OMNIA

OMNIA HOLDINGS LIMITED

CREATING CUSTOMER WEALTH BY LEVERAGING KNOWLEDGE

INTEGRATED ANNUAL REPORT 2017

OVERVIEW OF THE REPORTING SUITE

	Integrated annual report	Sustainable development report	Notice of meeting	Audited summarised consolidated annual financial statements
Contents	• Concise communication focused on Omnia’s material matters, performance and outlook for sustained value creation • Chairman’s statement • Group managing director’s report • Group finance director’s report • Governance report • Remuneration report • Audit committee report • Directors’ report • Report of the independent auditors • Audited consolidated annual financial statements	• Omnia’s sustainability strategy • Sustainability performance • Assurance statement • Letter from the Social, Ethics and Risk Committee Chairperson	• Letter to shareholders • Summary of audited results • Notice of annual general meeting • Supplementary notice to shareholders in terms of section 45 of the Companies Act	• Summarised audited consolidated financial statements • Commentary
Relationship of information between the suite of reports	• Relevant cross-references to more comprehensive information across the suite of reports	• Highlights of the sustainable development report is included in the integrated report and further cross references are made	• A summarised set of resolutions for the Group has been included in the notice of meeting	• A summarised set of audited consolidated financial statements has been extracted from the audited consolidated financial statements
Frameworks and guidelines applied	• Companies Act 71 of 2008 (Companies Act) • International Financial Reporting Standards (IFRS) • King Code of Governance for South Africa (2009) (King III) • Johannesburg Stock Exchange (JSE) Listings Requirements • International Integrated Reporting Framework V1.0 (IIRC) • Global Reporting Initiative (GRI)	• Companies Act • IFRS • King III • IIRC • JSE Listings Requirements • GRI	• Companies Act • King III • JSE Listings Requirements	• Companies Act • IFRS • JSE Listings Requirements
Assurance	• The board, assisted by the audit committee and other sub-committees, oversees the integrated reporting process	• Assurance statement • BBBEE verification	• Proxies are attached for voting of all the resolutions tabled	• External audit opinions • Internal audit • Internal controls • Management and governance oversight

CONTENTS

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www.omnia.co.za

creating customer wealth by leveraging knowledge

ABOUT THIS REPORT

Omnia Holdings Limited (Omnia or the Group) is an integrated business consisting of three divisions, namely Agriculture, Mining and Chemicals that work together to ensure the responsible and efficient use of resources in a sustainable manner.

Omnia considers the impact its business and operations have on the world in which it operates – not only does the Group try to limit its consumption of materials and resources used in its manufacturing processes, but it also works to create value through its products. Omnia's intellectual capital and technology enables the production of products and services that will continue to meet our customers' needs well into the future. Omnia remains focused on critical issues such as secure food supply, clean water and safer mining, all of which allow the Group to improve the world today and into the future.

With this in mind, Omnia has prepared this integrated annual report for its integrated business. This is the Group's sixth integrated annual report and each year the reporting has evolved, taking into account feedback to improve the standard of reporting. Through this report, Omnia aims to share and elaborate on the details of its three divisions individually and collectively as a Group.

Guided by the IIRC, the IFRS, King III and the GRI, Omnia describes its activities during the period under review, its plans for the coming year and how the Group intends to remain a sustainable business over the long-term. Omnia is in the process of evaluating the requirements of King IV that was launched in November 2016 and the adoption thereof in the future.

This report covers the three business divisions which collectively have a physical presence in 24 countries of which 18, including South Africa, are on the African continent. The Group's main production facilities and corporate office are based in South Africa. While this report focuses on the financial year from 1 April 2016 to 31 March 2017, certain information is reported on a calendar year basis from 1 January 2016 to 31 December 2016, along with historical information and forward-looking statements, all of which provide context in respect of the Group's strategy and operations.

ASSURANCE AND INDEPENDENT ASSESSMENT

The Group makes use of various independent service providers to assess and assure various aspects of its business operations, including elements of external reporting. External assurance is the responsibility of a combined financial and non-financial assurance team. This integrated report conforms to the requirements of the South African Companies Act, and the JSE Listings Requirements.

The information presented in this integrated annual report originated from Omnia's various operations, before being integrated at divisional and Group levels.

In line with IIRC guidelines, Omnia has directed this report at providers of capital, and the content is based on information deemed important by the Group's stakeholders.

BOARD RESPONSIBILITY STATEMENT

The Omnia board of directors (the board) acknowledges its responsibility to ensure the accuracy of the integrated annual report for the 2017 financial year. Accordingly, the board has applied its collective expertise to this report and in its opinion, this report addresses all material issues and presents an integrated and accurate view of Omnia's performance for the financial year under review.

OMNIA BUSINESS

ABOUT US

Omnia Holdings Limited is a diversified chemicals group with specialised services and solutions for the agriculture, mining and chemicals industries. Using technical innovation combined with intellectual capital, Omnia adds value for customers at every stage of the supply and service chain. As a group, Omnia creates customer wealth by leveraging knowledge.

The sustainability of the business model is strengthened by targeted backward integration through the installation of technologically advanced plants that manufacture core materials such as nitric acid and explosive emulsions. In addition to securing supply, this enables Omnia to improve operational efficiencies throughout the product development and production cycle.

Since 1953, Omnia has had its roots in the fertilizer and agriculture industry and has built up an in-depth understanding, not only of its core markets in South Africa, but also in mining, manufacturing and agriculture in Africa.

Based in Johannesburg, South Africa and with operations in 18 countries in Africa, including South Africa, and six countries outside of Africa, Omnia has more than six decades' experience in the business. Additionally, Omnia continues to grow its global footprint, with business units in Australasia, Brazil, and regions such as Europe, South America and South East Asia.

Omnia provides customised, knowledge-based solutions through its Agriculture, Mining and Chemicals divisions. These divisions include Omnia Fertilizer, Omnia Specialities, Bulk Mining Explosives (BME), Protea Mining Chemicals and Protea Chemicals, all niche businesses that operate with a common objective: to enhance customers' businesses through research, development and knowledge sharing, that will enable them to increase profit margins.

VISION

CREATING CUSTOMER WEALTH BY LEVERAGING KNOWLEDGE

Omnia is committed to playing a role in the development and growth of the agriculture, mining and chemical sectors. Omnia has decades of experience and extensive knowledge which is integrated into the services it provides to facilitate the growth of its client base's sectors. Omnia strives to help these sectors develop as it has grown and prospered through long-term sustainable relationships with customers.

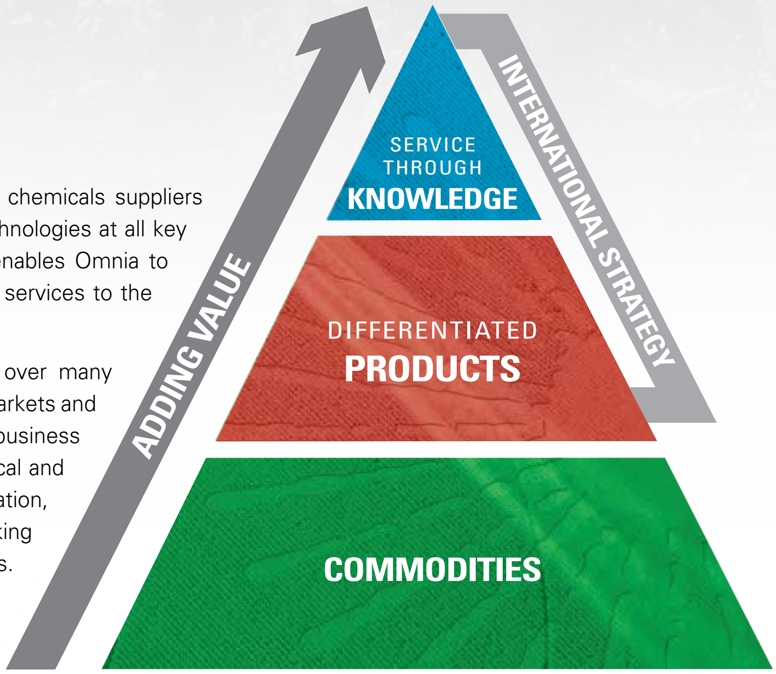
VALUES

EXCELLENCE	TRUST	INNOVATION	INTEGRITY	COLLABORATION	KNOWLEDGE
Strong distinctive culture (feet in the past but eyes to the future)	Combine the values of a family business with the strength of a professionally managed public company (best of both worlds)	Robust spirit of enterprise (thinking on our feet)	Reputation for the highest levels of integrity (living our values)	Working closely with our customers (adding value)	Driven by values

VALUE PROPOSITION

Omnia differentiates itself from other commodity chemicals suppliers by applying the Group's intellectual capital and technologies at all key points along its supply and service chains. This enables Omnia to create value throughout, by tailoring products and services to the specific and changing needs of its customers.

The business model has been tried and tested over many years, and continues to be fine-tuned as Omnia's markets and customers evolve. Omnia sustains and grows the business by continuously enhancing the value it offers to local and international customers through product innovation, growing Omnia's intellectual capital and working to further raise already exceptional service levels. A continuous feedback loop with customers at all points of engagement keeps the Omnia business model on track.



THE OMNIA GROUP

Omnia has a balanced presence in sectors that are essential to the sustainable use of the world's finite resources, and will play a key role in sustaining Africa's future development. Omnia will continue to develop and leverage its intellectual property to add focused value to the agriculture, mining and chemicals markets in Africa and abroad.

AGRICULTURE

The Agriculture division, which comprises of Omnia Fertilizer and Omnia Specialities, produces and trades in granular, liquid and speciality fertilizers to a broad customer base of farmers, co-operatives and wholesalers throughout South Africa, southern and East Africa, Australasia and Brazil. Sales and distribution of speciality products take place into Europe, the Middle East and parts of Africa.

MINING

The Mining division comprises BME and Protea Mining Chemicals. BME is a leading manufacturer and supplier in South Africa, southern and west Africa, Australia and South America of explosives, related accessories and blasting services to the mining, quarrying and construction industries. Protea Mining Chemicals specialises in products and solutions for processing ores in the mining industry.

CHEMICALS

The Chemicals division's primary business, Protea Chemicals, is a manufacturer and distributor of specialty, functional and effect chemicals and polymers. It has a presence in every sector of the broader chemical distribution market throughout southern, West and East Africa.

GROUP PROFILE CONTINUED

LOCATIONS OF OMNIA GLOBAL OFFICES

LEGEND

- ▲ *Agriculture*
- ▲ *Mining: BME*
- ▲ *Mining: Protea Mining Chemicals*
- ▲ *Chemicals*

South Africa 1

South Africa	▲	▲	▲	▲

Southern Africa 2

Angola		▲		▲
Botswana		▲		
Lesotho		▲		
Mozambique	▲	▲		
Namibia		▲	▲	▲
Zimbabwe	▲	▲		▲

East Africa 3

Kenya			▲	▲
Mauritius	▲	▲	▲	▲
Tanzania		▲		
Zambia	▲	▲	▲	

Central Africa 4

DRC		▲	▲	

West Africa 5

Burkina Faso		▲		
Guinea		▲		
Mali		▲		
Mauritania		▲		
Senegal		▲		
Sierra Leone		▲		

Australasia 6

Australia	▲	▲		
New Zealand	▲			

Asia Pacific 7

China	▲			▲
Indonesia		▲		

South America 8

Brazil	▲			

Having started as a family business in 1953, Omnia has a market capitalisation of R12.2 billion at financial year-end. Despite this growth over the years, Omnia has never forgotten the importance of remaining close to its markets and customers.

Omnia takes pride in the long-standing one-on-one relationships it maintains with customers, suppliers and other key stakeholders across all divisions.

