due to the slowdown experienced by the Mining division and the impact of the NAP2 breakdown. In addition, the purchase price of a key raw material used in the production of fertilizer was higher than the Competition Tribunal's confirmed rates. This remains the subject of a long running legal dispute, and negatively impacted the margin in the current and prior year, as per the restated results.

Despite difficult market conditions the Agriculture Trading segment showed solid volume growth from South Africa that were negated by the once off loss in Australia, that negatively affected the overall margins. The prior year stock position in Australia has now been closed out in full and the trading results of this business will normalise going forward. In isolation, the operating loss of the trading business resulted in a 120 basis points reduction in the overall operating margin of the Agriculture division, from 6.6% to 5.4%.

Net working capital decreased by 23% to R1 506 million (2016: R1 953 million) predominantly due to lower inventory in South Africa after reducing the excess volumes of stock on hand at 31 March 2016 following the drought and lower production in FY2017 due to the NAP2 breakdown.

MINING

Omnia's Mining division services the mining industry through BME and Protea Mining Chemicals.

BME operates throughout Africa with a strong presence in South Africa, southern and West Africa. BME is a market leader in bulk emulsion and blended bulk explosives formulations for the opencast mining industry; produces electronic delay detonators and shocktube initiating systems; supplies its own range of explosive boosters and manufactures packaged explosives for underground mining and specialised surface blasting operations. BME adds value to these products through its world-class blasting consultancy service and the use of in-house designed blasting software and detonators. Omnia's industry experts, experienced mining engineers and geologists, advise and support customers in the planning and execution of blasting operations. This is achieved by using BME's unique and proprietary BlastMap™ software solution in combination with the accuracy of the AXXIS™ electronic delay detonators.

Protea Mining Chemicals provides a suite of value-added services to complement a wide range of chemicals and reagents supplied for use by processing plants on mines in South Africa and Africa. This includes Protea Process®, a comprehensive service that covers the design of equipment, logistics, on-site management and make up of chemicals and reagents.

The Mining division's total revenue decreased by 4% to R4 378 million (2016: R4 551 million) despite a 3% increase in volumes. FY2017 was a challenging year for the mining industry, with lower volumes due to mine closures in South Africa and business lost in Botswana and Namibia. Zambia volumes increased significantly with the start of a new copper contract that ramped up ahead of schedule. Bulk volumes increased by 8% but revenue decreased by 9% due to lower prices, partially due to a strategy to retain key clients' business. Sales prices were negatively affected by the lower international ammonia price, a key raw material in the production of blasting emulsion. AXXIS™ electronic detonator volumes grew substantially, reflecting the inroads in developing the market for this high-end blasting detonator. Progress continues to be made into new markets in mining and construction in South America and the Far East. Lower commodity prices and cost pressures have continued to put the industry under significant pressure.

Mining Chemicals was able to maintain their volumes sold but continued to see a downturn in the uranium sector where low uranium prices have resulted in a reduction in the volumes mined. The outlook for this commodity remains weak.

The operating profit of R457 million (2016: R526 million) was at an operating margin of 10.4% (2016: 11.6%), which was 120 basis points down on the previous year. This is below the current year's guidance of 12.0%–14.0%. The negative political climate has resulted in most mining companies consolidating their position, reducing or restructuring debt and delaying or deferring capital expenditure and projects. A number of initiatives relating to raw material cost reduction and increased volumes of AXXIS™ sales, assisted the gross margin while the introduction of new technologies, products and geographics increased overheads. These investments are essential for the future and as the volumes increase, there will be a steady improvement in overhead recoveries and profitability. Further success in West Africa includes the extension of certain contracts and the award of a new large scale contract in the gold sector, this follows the down turn in mining activity in this region in FY2015 due to the lower gold price.

Net working capital was well controlled, however increased to R933 million (2016: R842 million), due to the financing of growth in Zambia, with the start of the new contracts and an increase in imported inventory for detonators and accessories.