Since its establishment more than six decades ago, Omnia has continued to deliver on its strategy of leadership in its core markets – agriculture, mining and chemicals. As part of the evolution of the Group, Omnia listed on the JSE in 1980 and its roots remain firmly in South Africa although its footprint continues to spread across the globe. Omnia continues to expand its frontiers, having grown formidably over the past three decades across the African continent. As an extension to this exciting journey, the Group continues to seek opportunities internationally, using its product offerings, knowledge and expertise to enter new markets.

Omnia has long recognised the potential for growth in Africa. Owing to opportunities in the agriculture and mining sectors, the initial phase of its African strategy was to establish a presence in various countries on the continent. The manufacturing sector was less attractive initially as it did not offer meaningful opportunity for the Chemicals division. This changed in 1990 when South Africa began an important journey towards democracy and trade sanctions were lifted. This fundamentally changed the landscape for South African businesses, enabling them to expand beyond the borders of the country. Omnia seized the opportunity to explore other African markets, while maintaining its South African base. In 1992, Omnia established its first agriculture facility north of the border, in Zambia, and in 1996, opened another fertilizer operation in Zimbabwe. In 1999, a BME mining explosives facility opened on a mine in Namibia. Since then BME rapidly expanded and opened operations in the following African countries – Tanzania, Mali, Mauritania, Botswana, Sierra Leone, Senegal, Guinea and the Democratic Republic of Congo (DRC). By financial year-end, the Agriculture division had increased the number of cash-sale depots in Mozambique, Zambia and Zimbabwe to 46 (2016: 38).

As the demand for goods and services has grown, the number of operations across all three divisions has expanded over the past two decades. Omnia's strategy has evolved into full operations in several African countries, with a significant investment in infrastructure, people and knowledge to complement its service offering. As the world continues to focus on growth opportunities in Africa, industries open up and opportunities are created for the Group to grow even further.

With operations in numerous sub-Saharan African countries and five distribution hubs in key areas, Omnia operates an extensive and sophisticated logistics network across the continent.

Diversification of the Group's businesses across geographies, commodities, products and customers, underpins its growth. The higher economic growth rate outside South Africa helps to compensate for the lower economic growth rate currently experienced in South Africa.

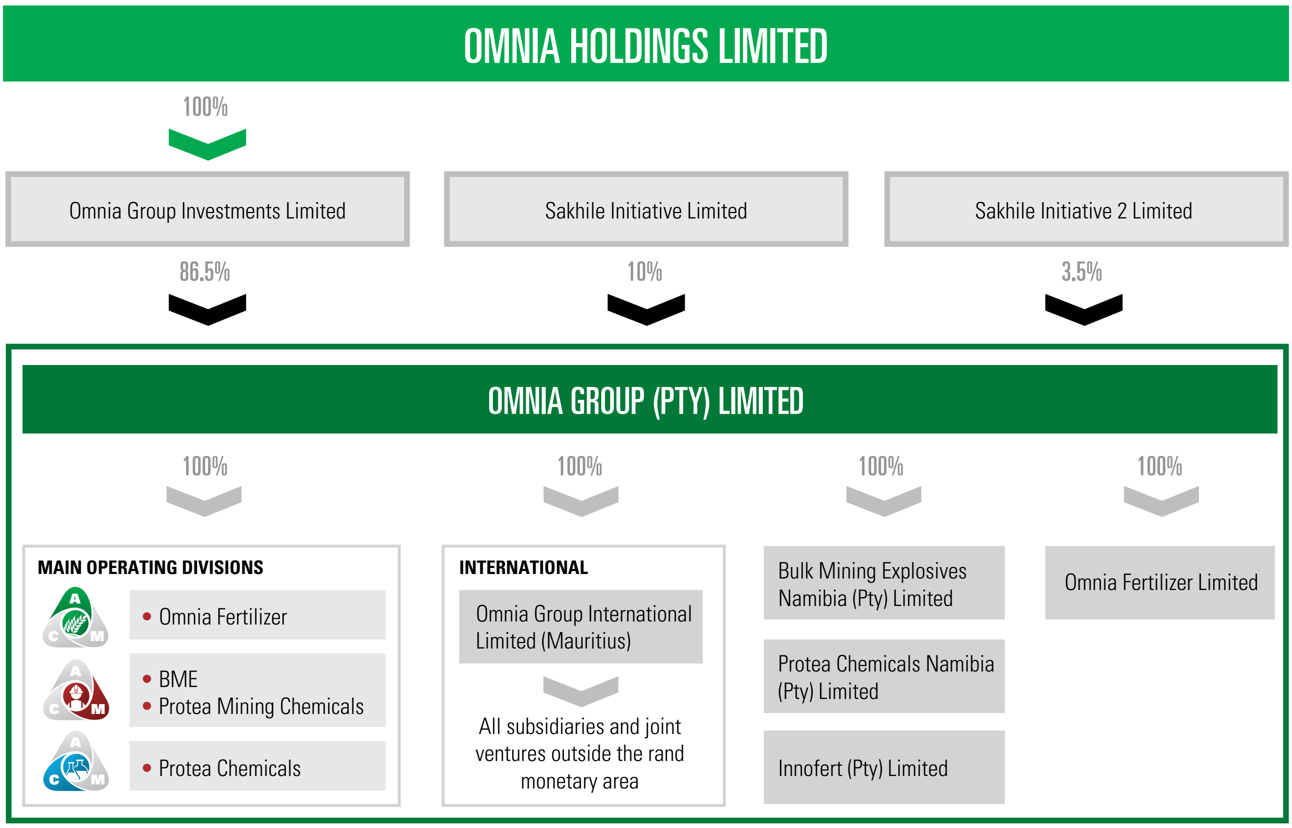
GROWTH

Omnia remains an integral player in South Africa's agriculture, mining and manufacturing sectors. Although these industries are currently facing considerable challenges, the business has proven its ability to withstand the vagaries and impact of various economic cycles. Omnia understands these issues and is well placed to mitigate the concomitant risks, thereby ensuring sustainable growth and earnings into the future.

THE ORGANISATION

Omnia primarily operates through three divisions, with each division differentiating itself, in its market and from competitors, by combining decades of experience and technology to create specialised products, solutions and services. Omnia holds a unique position as a specialist chemical company in the South African, African and selected international markets.

ABRIDGED GROUP STRUCTURE



BUSINESS MODEL

A BUSINESS MODEL FOR LONG-TERM SUSTAINABILITY

AGRICULTURE

STRATEGIC RELATIONSHIPS

- FARMING CUSTOMERS
- GOVERNMENT AND REGULATORY BODIES
- CORPORATE PARTNERS (emerging farmers)
- INDUSTRY BODIES
- SUPPLIERS

INPUTS

omnia NUTRIOLOGY • NUTRILOGIE

Brand reputation

- Workforce
- Knowledge
- Funding
- Raw materials
- Transport
- Water
- Electricity

OUTPUTS

- Fertilizer, dry, liquid, speciality, ammonia approximately 250 products
- Nutriology™ services and advice
- Co-generation and reuse of resources

42.2%

OPERATING PROFIT
R438m

50.2% REVENUE	43.4% EMPLOYEES	RCR*
R8 159m	1 896	0.57

** Recordable case rate*

OUTCOMES

Efficient water use	Enhanced crop/ produce quality	Increased agriculture yields
Development of emerging farmers	Efficient nutrient use	Secure food supply
Reduced farming risk	Reduced environmental impact	

MINING

STRATEGIC RELATIONSHIPS

MINING SECTOR IN AFRICA

GOVERNMENT AND REGULATORY BODIES

INPUTS

bme
A member of the Omnia Group

Brand reputation

- Workforce
- Knowledge
- Funding
- Raw materials
- Transport

OUTPUTS

- BME – approximately 46 products
- Protea Mining Chemicals – approximately 300 products
- Mining services
- Mining accessories
- Protea Process™

43.9%
OPERATING PROFIT
R457m

26.9%
REVENUE
R4 378m

34.4%
EMPLOYEES
1 502

RCR
0.60

OUTCOMES

- Improved mining performance
- Enhanced safety
- Enhanced productivity

A BUSINESS MODEL FOR LONG-TERM SUSTAINABILITY CONTINUED

CHEMICALS

STRATEGIC RELATIONSHIPS

- SUPPLIERS
- OIL AND GAS INDUSTRIES
- FOOD AND CONSUMER CARE INDUSTRIES
- INDUSTRIAL AND MANUFACTURING CUSTOMERS
- CHEMICAL AND ALLIED INDUSTRIES ASSOCIATION (CAIA)
- WATER ASSOCIATION

INPUTS

Protea Chemicals
A member of the Omnia Group

Brand reputation

- Workforce
- Knowledge
- Funding
- Raw materials
- Transport

OUTPUTS

- Approximately 1 180 products
- Formulated chemicals to customer specifications
- Protea Process™
- Logistics and handling solutions for hazardous chemicals processes

13.9%
OPERATING PROFIT
R145m

22.9%
REVENUE
R3 732m

22.2%
EMPLOYEES
968

RCR
0.44

OUTCOMES

Renewable energy	Novel delivery systems	Enhanced product processes
Improved animal nutrition	Supply of quality approval products	
On-site management of customers' processes and stock management		

KEY FINANCIAL RESULTS

Headline earnings per share of
881 cents
down 7%

Profit before tax of
R856m
down 8%

Profit after tax of
R592m
down 8%

Revenue
R16.3bn
down 3%

Operating profit
R1 040m
down 6%

4 366
EMPLOYEES

24
COUNTRIES

Concluded* the acquisition of a
90% interest
in Umongo Petroleum
for R780 million

Restatement of
FY2016 earnings
from R702 million to R642 million 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

BBBEE rating
Level 5
achieved (under the new code)

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

Strong balance sheet with R1 349m
cash generated from operations

Ungeared balance sheet
at year-end of
R90m
net cash reduced compared to net cash of R228 million recorded at FY2016

** Subject to conditions precedent*

FY2017 OVERVIEW

AGRICULTURE

- International sales volumes up by 11.5% and South African volumes up 2.5%, with record sales of local and international speciality fertilizers
- Lower than expected operating margin due to carry-over stock by farmers, NAP2 breakdown and higher input costs on key raw material charged by a supplier that remains the subject of a legal dispute
- The loss making trade in the agriculture trading segment was closed out during the year.
- Subsequent to year-end, the board approved R670 million of capital expenditure for the new nitrophosphate plant which should be completed by March 2019

See section on pages 80 – 91

MINING

- Volumes up by 3%
  - 43% increase in AXXIS™ sales volumes
  - Significant increase in Zambia volumes (copper)
  - Offset by mine closures in South Africa and lost business in Botswana and Namibia
- Continued low commodity market prices and cost pressures
- Raw material efficiencies offset by higher overheads on new technologies
- Installation of several new automated production lines at Losberg factory
- Ongoing improvements in production quality of Omnia's non-electric and electronic detonators
- New contracts secured in west Africa (gold)
- Protea Mining Chemicals continued to perform above expectation as it increases its footprint in regional Africa

See section on pages 92 – 103

CHEMICALS

- Volumes down by 7%
  - Slow manufacturing sector
  - Drought affecting the animal feeds sector
  - Rationalisation of product range
- Roll-out of enhanced retail and direct sales model almost complete
- Lower unit selling prices on the back of a stronger rand and lower oil prices
- 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
- Acquisition of 90% of Umongo Petroleum (Proprietary) Limited, a leading company in additives, base oils and other related petroleum, oil and lubricant products, is expected to boost this segment in the future

See section on pages 104 – 109

SUSTAINABILITY PERFORMANCE SUMMARY

This is the second year Omnia is reporting the Group's sustainability review in a separate report. The report reviews Omnia's approach to managing significant economic, social and environmental impacts and outlines Omnia's strategy of ensuring the business grows in a sustainable way.

The detailed sustainable development report provides Omnia's stakeholders with more sustainability information in an easily accessible, dedicated document. The report, with additional updated information, is available on Omnia's website: **www.omnia.co.za**

EMPLOYEES

4 366 employees
(2016: 4 105)

3 526
(2016: 3 395)
permanent employees

840
(2016: 710)
fixed-term employees

1 193 employees
(2016: 1 336)
attended **in-house wellness programmes**

Annual medical checks are performed on employees at the production sites and every second year for admin-based employees

1 662 employees
(2016: 1 245)
received **annual medical checks**

30 employees
(2016: 34)
were referred for **further medical assessment** and management

136 employees
(2016: 118)
received **psychological counseling**

198 employees
(2016: 240)
received **financial wellness support**

267 employees
(2016: 126)
received **staff loans**

774 employees
(2016: 253)
received **financial training**

SKILLS DEVELOPMENT

An average of 10.2 days
(2016: 5.1)
training was received by employees which includes internal and external training courses

Training programmes included:

140 (2016: 161)
learnerships

46 (2016: 148)
apprenticeships

35 (2016: 21) workplace experience positions

6 (2016: 5)
internships

Other statistics in respect of skills development:

56 (2016: 20)
employees attended adult basic education and training (ABET) courses

50 (2016: 45)
disabled employees enrolled in learnerships

6 (2016: 9)
employees granted bursaries

143 (2016: 162)
employees assisted with part-time studies

HUMAN RESOURCES

The demographics of the South African workforce are as follows:

79% or 3 469 people **(2016: 83% or 3 408 people)**
workforce employed in South Africa

32% **(2016: 25%)** of bargaining unit South African employees are represented by trade unions

Workforce is **69%** **(2016: 73%)** **black employees**

Top management is **29%** **(2016: 29%)** **black women employees**

Human rights

ZERO (2016: ZERO) reported human rights incidents

EMPLOYMENT EQUITY AND BEE OWNERSHIP

27.3% **(2016: 28.7%)** direct and indirect **ownership** by black people in Omnia Group (Pty) Ltd

Total direct interest of **13.5%** **(2016: 13.5%)** in Omnia Group (Pty) Ltd by **employees**

- Sakhile 1 (BBBEE initiative) currently has **2 096** **(2016: 2 289)** active shareholders
- Sakhile 2 (BBBEE initiative) for senior management currently has **140** **(2016: 158)** active shareholders

BEE rating

Level 5 under the new code **(2016: Level 2 under the old code)** BBBEE rating

Procurement

R11 billion **(2016: R8 billion)** total measurable procurement spend of which **46%** **(2016: 70%)** qualified as spend on products and services from **BBBEE suppliers**

- **13.5%** with supplier development beneficiaries and **2.2%** with enterprise development beneficiaries

Socio-economic

R4.1 million **(2016: R5.9 million)** socio-economic development expenditure

OMNIA'S ENVIRONMENT

Safety

RCR of **0.54** **(2016: 0.83)** below internal limit of **0.8** **(2016: 1.0)**

Electricity consumption

12% increase **(2016: 4% decrease)**

in electricity consumption mainly due to the Agriculture division's Nitric Acid Plant 2 (NAP2) breakdown where the generation of alternative energy decreased resulting in increased utilisation of the national electricity grid

27% decrease **(2016: 12% decrease)**
in **water consumption** mainly due to the NAP2 breakdown

33% decrease **(2016: 67% increase)**
in volume of **hazardous waste** mainly due to the Chemicals division's Springs site decommissioning and rehabilitation, and reduction in the clearing of historical redundant products at the Wadeville site

Incidents

ZERO transport-related incidents **(2016: 8)**
a decrease of >100%

2 environmental incidents
(2016: 10)
a decrease of 80%

Non-compliance

Three **(2016: ZERO)**
notices were received at the Chemicals divisions for non-compliance with environmental laws, one notice resulted in a R200 000 fine and two notices are being contested

Greenhouse gases

The Group monitors its carbon footprint on the basis of two types of emissions:

- Scope 1 emissions of **44 236** A **(2016: 42 689)** up by **4%**
  - Increased use of heavy fuels in production at Chemicals division
- Scope 2 emissions of **91 978** A **(2016: 78 027)** up by **18%**
  - Increased use of electricity due to lower alternative electricity generation caused by the NAP2 breakdown

A ASSURED

STRATEGY

APPROACH

Omnia is proactive in improving its products and services for the agriculture, mining and chemicals markets by focusing on adjusting its unique market offerings for maximum customer value. With a solid presence in Africa, Omnia continues to seek opportunities, including acquisitions, to diversify geographically and thus build on the strengths of each of its three divisions.

The principle of Responsible Care® is among Omnia's top priorities. Responsible Care® is the chemical industry's unique global initiative that drives continuous improvements in safety, health and environmental performance while communicating openly and transparently with stakeholders. The initiative embraces the development and application of sustainable chemistry, helping the industry to contribute towards sustainable development, while allowing it to meet the world's growing need for essential chemicals and the products which those chemicals make possible.

Omnia also promotes cultural diversity, respecting and promoting the rights of its people. At the heart of the Group's strategy lies its commitment to building an organisation that is continuously learning.

While the business evolves and the Group shifts focus from the past to the future, its strategy remains consistent.

This consistency equips its people with the vision and tools they need to help drive the business forward. Omnia fosters a sense of belonging and responsibility for the Group's future through a variety of employee share participation schemes.

Omnia has always taken pride in being a market-focused organisation, continuously striving to broaden its value offering across all divisions.

KEY PERFORMANCE INDICATORS

Omnia uses key performance indicators (KPIs) to measure progress against its strategy and monitors business performance against its annual operating plan. These KPIs encompass financial and non-financial indicators, as well as, quantitative and qualitative factors. The five-year plan that runs from 1 April 2014 to 31 March 2019, is the basis for the overall measurement of these KPIs and in turn, forms the basis of the five-year rolling management incentive scheme over the same period. Two tranches of the Partnership with Management 5 Share Scheme (Partner 5 Scheme) have been issued to date. On 1 April 2014 when the plan commenced, 860 000 allocated Partner 5 Scheme trust units were awarded. On 1 April 2016, the second tranche of 737 334 Partner 5 Scheme allocated share units were awarded. In terms of the scheme rules, the real return on equity for each financial year is calculated as: (profit after tax divided by (average of opening and closing equity)) less consumer price index (CPI). The average real return on equity for the five-year plan is the simple average of the real return on equity for each year thereof.

GROUP STRATEGY

STRATEGIC OBJECTIVES

The Group operates across defined economic sectors, each with its own distinctive characteristics. In each sector, the Group reinforces its competitive positioning by:

FOCUSING ON UNIQUE MARKET OFFERINGS that create value for customers and, in so doing, enhances the return for business and its shareholders

PROVIDING SPECIALISED SOLUTIONS to the agriculture, mining and chemicals markets

BUILDING STRONG RELATIONSHIPS with customers and suppliers

LEVERAGING OMNIA'S INTELLECTUAL PROPERTY, SYSTEMS AND TECHNOLOGY to create value for customers and shareholders

DIVERSIFYING GEOGRAPHICALLY beyond South Africa, primarily focused on Africa, with a growing presence in other countries internationally

BUILDING A LEARNING ORGANISATION for the skills to prosper in a rapidly changing global economy

IDENTIFYING AND IMPLEMENTING STRATEGIC ACQUISITIONS to build on the strengths of each division

BUILDING a culturally diverse business that respects and promotes the rights of its **PEOPLE**

IMPROVING ON COST COMPETITIVENESS AND EFFICIENCIES across all divisions

CONTINUOUSLY IMPROVING HEALTH, SAFETY AND ENVIRONMENTAL practices by following the guiding principles of Responsible Care®

GROUP STRATEGY CONTINUED

The main KPIs are listed below:

Category	Description	Target	Actual 2017	Restated Actual 2016
Financial KPIs				
Compound real growth in EPS[1] (above CPI[2])	**Partner 5 – Tranche 1** Compound real growth of 8% per annum in profit over the five-year plan from 31 March 2014 to 31 March 2019, with an 80% weighting on a base EPS of 1 540 cents per share	Compound real growth rate in EPS for the five-year cycle of 8%	**(22.4%)**	(21.6%)
Compound real growth in EPS[1] (above CPI[2])	**Partner 5 – Tranche 2** Compound real growth of 6% per annum in profit over the five-year plan of 31 March 2016 to 31 March 2021, with an 80% weighting on a base EPS of the FY2016 actual	Compound real growth rate in EPS for the five-year cycle of 6%	**(7%)**	—
Average real return (above CPI) on equity	**Partner 5 – Tranche 1** 20% weighting	CPI inflation plus 11%	**4.7%**	6.5%
Average real return (above CPI) on equity	**Partner 5 – Tranche 2** 20% weighting	CPI inflation plus 11%	**1.2%**	—
Gearing	Net debt expressed as a percentage of total shareholder equity	30% – 40%	**(1%)**	(3%)
Non-financial KPIs				
BBBEE	To maintain Level 4 enterprise status under the new code	Level 4	**Level 5**	Level 2 (old code)
Safety	To achieve a year-on-year reduction in the RCR and to reach and maintain a Group target of less than 0.8 (2016: 1.0)	0.8	**0.54**	0.83

[1] *Earnings per share*

[2] *Consumer price index*

PERFORMANCE AGAINST KPIS IN 2017:

EARNINGS GROWTH

31 MARCH 2014 TO 31 MARCH 2019

The board has set a target of an 8% compound real growth rate in earnings per share for the five-year cycle, from 1 April 2014 to 31 March 2019. For the comparative five-year period ended 31 March 2014, the compound real growth in profit after tax was 10.3% with a cumulative profit after tax of R3 012 million. By the end of the third year of the five-year plan, the Group is R1 835 million behind target. Trading conditions have been challenging over the past three financial years due to a persistent drought in South Africa and southern Africa, particularly in year two, which affected the performance of the Agriculture division. The general slowdown in economic activity was particularly pronounced in the mining sector, precipitated by declining commodity prices and a strengthening US dollar. A slowdown in the manufacturing sector had an impact on upstream and downstream customers in the supply chain. Management expects trading conditions to remain challenging over the short-term but has taken steps to mitigate the situation and continues to monitor the situation closely. On the first tranche, management does not expect to close the deficit against the target by the end of the five-year period.

31 MARCH 2016 TO 31 MARCH 2021

The board has set a target of a 6% compound real growth rate in earnings per share for the five-year cycle, from 1 April 2016 to 31 March 2021. This year was the first measurement year and although below target the Group remains committed to this target.

GEARING

At financial year-end, Omnia's balance sheet was ungeared with a R90 million (2016: R228 million) net cash positive position. This is a noteworthy achievement for the Group, reflecting the continuous focus by management on cash generation and working-capital management over the past few years.

The Group continues to fund its short-term working-capital requirements for the business with short-dated onshore and offshore funding facilities from major South African banks, international banks and other financial institutions. The balance sheet has the capacity to be geared up to fund major new capital projects or acquisitions, such as the Umongo deal that was announced on stock exchange news service (SENS) on 11 May 2017, and capital expenditure of R670 million for the new nitrophosphate project approved by the board in May 2017. Management is focused on delivering value from these two projects and continues to evaluate further capital projects or potential acquisitions.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

The Group's BBBEE rating was on target to meet a level 4, however was downgraded to level 5 as a result of non compliance with certain procurement sub category targets. Management continues to assess opportunities for improvement.