CHEMICALS

The Chemicals division's main business, Protea Chemicals, is a long-established and well-known manufacturer and distributor of specialty, functional and effect chemicals and polymers. It has a significant presence in every sector of the broader chemicals distribution market throughout South Africa, southern and East Africa. Protea Chemicals represents many leading domestic and international chemical producers, providing cost-effective and efficient distribution channels for Protea's products into the African market. Protea Chemicals continues to be rated as the largest chemical distributor in Africa by the respected industry journal, ICIS Chemical Business. Protea Chemicals also manufactures and distributes chemicals for the treatment of water to render it potable, a function mostly undertaken through municipalities.

Revenue decreased by 7% to R3 732 million (2016: R4 005 million) with an 8% reduction in volumes sold due to the subdued manufacturing sector and drought affecting the animal feeds sector. Overall, Protea Chemicals achieved a small increase in average selling prices, mostly due to a change in mix. Operating profit decreased by 15% to R145 million (2016: R171 million). The operating margin decreased by 40 basis points to 3.9% (2016: 4.3%), but was within the current year's target of 3.5% – 4.5%. The lower volume throughput, along with the impact of lower crude oil and commodity prices on the average unit selling price achieved, has resulted in an overall decrease in operating margin despite a contained expense base.

Net working capital was well controlled, however increased to R563 million (2016: R533 million) due to the division's Africa growth.

PROSPECTS

The domestic and international Agriculture businesses are poised for a challenging performance going forward, notwithstanding the drought receding across South Africa and southern Africa and continuing to benefit from gains made in establishing new fertilizer markets in the previous year. The 2017 financial year saw a record maize crop of 2.6 million hectares and 15.7 million tonnes (2016: 1.9 million hectares and 7.8 million tonnes), with the white and yellow maize prices peaking at around R5 100 per tonne and R4 000 per tonne respectively. This was significantly higher than the current forward price for delivery in March 2018, which is down to R1 880 per tonne for white maize and R1 998 per tonne for yellow maize. This is a considerable reduction which will impact the profitability of our customers in the forthcoming year. The demand for fertilizer is expected to remain stable to positive for the year ahead with farmers needing to replenish nutrients in the soils following higher yielding crops in the past year. The Agricultural division will continue to pursue the legal matter pertaining to the supplier of a key raw material, mentioned earlier, through the courts to ensure that the High Court ruling is upheld, the appeal is dismissed and the refunds paid as originally contemplated.

The recovery of the mining sector continues with prices remaining in a stable range and trending upwards in certain commodities. Volumes mined are showing modest increases and this bodes well for the recovery of our Mining division. Pricing remains competitive and customers continue to place a premium on service and quality. BME continues to experience a strong recovery outside South Africa, with a combination of increased volumes under existing contracts and new business secured. The expansion of BME's global footprint into South America continues to gain traction with further volumes likely to be secured in the near term. Following the installation of several automated production lines at the Fochville factory, the ongoing improvement in production quality of our non-electric and electronic detonators has made a meaningful contribution to the business. Development of the third generation of the AXXIS™ electronic detonator continues. Sales of the underground portable emulsion system continue to gain momentum providing further opportunity to expand in the underground mining sector. Increased sales of emulsion products are positive for the Agriculture division, resulting in higher throughput volumes at the NAP1 and NAP2 production plants and resulting in overall lower unit costs from the Sasolburg factory.

Protea Mining Chemicals continues to perform above expectation as it increases its footprint in regional Africa and is expected to have another year of growth. However, the impact of softer uranium prices may potentially weigh down on the overall performance.

The Chemicals division continues to work hard in maintaining its position in a challenging market with limited to no growth in the manufacturing sector. This remains a leading indicator of the overall health of the South African economy that has stayed stagnant for the past decade. The strategy to divert the division's marketing and sales efforts away from South Africa to neighbouring countries and throughout Africa has started to produce encouraging results. Further developments beyond Protea Chemicals' existing operations will continue to be explored, in order to allow for sustainable growth in the geographic areas within which the division operates and the broader chemicals distribution sector. Pressure on margins and volumes remain key factors in the overall performance of this business.