SAFETY

Concerted focus on safety, health and environmental matters over many years, again delivered the desired outcome in the period under review. The Group achieved an RCR of 0.54 (2016: 0.83) which is well below the internal target of 0.8 (2016: 1.0).

While this is a significant achievement, ongoing efforts continue to further improve the safety record across the Group.

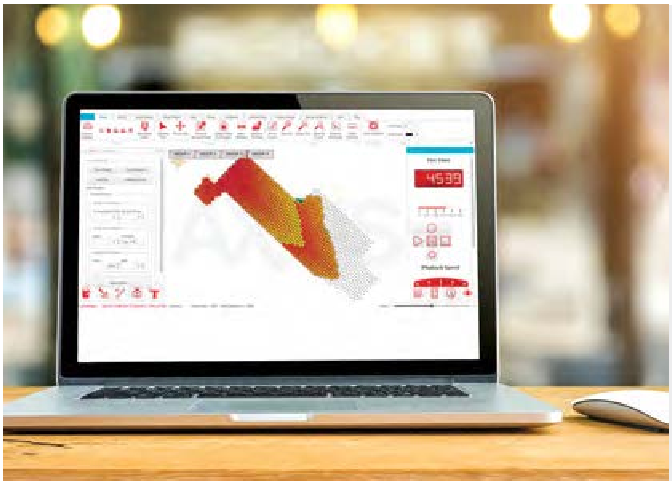
OMNIA INVESTMENT CASES

A SPOTLIGHT ON THE BME BUSINESS WITHIN THE MINING DIVISION

RESEARCH AND DEVELOPMENT

AXXIS™ DIGITAL INITIATION SYSTEM

The AXXIS™ Digital Initiation System is experiencing increased demand as clients understand the financial and operational benefits in the accuracy and flexibility of electronic detonators in the blasting cycle. The largest demand for AXXIS™ products has come from international clients, and based on the nature of the product, contributes to the global expansion of the BME business.



WORLD-CLASS SOFTWARE PRODUCTS FOR BLAST OPTIMISATION

BME has leading edge blast design and optimisation software, such as, BlastMapIII™ that blasting engineers and mining clients use for achieving the best possible results in blasting operations. BME's innovation team continuously develops improved products to enhance its technical capability, product sales and customer service. The introduction of smartphone technology and computer based learning using Big Data, facilitates faster feedback of operational data to clients at site, enabling better planning, management and control of blasting operations.

UNDERGROUND ADVANCES IN PUMPING TECHNOLOGY

BME has developed a lightweight, reliable portable emulsion pumping system for the effective use of blasting emulsions underground. This is a highly effective unit that facilitates the safe and efficient use of emulsions underground. The portable emulsion pumping system is part of an integrated solution that has also been successfully adapted to small utility vehicles that facilitate the storage and pumping of explosives for underground mining operations, civil blasting and operations. The improved security, improved rock breakage, and enhanced safety and reliability of the system has resulted in the growth of BME's underground business in South Africa. operational data to clients at site, enabling better planning, management and control of blasting operations. Additionally, interest from international underground mining operations creates scope to expand the target market for the portable emulsion pumping system and to facilitate the further expansion of BME's business beyond South Africa.

ADVANCED MANUFACTURING PLANTS USING ROBOTICS

Over the past 24 months, BME has invested in four automated robotic assembly machines that were installed at the Losberg production facility, 70km west of Johannesburg, for the assembly of BME's AXXIS™ electronic detonators and the BME range of non-electric detonators. The efficiency and reliability of these robotic machines have resulted in significant improvements in quality and capacity, thus helping to meet sales demand in local and global markets. The automated robotic assembly machines are manufactured and commissioned abroad and can be installed in facilities anywhere in the world, subject to obtaining the necessary operating licenses. This gives the ability to expand production capacity outside South Africa, with limited capital expenditure and significant operating flexibility.

USED OIL TECHNOLOGY

BME is a world leader in applying used oil as a major raw material in the production of bulk explosives. As much as 75% of the fuel phase in BME's emulsion products is comprised of used oil which is often obtained from mining clients requiring used oil disposal on remote mine sites. This provides a major environmental benefit, as there is minimal consumption of new oils and the safe and efficient use of used or recycled oil.

INNOVATION CENTRE

BME's innovation centre has a team of engineers and scientists who concentrate on developing new and improved products and services for a superior client experience and blasting results. Continuous improvement through their knowledge in mining and blasting is a major driver in the business.

ACQUISITION – UMONGO PETROLEUM

Omnia, through its subsidiary Omnia Group Proprietary Limited, has entered into a sale of shares agreement (Agreement) with Lubricant Additives Solutions and Technology (Mauritius) (Lubricant Additives) and Autumn Storm Investments 294 Proprietary Limited (Autumn Storm), for 90% of the ordinary shares of Umongo Petroleum Proprietary Limited (Umongo) for a maximum aggregate acquisition consideration of R780 million (the Transaction). The remaining 10% shareholding in Umongo will continue to be held by Autumn Storm, an entity in which the current Chief Executive Officer, Mr Boston Moonsamy, is a shareholder. Umongo is a leading distributor of additives, base oils and other related petroleum, oil and lubricant products (product range) in South Africa and sub-Saharan Africa.

UMONGO BACKGROUND INFORMATION

In 1998, American based Chevron Oronite Company LLC (Chevron Oronite), appointed Mahmoud Homayoun via African Petroleum Additives Proprietary Limited (APAC), to represent it as an agent in South Africa servicing the requirements of the lubricant and fuel markets with Chevron Oronite lubricant and fuel additives.

In 2005, Umongo Petroleum Additives was established as a distributor of Chevron Oronite for South Africa and sub-Saharan Africa. Umongo diversified its business activities to include distribution agreements with Chevron Products Company U.S.A. Inc. (Chevron Products Company), BASF SE (BASF) and Evonik Oil Additives GmbH (Evonik). This led to the change of its name to Umongo Petroleum.

Umongo is owned by Lubricant Additives and Autumn Storm, Mahmoud Homayoun (Chairman), Boston Moonsamy (Chief Executive Officer) and Ranjith Ramkissoon (Technical) comprise the board of directors of Umongo.

Umongo is based in Umhlanga Ridge, KwaZulu-Natal and currently employs 28 people. Umongo operates a fully outsourced supply chain and logistics business model, using accredited storage facilities, transporters and other related service providers to import, store, process and deliver raw materials and finished products to customers. In addition, Umongo offers a full range of technical support to customers that use its product range.

KEY SUPPLIER RELATIONSHIPS

Umongo has supply and distribution agreements with various entities in the Chevron Group, a leading integrated energy company, for the supply both of additives from Chevron Oronite and of base oils from Chevron Products Company into the South African and sub-Saharan Africa markets.

Chevron Oronite develops and markets quality additives that improve the performance of fuels and lubricants.

Chevron Products Company provides reliable global base oils supply through its production facilities. Chevron Products Company's base oils are part of the global base oil slate, which allows base oil interchangeability and equivalency.

Other key supplier relationships include BASF for lubricant additives and base stock and Evonik for oil additives.

Umongo has concluded an agreement to acquire 100% of Orbichem Petrochemicals Proprietary Limited (Orbichem), the distributor of the Ergon range of products in South Africa and sub-Saharan Africa. Ergon is a leading global producer of specialty naphthenic oils and its primary product range consists of insulating oils (transformer oils), base oils (bright stock to enhance viscosity) and process oils (rubber processing).

KEY PERSONNEL

In terms of the Agreement, Mr Moonsamy will remain as Umongo's Chief Executive Officer for five years and Mr Homayoun, as the founder and current chairman of Umongo, will remain involved in Umongo as a member of the board and as a specialist advisor for four years. Other key members of the Umongo management team will remain with the business.

Mr Homayoun holds a MSc. degree (University of Southampton) in automotive engine and vehicle design as well as a MSc. degree (University of Cranfield) in thermal power, specialising in rotating machinery engineering and management. He previously held senior positions at Caltex (USA) and Caltex (SA), including the role of Group chief product design engineer responsible for diesel oils, gasoline oils, 2T, 4T, railroad and marine oils. He was also responsible for the introduction of certain Group 2 base oils into the Caltex global network of blending plants.

Mr Moonsamy holds a BSc. Chemistry and Biochemistry and BSc. Biochemistry (Honours) from the University of Durban Westville. He held various positions at Caltex Oil (SA), initially in a supervisory capacity overseeing the quality control of the manufacturing of lube oil and grease and later, as head of the supply chain department overseeing the import and local procurement of base oils, additives and packaging, and the production planning for lubricants, greases and petroleum jelly.

TRANSACTION RATIONALE

Omnia's Chemicals division, operating under the Protea Chemicals brand (Protea Chemicals), has a wealth of experience and a reputation for excellence in the distribution of specialty, functional effect chemicals and polymers in sub-Saharan Africa. The operational similarities between Umongo and Protea Chemicals present potentially attractive and synergistic opportunities to serve customers in South Africa and across the African continent, leveraging the combined presence in complementary operating regions and providing opportunities for expansion into unpenetrated frontier regions.

Umongo is a market-leading business which is complementary to Protea Chemicals and which will contribute to its product and market strategy. The addition of a bulk-volume base oil, additives and lubricants business to Protea Chemicals, will broaden its current product offering and create new opportunities to grow the business in South Africa and sub-Saharan Africa.

TERMS OF THE TRANSACTION

In terms of the Agreement, Omnia, through its subsidiary Omnia Group Proprietary Limited, will acquire 90% of the ordinary shares of Umongo for a maximum acquisition consideration of R780 million on a debt-free, cash free basis. The acquisition consideration, for a 90% interest, is apportioned between an upfront cash payment of R618.5 million, an earn out cash payment of a maximum aggregate amount of R121.5 million payable and a retention amount of R40 million.

The maximum aggregate earn-out cash payment of R121.5 million is directly linked to the achievement of performance milestones over the three-year period to 28 February 2020. The maximum annual amount payable in each of years 1 and 2 is R40.5 million per annum. Of the amounts earned on an annual basis, the first R45 million will be retained in respect of various warranties and indemnities, and will be released at a future date. The maximum aggregate earn out less the R45 million retention amount, is R76.5 million and is payable over the three-year period.

In terms of the retention amount of R40 million withheld in respect of warranties and indemnities, R25 million will be retained for at least three years (subject to certain conditions) and R15 million will be retained and paid out over a four-year period ending 30 June 2021.

In terms of the Agreement, Omnia will retain a call option and Autumn Storm a put option over the remaining 10% shareholding in Umongo. The call/put option will be exercisable five years after the closing date of the transaction and is subject to a revised valuation notice being delivered to Omnia/Autumn Storm at such future point in time. The call/put option will have a maximum settlement consideration of R115 million, with no minimum amount applicable.

Omnia will fund the acquisition consideration through its existing general borrowing facilities.

Following the implementation of the transaction, Umongo will become a subsidiary of Omnia and report under the Chemicals division in the consolidated results. Umongo will continue to operate as a separate stand-alone entity within Omnia. Omnia will ensure that the memorandum of incorporation of Umongo does not frustrate or relieve Omnia in any manner from compliance with the JSE Listings Requirements.

CONDITIONS PRECEDENT TO THE TRANSACTION

The transaction is subject to the fulfillment and/or waiver of a number of conditions precedent which are customary in a transaction of this nature, including amongst others:

- Umongo obtaining written consent from third parties, including various Chevron Group entities and Ergon, with respect to change-of-control consent for material contracts
- Umongo entering into replacement distribution agreements with certain suppliers
- The approval of the transaction by various competition-law authorities, including the South African competition authorities in terms of the Competition Act, 1998 (Act 89 of 1998), as amended from time to time

EFFECTIVE AND CLOSING DATE FOR THE TRANSACTION

The closing date for the transaction will be the last day of the month in which the last of the outstanding conditions precedent are fulfilled or waived. The effective date for the transaction is 1 March 2017, notwithstanding the signature date of the Agreement and the closing date. From a consolidation perspective the effective date will coincide with the closing date.