PROSPECTS *continued*

The Group wishes to update the guidance given in September 2016 for operating profit margins as it pertains to the outlook for the 2018 financial year. The guidance for Agriculture has been lowered to 6.0% – 8.0% due to the impact of the legal claim resulting in higher costs, Mining is unchanged at 12.0% – 14.0% and Chemicals is unchanged at 3.5% to 4.5%.

The business development team has been successful in concluding the acquisition of a 90% interest in Umongo Petroleum for R780 million. The Umongo transaction adds base oils, additives and lubricants as a key segment to the Chemicals division and provides excellent growth opportunities going forward. Closing of the transaction remains subject to Competition Commission approval. Other potential opportunities continue to be evaluated.

The board recently approved the construction of a new nitrophosphate plant at the Sasolburg factory that will allow for significant expansion of Omnia Fertilizer's nitrophosphate production capacity. The plant has many benefits which include: lower cost of supply, security of supply, agronomic and environmental benefit that will allow for opportunities for further differentiation and value-add on farms. The proven in-house developed Nitrophos technology, results in a lower supply cost as the business backward integrates into using phosphate rock as a source of phosphates in fertilizer production, rather than the more-expensive downstream products currently purchased, such as phosphoric acid and monoammonium phosphate (MAP) or diammonium phosphate (DAP). Supply and price risk will be reduced as phosphate rock can be sourced competitively from various suppliers around the world. Construction has commenced and is scheduled for completion in the first quarter of the 2019 calendar year, prior to the commencement of the ramp up of production for the 2019 planting season.

The Group's balance sheet remains robust with a positive cash position reported for the second year in a row. The net cash position is expected to continue to increase as market conditions improve and the underlying assets continue to generate higher levels of profitability and cash flow, before taking into account the cost to finance the acquisition of Umongo and the construction of the nitrophosphate plant.

DIVIDENDS

The board has declared a final gross cash dividend of 180 cents (2016: 180 cents) per ordinary share payable from income in respect of the year ended 31 March 2017. Together with the interim dividend of 160 cents (2016: 180 cents) per share, this provides shareholders with a total dividend this financial year of 340 cents (2016: 360 cents) per ordinary share. The number of ordinary shares in issue at the date of this declaration is 68 293 352 (including 1 045 385 treasury shares held by the Group). The gross dividend is subject to local dividends tax of 20% (2016: 15%) for those shareholders to which local dividends tax is applicable. The resultant net dividend amount is 144 cents per share for those shareholders subject to local dividends tax and 180 cents per share for those shareholders not subject to local dividends tax. The company's tax reference number is 9400087715.

The salient dates for the final dividend are as follows:

Last day to trade cum dividend	Tuesday, 11 July 2017
Shares trade ex-dividend	Wednesday, 12 July 2017
Record date	Friday, 14 July 2017
Payment date	Monday, 17 July 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 July 2017 and Friday, 14 July 2017, both dates inclusive.

CHANGES TO THE BOARD

Professor Stephanus Loubser retired as an independent non-executive director with effect from 1 December 2016. Professor Nick Binedell was appointed as an independent non-executive director on 24 February 2017.

Neville Crosse retired as non-executive director and chairman and Rod Humphris retired as Group managing director on 31 May 2017. Rod Humphris remains on the board as a non-executive director and has been appointed as chairman with effect from 1 June 2017. Adriaan de Lange has been appointed as executive director and Group managing director with effect from 1 June 2017.

RB Humphris
Chairman
27 June 2017

AJ de Lange
Group managing director

WG Koonin
Group finance director

Directors: Prof N Binedell, RC Bowen (British), FD Butler, AJ De Lange* (Group managing director), TNM Eboka, R Havenstein, HH Hickey, RB Humphris (Chairman), WG Koonin* (Group finance director), Dr WT Marais, HP Marais (alternate), SW Mncwango, D Naidoo   **Executive directors*

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