NET ASSETS AND PROFITS OF UMONGO

As at 28 February 2017, Umongo had gross total assets of R547 million and equity and reserves of R432 million. For the year ended 28 February 2017, Umongo reported earnings (excluding foreign exchange gains and losses) before depreciation, amortisation, interest and taxes of R101 million and a net profit (excluding foreign exchange gains and losses) after tax of R77 million. Umongo's historical financial statements have been prepared in accordance with International Financial Reporting Standards for small and medium-sized enterprises (SMEs) and the Companies Act.

MATERIALITY

1

EXTERNAL ENVIRONMENT ASSESSMENT

AGRICULTURE
MINING
CHEMICALS

See section on page 30

2

ENTERPRISE RISK MANAGEMENT

STRATEGIC RISK
OPERATIONAL RISK

See Risk management section on pages 31 – 33

UNDERSTANDING AND ADDRESSING RISK AND MATERIAL ISSUES

Integral to Omnia's success is the Group's grasp of its external environment, particularly the risks and opportunities, as well as the issues deemed significant by the business and its stakeholders (see stakeholder engagement on page 34).

3

STAKEHOLDER GROUP

- SHAREHOLDERS
- INVESTMENT COMMUNITY
- EMPLOYEES
- DIRECTORS
- TRADE UNIONS
- CUSTOMERS
- GOVERNMENT AND REGULATORY BODIES
- SUPPLIERS
- COMMUNITIES
- INDUSTRY

See section on pages 34 – 36

4

IDENTIFICATION OF MATERIAL ISSUES

SOCIAL ISSUES

- Labour disruptions
- Retention of skills
- Safety
- Transformation

ECONOMIC ISSUES

- Carbon tax
- Exchange rate volatility
- Raw material supply
- State of mining, manufacturing and agriculture sectors

ENVIRONMENTAL ISSUES

- Carbon emissions
- Drought
- Pollution control
- Regulatory uncertainty

GOVERNANCE ISSUES

- Country risk
- Fraud and corruption
- Regulatory compliance
- Supply chain management

5

CONFIRMATION OF MATERIAL ISSUES FOR REPORTING

RANKED ACCORDING TO RELEVANCE TO OMNIA'S BUSINESS AND SUSTAINABILITY STRATEGY

- Continued commodity price slump, combined with exchange-rate volatility
- Declining mining and minerals production in South Africa and elsewhere
- Impact of drought on product demand and food security
- Delivering cutting-edge knowledge and expertise that provide value-adding solutions
- Access to affordable electricity and water
- Evolving legislation and regulation across geographic locations
- Safeguarding employees' and communities' health and safety, and the natural environment
- Enriching relationships and meeting stakeholder expectations
- Security of data and systems

MATERIAL ISSUES

Material issues are deemed to be those issues that are most material to the business and stakeholders, and which fundamentally influence the assessments and decisions of stakeholders in relation to the Group.

Omnia's material issues were defined in the 2017 financial year through a materiality assessment process that focused on considering key factors in the external environment, combined with a thorough analysis of the current risk register and informed by feedback from stakeholders. This process included the evaluation of external topics covered in market reports and in the media, as well as formal feedback from stakeholders and benchmarking against peers. The matters identified were then ranked according to the impact on stakeholders and the business.

The material issues determined for the 2017 financial year and presented below were identified as matters which are integral to the Group's strategy and performance. They will be continuously monitored to ensure that value is added to clients by harnessing the Group's knowledge and expertise, and by nurturing stakeholder relationships.

MATERIAL ISSUE	IMPACT ON THE BUSINESS	IMPACT ON STAKEHOLDER
CONTINUED COMMODITY PRICE SLUMP, COMBINED WITH EXCHANGE RATE VOLATILITY	**Issue** With three independent and geographically diverse divisions, Omnia is subject to many external factors, including shifting exchange rates and the current global commodity price slump. **Response** The Group operates in diverse sectors reducing the concentration of risk around the mining sector. Foreign currencies are monitored and hedged to mitigate risk.	Although the rand weakness and low commodity prices can bolster exports and improve revenue, they can also, unless mitigated, have adverse effects on those customers that rely on inputs priced in stronger, foreign currencies.
DECLINING MARKET SIZE, MINING AND MINERALS PRODUCTION IN SOUTH AFRICA AND ELSEWHERE	**Issue** New business development has been challenging as potential clients are approaching new investments with increasing caution. Expansion and continued investment has, as a result, slowed. **Response** The Group remains confident and strives to keep Omnia on a sustainable and growing business path, continuously exploring new global territories and leveraging existing and mutually beneficial relationships. This should counteract the declining market size.	Depressed commodity markets have resulted in reduced spending, both on capital projects and consumables. This has had an adverse impact on employees and communities.

MATERIAL ISSUE	IMPACT ON THE BUSINESS	IMPACT ON STAKEHOLDER
IMPACT OF DROUGHT ON PRODUCT DEMAND AND FOOD SECURITY	**Issue** Drought results in farmers not planting a full crop for a season and this reduces the demand for the Group's agriculture products. **Response** The Agriculture division is well placed to advise farmers and assist them in over-coming water shortages whereby increasing the planted crop in dry seasons. Effective planning and managing modern agriculture requires a careful combination of interventions, including the optimum use of chemical fertilizers coupled with appropriate irrigation systems and farm machinery.	The unpredictable climate emphasises the importance of responsible and effective water consumption. As the global population rises, especially in Africa, food security becomes a pressing concern for poor populations, governments and farmers. Food producers will need to turn increasingly towards the modern agriculture systems, products and technology that Omnia can provide if they are to meet rising expectations and demands.
DELIVERING CUTTING-EDGE KNOWLEDGE AND EXPERTISE THAT PROVIDES VALUE-ADDING SOLUTIONS AND OPPORTUNITIES TO ENTER NEW MARKETS	**Issue** In a fast changing world, the Group needs to be constantly innovating in order to stay relevant and add value to clients. **Response** Omnia is committed to investing and developing its intellectual capital and staying abreast, or ahead of, global trends in order to deliver superior customer service and assistance that enables clients to optimise the use of its products.	By optimising inputs, clients are able to cut costs and deliver superior returns. Omnia's expert services and cutting-edge technology translate directly to each client's bottom line and enables, not only a sustainable, but a thriving business outlook.
ACCESS TO AFFORDABLE ELECTRICITY AND WATER	**Issue** Rising input costs, such as electricity tariff hikes, can place pressure on operating margins. These pressures are amplified when coupled with stoppages due to supply issues. **Response** The Group monitors the use of electricity and water to reduce consumption wherever possible. In response to the electricity crisis, Omnia's commitment to the use of alternative energy and co-generation (particularly at the SSB plant) has replaced the Eskom power demand by approximately 40%. The Group contributes to increased potable water through water purification chemicals supplied to customers.	South Africa is a water-scarce country. Availability of affordable resources has a significant impact on the agricultural sector and communities.

MATERIAL ISSUES CONTINUED

MATERIAL ISSUE	IMPACT ON THE BUSINESS	IMPACT ON STAKEHOLDER
EVOLVING LEGISLATION AND REGULATION ACROSS GEOGRAPHIC LOCATIONS	**Issue** The Group operates in many geographical areas with different regulatory systems. Failure to comply with these could have an adverse financial, operational and new business impact on all our businesses. **Response** Omnia aims to be fully compliant with regulations across all of its divisions and geographical footprint.	Changing regulations can present challenges to operations and are not always easy to keep abreast of.
SAFEGUARDING EMPLOYEES' AND COMMUNITIES' HEALTH AND SAFETY, AND PROTECTING THE NATURAL ENVIRONMENT	**Issue** Omnia's value proposition relies on the longevity of the world's natural resources. It is in the Group's best interests to ensure the responsible management and conservation of the natural environment in which it operates. **Response** Omnia is committed to minimising its carbon footprint and has formulated a strategic road map to help it achieve its internal environmental targets.	Employees' safety and health are impacted by the safety and health processes and practices put in place by the Group. Communities are affected by the Group's environmental practices and compliance.
ENRICHING RELATIONSHIPS AND MEETING STAKEHOLDER EXPECTATIONS	**Issue** It is essential that the Group forges and maintains good relationships with stakeholders, especially employees and the local communities from which they originate. It not only makes sound business sense, but also contributes to people's overall welfare and expectations and, avoids unnecessary conflict. **Response** The Group will continue to deliver on commitments made to communities and clearly communicate with them should challenges arise.	Mutually beneficial and open relationships will ensure that stakeholders' voices are heard and heeded, stakeholder expectations are to be adequately managed and unnecessary conflict avoided. Employee retention can be enabled through skills training and development.
SECURITY OF DATA AND SYSTEMS	**Issue** It is essential that the Group manages and protects data and information systems by implementing strict controls over access to systems, networks and the ongoing upgrade and maintenance of software on an enterprise wide basis. **Response** The audit committee monitors the controls around data and systems security and software maintenance and ensures continuous improvement.	Proper access controls to the systems and networks ensures the protection and security of confidential data.

EXTERNAL ENVIRONMENT

Omnia is well-positioned to withstand increasing competition for resources, more-stringent legislation and greater consumer awareness worldwide.

COMMODITY PRICES

Omnia's business model depends to a significant extent on commodity prices – ammonia, its principal bulk feedstock, on the cost side, and agricultural and minerals products on the demand side.

EXCHANGE RATE VOLATILITY

Exchange rate movements, particularly between the US dollar and the SA rand can have a significant influence on Omnia's finances. A large portion of this risk originates from the time lag between buying ammonia and selling fertilizer.

Omnia operates a full treasury function in conjunction with outsourced treasury specialists. Together, they monitor the situation closely and, in conjunction with the hedging policy and hedge committee, seek to mitigate these risks by using forward-exchange contracts or zero-cost collars.

REGULATORY UNCERTAINTY

Regulatory uncertainty in the South African mining sector has been cited as a critical issue limiting mining investment and this, in turn, has an impact on Omnia's mining business. The need for certainty extends beyond mining into all aspects of the South African and other economies. The matter of a potential carbon tax remains an area of concern, as does the rising threat of nationalising resources in various jurisdictions in which the Group operates.

Omnia's approach is to closely monitor and evaluate prospective regulatory changes, to participate in formal consultation processes and to adapt the business to ensure compliance.

COUNTRY RISK

Risks that are specific to individual countries in which Omnia operates vary in their intensity and the manner in which they might be addressed or mitigated. Civil unrest and other political disturbances can occur through no fault of the Group. For example, communities' service-delivery protests that block roads to mines or farms might disrupt deliveries of explosives or fertilizer products. Omnia addresses this risk by ensuring a diverse geographic exposure.

Omnia's primary concern includes the safety of employees and contractors as well as the security of products stored at customers' premises and facilities.

In developing economies, there is the risk of periodic foreign-exchange shortages, particularly US dollars, or poor liquidity in the banking sector. Omnia addresses this financial risk by entering into adequate hedging or forward-cover instruments to protect pricing, by seeking ways to secure liquid funding and by ensuring that warehouse stocks are maintained at levels that are not excessive but sufficient to ensure that customers' orders are satisfied.

Omnia's approach to rising calls for indigenisation or resource nationalism is to ensure sound local partnerships through the distribution chain, with partners who contribute to growing, integrating and managing the Group appropriately.

INFRASTRUCTURE CONSTRAINTS

Inadequate basic infrastructure is particularly challenging as the business extends into remote markets.

Availability of potable water could also present a challenge in arid or semi-arid parts of Africa, as so too, does the reliability of electricity supply from the national grid. Omnia's manufacturing and processing operations are not located where these constraints might prove insurmountable.

SOCIO-ECONOMIC ISSUES AND COMMUNITY DISCONTENT

As private-sector businesses are responsible for ensuring that benefits accrue to all stakeholders, including employees and host communities, Omnia ensures that its plants and operations are environmentally sound, that employment is provided to local residents as far as possible and that the workforce has the necessary skills. Within the constraints of operating modern chemicals plants, the Group seeks, as far as possible, to source consumable products and services locally.

Omnia devotes a portion of its revenues to corporate social investment initiatives (details in the sustainable development report on pages 66 – 69). Socio-economic interventions are carried out in consultation with communities to ensure that efforts are not duplicated and that it contributions help deliver on the expectations of the broader community.

RISK MANAGEMENT

APPROACH

By identifying, evaluating and mitigating risks the Group ensures that any factors threatening its ability to meet business objectives are managed systematically and effectively. Each division maintains a risk register, monitored and reviewed monthly, which is combined with the Group risk register to rank the top business, safety, health and environmental risks and to effect corresponding mitigation plans.

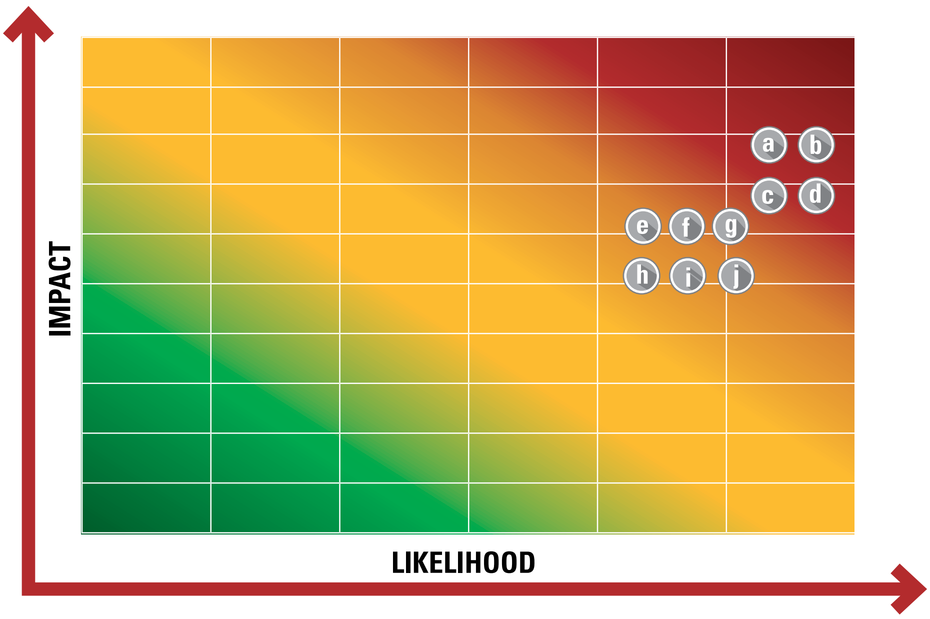
Omnia adheres to the risk policies and risk-management processes aligned to the King code of corporate governance. Responsibility for these two pillars of compliance lies with the risk management committee and the social, ethics and risk committee of the board. The risk management committee reports to the social, ethics and risk committee. Inputs from all senior executives as well as from divisional and technical directors embed a culture of risk identification to the extent that this is part of daily decision-making processes.

Risk analysis challenges Omnia to innovate and continuously monitor the external environment so that opportunities to deliver the most-favourable outcomes are not overlooked.

TOP 10 RISKS

Omnia's top 10 risks are classified as either critical or high priority, depending on the potential severity and likelihood of their impact on the business.

RISK HEAT MAP



- a Sustained low commodity prices
- b Major exchange rate volatility
- c Raw material sourcing constraints
- d Credit/debtor risk
- e High P_2O_5 pricing (phosphoric acid)
- f Increased competition
- g Shrinking manufacturing industry in South Africa
- h Market size and risk in southern Africa
- i Safety breaches
- j Retention and recruitment of key skills

RISK	IMPACT	MITIGATION
SUSTAINED LOW COMMODITY PRICES	**CRITICAL** Sustained low commodity prices linked with oversupply of key raw materials can adversely affect revenue and long-term sustainability.	By differentiating its product, increasing production volumes and offering value added services, Omnia aims to maintain and grow markets despite low prices. To support this, the Group is simultaneously working on managing costs, increasing efficiency and updating buying strategies.
MAJOR EXCHANGE RATE VOLATILITY	**CRITICAL** Movements in exchange rates during the Group's supply chain cycle can negatively impact on profitability.	To counteract exchange-rate fluctuations, Omnia uses a combination of forward exchange contracts and zero-cost collars to hedge the prices of raw material and of finished-goods. The Group actively manages its US dollar facilities as well as local overdraft facilities in African countries as further means of mitigating risk. Omnia aims to formulate new financial strategies in foreign countries to better manage foreign currency cash balances and the related accounting implications.
RAW MATERIALS SOURCING CONSTRAINTS	**CRITICAL** Because of the nature of Omnia's products, the Group needs to ensure that it has the steady supply of the raw materials required to meet its production schedule, and in turn, customers' requirements. The loss of or unreliability of local raw material suppliers can adversely affect production and gross profit.	Omnia maintains good relationships with a variety of international and local suppliers and manufacturers to ensure that it is prepared to handle any unforeseen constraints. In addition, it manages stock levels internally and makes use of spot contracts to purchase raw materials when necessary. The Group has a dynamic forecasting system in place to provide an understanding and forewarning of demand requirements. Where insurmountable constraints continue to persist, Omnia uses innovation to engineer the required raw materials or makes use of alternative materials.
CREDIT/DEBTOR RISK	**CRITICAL** The negative impact of the economic slowdown in the mining and manufacturing sectors, combined with the low international crop prices as a result of excess global food production, on customers' ability to pay can negatively affect profitability.	Omnia places great emphasis on maintaining strong and personal customer relationships, whilst maintaining strict credit control and management of working capital.
HIGH P_2O_5 PRICING (PHOSPHORIC ACID FEEDSTOCK)	**CRITICAL** Increased input prices translate into lower profit margins.	Omnia is optimising its plants to reduce P_2O_5 consumption. The board has approved the construction of a new nitrophosphate plant, to be operational in the first quarter of calendar year 2019. Omnia is communicating with local suppliers and seeking alternative sources of phosphates in the short term.
INCREASED COMPETITION	**CRITICAL** More competitors in the market can translate into smaller sales margins and decreased sales volumes. These concerns are amplified by low commodity prices that can affect the businesses of mining-industry clients.	Omnia analyses its market and competitors so as to consistently improve its business model and differentiate the Group and its divisions from competitors. Omnia manages its production and supply chain to maximise efficiency and contain prices. Omnia will continue to focus on regional diversification and reinforce its existing relationships with all stakeholders.

RISK	IMPACT	MITIGATION
SHRINKING MANUFACTURING INDUSTRY IN SOUTH AFRICA	**HIGH PRIORITY** The shrinking South African manufacturing industry reduces the demand for Omnia's products.	This risk is mitigated primarily by a balanced business profile and greater geographic and product diversification. It is further managed through involvement in industry bodies, such as the CAIA and through monitoring segmental growth in the industry.
MARKET SIZE AND RISK IN SOUTHERN AFRICA	**HIGH PRIORITY** The slow development and high risk of sub-Sahara African markets reduces the demand for Omnia's products.	This risk is mitigated primarily by diversification. It is further managed through involvement in industry bodies such as CAIA.
SAFETY BREACHES	**HIGH PRIORITY** Inadequate training, poor discipline and behaviour may result in safety incidents, including injuries to employees and members of the public and result in damage to plant and property.	Omnia is strengthening process safety management across all divisions in order to improve safety behaviour, as well as various measures to enhance training, supervision and awareness.
RETENTION AND RECRUITMENT OF KEY SKILLS	**HIGH PRIORITY** Inability to attract and retain key technical skills in the business (agronomic, blast and mining engineering and, chemical engineering) can adversely affect business performance and growth.	Omnia has implemented a wide range of incentive programmes, including share schemes, leadership development programmes and bursaries, in order to identify and develop key skills and to create a pipeline of future leaders.

STAKEHOLDERS

Omnia's board is committed to transparent reporting in line with its duty to all stakeholders. As such, the Group engages regularly with stakeholders to understand their perceptions of Omnia and pinpoint future trends, possible risks, determine material issues and strategic development.

Omnia engages constructively with all stakeholder groups to develop a mutual understanding of objectives.

Building personal relationships with stakeholders not only makes good business sense, it also enables Omnia's intellectual capital and technology to work effectively for the Group's service and supply chain.

As Omnia's operates multi-nationally, the Group is subject to various economic, social, regulatory, community and environmental influences. Developing and retaining a skilled, experienced talent pool is essential and employees are encouraged to provide feedback about their training and work experiences.

The Group is actively involved in the development of effective public policy through government-led initiatives. As a representative of CAIA, Omnia engages with Government at national and provincial level in formulating safety, health and environmental policies. A leading player in the chemicals industry, Omnia strongly supports the implementation of plans to improve waste management, to mitigate climate change and to advance policies that do not prejudice local manufacturers.

With emphasis on accountability, the board carefully ensures that communication about performance is distributed to all stakeholders and the public through a broad range of channels, guided by the disclosure requirements in terms of legislation, King III and the JSE Listing Requirements.

In the interests of sustainability, Omnia engages with the following stakeholder groups:

STAKEHOLDER GROUP	NATURE OF ENGAGEMENT	RESPONSIBLE PARTY	ISSUES RAISED	OUTCOME
SHAREHOLDERS	• Interim and integrated annual reports • Stock Exchange News Service (SENS) announcements • Analyst presentations (interim and year-end) • One-on-one meetings with major shareholders, analysts and fund managers locally and internationally • Shareholder meetings, and annual general meeting	• Group managing director • Group finance director • Group company secretary • All board members and senior executive management are encouraged to attend results presentations and the general shareholder meetings	• Group and share price performance • Growth strategies and non-financial performance targets • Corporate governance and remuneration practices	• Improved financial analysis, disclosure and reporting • Improved integrated annual reporting • Improved shareholder participation in meetings
INVESTMENT COMMUNITY	• Articles in financial publications • SENS announcements • Press releases • Investor road shows • Analyst presentations • Website • One-on-one meetings with the media and analysts	• Group managing director • Group finance director • Group company secretary • All board members and senior executive management are encouraged to attend results presentations and the general shareholder meetings	• Group and share price performance • Growth strategies • Investment case	• Improved understanding of the nature of Omnia's business, enhanced financial and sustainable development reporting

STAKEHOLDER GROUP	NATURE OF ENGAGEMENT	RESPONSIBLE PARTY	ISSUES RAISED	OUTCOME
EMPLOYEES	• Intranet • Website • Training • Newsletter • Presentations • Performance evaluations • Career discussions • Share scheme training and participation • Equity forums • Road shows	• Group managing director • Group finance director • Group human resources director • Management • Employment equity (EE) forums	• Job security • Career growth • Leadership development • Salary increases • Performance incentives • Wellness issues, safety, health and environment	• Greater investment in training and development • Improved communication and understanding of Omnia's values and policies • Feedback provided at board meetings and in the integrated annual report
DIRECTORS	• Operational budget presentations • Board and committee meetings • Site visits • One-on-one meetings between executives and key employees	• Management • Board • Group managing director • Group finance director • Company secretary	• Group and operational performance and growth strategies • Governance compliance • Risk management • Attraction, retention and protection of knowledge • Information and skills	• Greater strategic focus on long-term growth strategies • Better planning and decision making • Improved risk management and compliance assessment processes
TRADE UNIONS	• Bargaining council meetings • Dispute settlement meetings	• Group human resources director • Employee relationship manager	• Wage negotiations • Conditions of employment, health, safety and wellness issues	• Ongoing focus on employee and labour relations
CUSTOMERS	• Sales agreements • Sales and marketing conferences • Sales and marketing brochures • Meetings • Newsletters • Events • Industry conferences • Training • Letters and emails	• Divisional marketing directors • Sales management • Technical services department	• Supply, quality of product • Service-related issues • Technical support and price	• Enhanced service offering • Greater confidence in product and service delivery • Increased sales

STAKEHOLDERS CONTINUED

STAKEHOLDER GROUP	NATURE OF ENGAGEMENT	RESPONSIBLE PARTY	ISSUES RAISED	OUTCOME
GOVERNMENT AND REGULATORY BODIES	• Formal and informal meetings • Consultations • Documentation and report submissions • Conferences • Tender submissions • Extensive commentary on draft legislation and presentations	• Head of Group legal • Compliance officer • BBBEE and EE manager • Group finance director • Group Safety Health Environment Risk and Quality (SHERQ) manager • External legal advisors • External auditors • CAIA	• Competition law compliance • BBBEE • EE • Safety, health and environmental legislation compliance • Legal compliance	• Implementation of Competition Law compliance programme with training and communication • Improved BBBEE and EE compliance and performances • Continuous engagement with competition law authorities • Continued focus on improving compliance with safety, health and environmental law standards • Continually checking legal compliance
SUPPLIERS	• Supply agreements • Meetings • Conferences • Events • Training sessions	• Group and divisional procurement and supply chain management • BBBEE and EE manager • Compliance officer	• Reduction of costs • Improved quality of service • Product quality and security of supply • Compliance with BBBEE and EE ratings • Other regulations and standards	• Enhanced service offering • Greater confidence in product and service delivery • Ongoing management of costs
COMMUNITIES	• Corporate social investment projects in communities • Community-based forums • Training and support	• BBBEE and EE manager • Marketing and sales management • Group SHERQ manager and divisional SHERQ officers • Group human resources director and human resources managers	• Education • BBBEE and EE • Wealth creation • Environmental law compliance • Emergency procedures • Safety standards • Skills development training	• Ongoing investment in key projects focused on, major hazard installation (MHI) emergency procedures • Compliance with safety standards • Farmer development • Skills development • Operating within the principles of Responsible Care®
INDUSTRY	• Representation on key industry bodies • Meetings • Conferences • Newsletters	• Management • Head of Group legal • Compliance officer • Group SHERQ manager	• Competition law related issues • Environmental legislation • Best-practice standards • Policy and regulations	• Improved and consistent industry-wide implementation of legislation • Active participation in lobbying proposed changes in legislation • Raising awareness of key issues affecting the industry

LEADERSHIP

CHAIRMAN'S STATEMENT

Neville Crosse, Chairman

The 2017 financial year will be noted as the year when Omnia's markets started to turn in a positive direction and as a year in which the effort of the management team in pursuing acquisitions started to bear fruit.

Turnover decreased from R16.8 billion in the previous year to R16.3 billion in FY2017, with the decision to rationalise the product range in the Chemicals division resulting in a reduction in turnover and a decrease in the International Fertilizer Trading activities following the large Australian trade in the prior year. Group profit decreased from R642 million (restated) to R592 million in the year under review, and the balance sheet was ungeared at year-end.

Good agricultural conditions resulted in a large summer crop for the 2016/2017 crop cycle with reasonable income for most farmers, leaving them with a larger disposable income for the 2017/2018 planting season, which bodes well for our Agriculture division. The Mining division has started to benefit from the modest recovery in the commodity cycle and the Chemicals division continued to be weighed down by the poor economic environment in South Africa that affects the manufacturing and mining industry. The lack of growth in South Africa, as evidenced by the contraction of the gross domestic product is room for concern. Growth is vital to address job creation and poverty in South Africa.

EXTERNAL ENVIRONMENT

The mining sector is showing modest dollar price movements in most commodity prices which indicates that the market appears to have bottomed out. In turn, local and international demand for explosive products has started to pick up, with an improvement in profit margins expected to follow. The increase in demand and resultant increases in dollar based commodity prices, has been negated in South Africa by the strength of the rand. Furthermore, the local industry is plagued with uncertainty, particularly with the latest announcement to amend the Mining Charter and change the BEE participation levels from 26% to 30%.

The new charter does not recognise the funding requirements of long term risky investments, as is the nature of mining. Mining requires large amounts of investment capital which is simply not available in South Africa and requires participation by international investors, who remain on the sidelines due to the current levels of uncertainty. The charter will also have an indirect impact on thousands of companies supplying the mining industry, that will exacerbate the down-turn in the South African manufacturing sector.

The local industry uncertainty is exacerbated by the continued delay of key minerals legislation which was best seen in context when the country was placed in the bottom five African investment destinations for the global mining industry. The slide from the top position that South Africa occupied for decades epitomises the impact of inept government policy making over the last two decades.

The down-turn of the once vibrant mining sector has had a knock-on effect contributing to the gradual decline of the South African manufacturing sector. The country is de-industrialising due to deteriorating economies of scale and the lack of trade skills, which results in the import of goods that used to be produced in South Africa. This impacts Protea Chemicals severely and is compounded by the continuing low petrochemical prices that have driven rand margins down significantly. The recent positive announcement to progress the investigation of extracting shale gas from the Karoo basin in a responsible manner is potentially a significant factor in developing the country and particularly the chemical sector. Omnia understands the risks associated with shale gas extraction, but is of the view that, if done in a responsible manner, it can be a significant lever to economic development, which would be most welcome.

The improving supply of power from Eskom has been a positive factor in South Africa, albeit due to a slowdown of economic activity. However, if the demands for higher electricity prices are accepted, the manufacturing and mining sectors will experience another blow to earnings. As a consequence, this will have a negative impact on the sustainability of many companies and lead to a further slowdown of the economy. The lowest possible

cost of energy is a key driver to the development of industry and it is with grave concern that we view the debate around a nuclear programme for the country, which is unaffordable at the suggested cost of $1 trillion.

South Africa has had good summer rains over the past few months which have left most of the central dams close to capacity. The record level of the harvest of 2016/2017 maize summer crop will lead to a surplus that has already seen maize prices fall significantly from the record highs of last year, reducing future farming income significantly. Nevertheless, farmers in the summer growing regions have better prospects than they have had in several years. Substantial winter rains are necessary to lift the Western Cape dams from their current critically low levels, which have started to show signs of improvement.

Land distribution without skill transfer has already been shown as a recipe for reducing production from already limited productive land. It is essential to harness the experience of existing commercial farmers and agricultural organisations to enable successful land transfer. A more holistic approach, coupled with mutual incentives and other innovative approaches, would result in a better success rate. Not withstanding the policy decisions required, economic growth is vital to the success of land distribution. Any approval should recognise that farming in southern Africa, with its limited and volatile rainfall conditions, can prove challenging for farmers. Omnia has contributed to developing emerging farmers through a comprehensive programme aimed at transitioning new farmers to fully fledged commercial farmers.

The "fourth industrial revolution," centered on the digital economy and related technologies, is upon us and will revolutionise the way in which companies operate. Omnia is acutely aware of the strategic imperative of positioning itself to take advantage of these developments and is investing significant capital in this direction. The Agricultural division is leading the way with digital tools to improve the performance of farming clients in various ways, in order to increase yields while offering market and crop information to farmers to enable them to optimise their revenue streams. The Mining division has also followed this strategy with the installation and commissioning of automated assembly lines which are producing high quality electronic and non-electric detonator products at a competitive cost. The Chemicals division is reshaping part of its business model, improving service levels and streamlining supply chain management through the use of technology.

The Group's information technology (IT) infrastructure and software backbone is in the process of being replaced with new generation software and hardware to support the ongoing development of the business. This large investment in the core IT platform, enterprise resource planning (ERP) and application systems, is necessary to ensure the Group's competitiveness across its global footprint. The project is well advanced, with a significant number of projects completed to date, but will still take another two years to be rolled out to all the business units. The Group is already starting to reap the benefits of this initiative and will continue to make further gains as more projects come on line.

AGRICULTURE

Omnia Fertilizer's business model in South Africa is focused on achieving prosperity for our farming clients, which follows from the Group's vision statement, "Creating customer wealth by leveraging knowledge". In order to deliver against our vision, which has been in place for many years, Omnia continues to make considerable investments in agronomics and agronomists. This creates a platform to advise farmers on all aspects of their planting activities and truly adds value to their operations. This investment is being extended into sophisticated digital tools which are generating valuable data to enable farmers to not only reduce their farming risks but to substantially improve their product value. Omnia is at the forefront of this development which will continue to differentiate the Group from its competition.

The Nitric acid 2 plant (NAP2) in Sasolburg experienced a severe air compressor failure during the year that led to a plant outage of 86 days. Although loss of profit insurance cover was in place, the lack of plant availability resulted in large imports of product and additional costs. A portion of these costs were not covered during the time-based deductible period and negatively impacted earnings for the year. Sasolburg was also subjected to an extended strike which disrupted production for six weeks. Overall, the Sasolburg site lost close to four months of production time.

The international agricultural business had an extremely successful year with improvements in all its markets. Direct retail marketing to farmers in Zambia and Zimbabwe has proven to be an excellent business model. This has replaced in part the revenue generated from government tenders, which are cumbersome and typically at low margins. The range of products sold in these stores has also extended to third party products, thereby improving the overall product offering to clients.

Omnia buys nitrogen in the form of ammonia gas and prices its solid nitrogen based fertilizer products to compete with the price of urea fertilizers. In recent times, the ammonia:urea ratio has been unfavourable to the Group, but as of the last few months, supply and demand patterns in the world market have started to normalise. The ratio has moved in a direction that enhances the profitability of a producer such as Omnia and this should be realised in FY2018.

Omnia's emerging farmer support worked well in the last summer season with most of the participants having a profitable year. The development of new financing models has advanced significantly, both reducing the exposure of the Group, as well as improving the availability of funds to the developing farmers. This empowerment initiative has had a significant impact on the lives of this group of people who aspire to be commercial farmers. Omnia is proud of the team that has grown this programme to the extent that some of the farmers can operate as fully fledged commercial farmers without the programme's assistance.

We remain extremely concerned about the ongoing acts of violence and murder of farmers in the South African farming community, and help wherever we can to make a meaningful contribution towards the prevention of these crimes. A recent positive statement by Government, declaring that the killing of farmers and farm workers must end, is the first such positive statement in respect of these atrocities which have been going on for close to two decades. We hope that Government has realised the importance of protecting the food basket and the role the farming community plays in upholding the economy and population as a whole.

MINING

The FY2017 was again challenging with mining volumes and prices under pressure for most of the year. This situation has turned around in recent months and the outlook looks a lot more positive for the coming year. The restructuring of the BME team was completed during the year and has streamlined the division's operations and reduce its cost base. These benefits should be realised in FY2018.

The automated production units for the assembly of non-electric detonators and electronic delay detonators are all running satisfactorily at the Losberg factory. The excellent quality of products produced and the reduction in costs, was certainly a highlight for the division during the year under review. The AXXIS™ electronic delay detonators are world class quality products and are making a significant impact in the international markets, including the Australian market. More recently, after extensive testing, the products were accepted for use in mining operations in Colombia which is a very positive development for BME's global expansion. AXXIS™ was successfully used in a complex subway tunneling project in downtown Singapore that was completed during the year and has recently launched in the quarrying market in the USA.

CHEMICALS

The improved performance of Protea Chemicals in FY2016 was not maintained in FY2017. Volumes and margins did not reach expectations, with the ongoing slowdown in the South African economy. The division continues to make progress with its cost structures and the finalisation of the implementation of the new IT system. Focus has shifted to expanding sales into Africa. Martin Kearns was appointed as the managing director of Protea Chemicals on 1 April 2016 and I wish him well with the challenge of improving the division to reach its full potential.

BOARD MATTERS

The board continues to improve its oversight of corporate governance in the Group and the various committees function in the required manner.

The social, ethics and risk committee participates in management presentations that are focused on risk exposures, identified by the committee, that warrant better understanding.

The remuneration committee is considering the need for new share incentive schemes to replace the Sakhile 1 and Sakhile 2 share schemes which will start maturing in the coming financial year.

The Group's safety, health and environmental position continues to improve with an RCR of 0.54 (2016: 0.83) below the internal target of 0.8 (2016: 1.0) for two years in succession.

During the year, the board chose to review the financial performance metrics of the holding company in depth. It was noted that there has been a great deal of capital invested into non-productive assets that have been required to improve safety, health, environment and quality (SHEQ) related matters, together with a high level of replacement capital, particularly at Sasolburg in recent years. These investments have reduced returns on capital. The board has taken cognisance of the situation and advised management of its concern. The recently completed acquisition of a 90% interest in Umongo is a marked shift in strategy execution, to purchase businesses that demand less fixed capital investment and leverage a high performance sales and service model with a suitable margin. A further shift in this direction for the Group will continue.

EMPLOYMENT EQUITY

Overall, there has been an improvement in equity representation, particularly at senior management levels. Senior management representation increased from 23% in FY2016 to 25% in FY2017. Equity representation at skilled and junior management levels increased from 44% to about 47%. The total workforce comprises 70% black (African, Coloured and Indian) employees compared to 69% in our previous reporting period. In terms of top management, this consists of 29% black female executives.

RESTATEMENT OF FY2016 FINANCIAL RESULTS

The Group has restated the FY2016 profit before tax by R83 million and profit after tax by R60 million. This restatement relates to a legal matter with Foskor, a major supplier of raw materials to the Agriculture division that has been ongoing for a number of years, where a significant amount of judgement was required. As a result of the ongoing legal dispute, conformity with IFRS required that the 2016 results be restated. Similarly, the 2017 results were affected by a similar amount. The board regrets this restatement but believes that it was appropriate based on the uncertainty linked to the ongoing legal dispute. The Group continues to pursue the legal matter through the courts.

DIVIDENDS

The board has declared a final dividend of 180 cents per share. Together with the interim dividend of 160 cents per share, this provides shareholders with a total dividend of 340 cents per share this financial year, down 20 cents per share from the prior year.

OUTLOOK FOR THE YEAR

International mining is on a path of recovery and BME will benefit as prices and volumes improve. The AXXIS™ product will continue to increase its contribution to profits as market acceptance grows.

The Chemicals division continues to be a disappointment and it is hoped that the new management team can make a difference. The recent acquisition of Umongo demonstrates the board's commitment to improving the financial performance and positioning of this division.

The domestic fertilizer team is gearing up for higher production in the new year to improve asset utilisation. This will be made possible by an improvement in the ammonia:urea ratio and an improved market as farmers benefit from a good season in 2016/2017. The international team needs to consolidate its outstanding performance in FY2017 and continue to expand sales on a global basis.

The business development team has a number of exciting acquisition possibilities which the board is currently reviewing, with the intention of finalisation in the next few months.

APPRECIATION AND FAREWELL

April 2017 marks the fortieth anniversary of my appointment to Omnia in 1977. The early years were as a project manager, with my board career at Omnia beginning in 1985 with my appointment as managing director of Omnia Fertilizer Limited, which was listed on the JSE separately to the pyramid company of Omnia Holdings Limited. Several years later, the structure was collapsed and in 1991, I became the managing director of Omnia Holdings and remained so until my resignation in June 1999. Rod Humphris was appointed as my successor.

I remained a board member until I was requested by Anglo Alpha, the major shareholder at that time, to take over the chairmanship late in 2000.

The skill of putting together the right blend of people that make up a board is underestimated in today's times and finding the right people, given the increasing governance constraints, is time consuming. However, the effort has been worthwhile as Omnia's board has been a cornerstone of the Group's growth and the blend of personalities and skills has been a major contributor to our success. I thank all the members of the board, both current and retired, for their input and assistance to myself over the years.

The combination of Rod and I has worked well and he must get most of the credit for having built the Group up to the prestigious organisation it is today. I wish him success in his new role from June as non-executive director and chairman of the Omnia board and thank him for his support over the years of working together.

Many thanks to Ralph Havenstein for his role as lead director, which has been very useful in the last few months as the various discussions around the board structure and executives has been pertinent.

The board has approved the appointment of Adriaan de Lange as Group managing director and as an executive director of the board with effect from 1 June 2017.

Adriaan will be working closely with Rod to ensure the smooth handover of the business. Rod will continue to provide guidance and leadership to the management and the Group in his new role as chairman of the board.

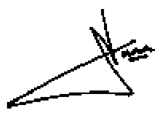
My thanks to Frank Butler who has resigned from the audit committee after many years of service. His business acumen has made a significant contribution to the balance of the committee. He remains a non-executive board member and the chairman of the social, ethics and risk committee.

My thanks to Prof Stephanus Loubser, who resigned from the board, for his 14 years of service to the Omnia board and for acting as chairman of the remuneration committee. His strategy and business acumen was greatly appreciated.

I am delighted to welcome Prof Nick Binedell, as a non-executive director to the board. In the short time we have worked together, I have appreciated his ability to grasp complex matters and I am sure he will be a great support to Rod and the board.

I believe that Omnia is poised for a new phase of growth and that the timing for a new chairman and executive team is appropriate to drive the company to new heights.

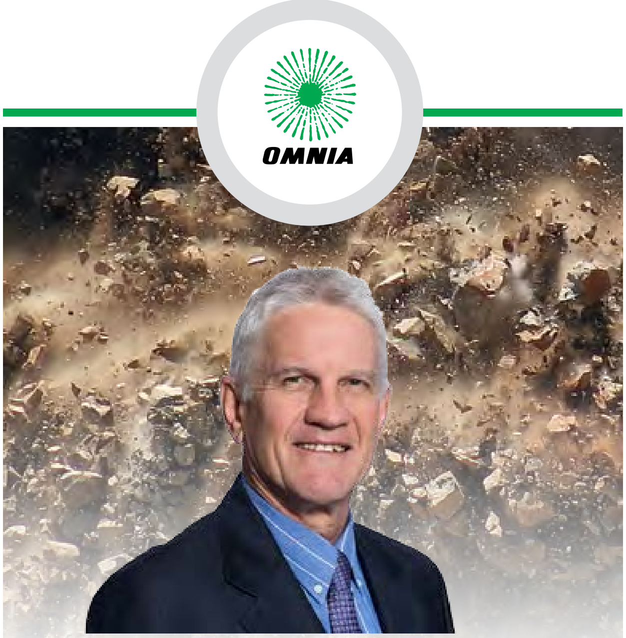
My best wishes and sincere thanks to all the staff of Omnia who have been the backbone of this remarkable Group.



Neville Crosse
Chairman
21 August 2017*

* *Resigned as chairman on 31 May 2017, but wrote the report as he was chairman for the financial year under review*

GROUP MANAGING DIRECTOR'S REPORT



Rod Humphris, Group managing director

Over the past few decades, the Group has deliberately transformed itself from being a purely small agriculture business into a diverse robust business focused on chemical products and services. The business firstly supplies a comprehensive range of fertilizers and ever increasing sophisticated services to its farming customer base. Secondly, it provides a complete range of explosives, initiating systems, metallurgical processing chemicals and services to its mining customer base and thirdly, a vast range of chemical products and services to its industrial and manufacturing customer base.

This strategy has worked admirably over the past two years with turnover and earnings both holding up well under challenging economic conditions. The business faced the worst drought in recorded history in southern Africa, the low point in the mining cycle caused by global commodity oversupply and no growth in the South African manufacturing sector. Not only has the strategy led to a robust performance during the low point in the business cycle but it will also serve the Group well as conditions improve. The diverse nature of Omnia has resulted in an abundance of growth opportunities in the chemicals sector which we continue to evaluate.

The strategy has also focused on expanding the geographic range of the Group. Today, Omnia has become a regional African company with smaller development nodes in Australasia, Colombia, Brazil and North America. Over time these nodes will grow in importance further complementing the diverse and robust nature of the business whilst maintaining an absolute core focus on its chosen customer base.

GROUP STRATEGY

The Group's strategy has been shaped over a number of years and focuses on maintaining our unique, specialised market offerings whilst expanding organically. We also aim to sustain a nurturing work environment in order to retain our employees, who are an integral part of our offering.

While this strategy is reviewed regularly, it has proved its worth and has remained mostly consistent over the years. This has enabled our teams to acquire a clear understanding of our objectives and what is required of each person.

For further details on our strategy and how it aligns with our business model, see pages 8 – 10.

The Group has always taken pride in being a market-focused organisation, and we continuously strive to provide a broader value offering and improving customer service across all our divisions. We foster a sense of ownership through a distinct culture and a variety of share participation schemes.

OPERATING PERFORMANCE AND PROSPECTS

The Group continued to face challenging conditions in all its markets. The rain that ended the 18 month drought came late, particularly in the western regions of South Africa where some areas were not fully planted. The combination of this situation and the carry-over fertilizer stock on farms not used in the drought year, impacted overall fertilizer sales in the financial year under review. Under the circumstances, the Agriculture division had a good year.

The slowdown in mining activity that was caused by over-supply, resulted in metal and mineral commodity prices falling over the past two years. This continued to impact negatively on our mining business, leading to few growth opportunities. The lack of growth in the South African manufacturing sector continued to affect sales in our Chemicals division. These conditions are very evident in the contraction of the South African GDP for the year and placed pressure on the Group, causing turnover to decrease in part to R16.3 billion. Operating profit decreased from R1.1 billion to R1.0 billion.

The Group has continued to make excellent progress with the modernisation of its entire IT system and platform. This is a low risk multi-year, multi-phase agile programme with different parts of the system going live over different periods. The programme is scheduled to take another two years to complete. It involves replacing the outdated QAD ERP system with the Microsoft Dynamics AX ERP system and other Microsoft applications systems, enabling a more integrated IT and business environment. At the same time, it is imperative that we upgrade the entire network infrastructure and hardware in line with advanced technologies to ensure a real-time IT system using global best practice is in place. Considerable upfront work has been completed to prepare for the roll-out of the new systems by rationalising, simplifying and cleaning-up product ranges, bills of material, formulations and data management databases. The entire business information system is being revolutionised to bring real-time information to our management for immediate decision making. This investment in transactional and business information infrastructure is vital to ensure integration and co-ordination across the Group's growing geographic spread into 24 countries. This development will also greatly assist our service offering, particularly in supplying state-of-the-art services in our direct retail offerings which spans close to 50 outlets (in our chemicals and agriculture businesses) in four countries in Africa.

Our Group finance director, Wayne Koonin, was recently recognised for his contribution to Omnia's technology vision and execution. He won the top award for Finance and Technology at the prestigious CFO (South Africa) awards ceremony. The award is based on the view expressed by an independent panel of judges and is described by the criteria below:

Technology offers us an almost unlimited range of opportunities to improve our business models, processes and overall value proposition. The winner of this Award has invested in and unlocked technologies that had the power to transform the business and create new value. The winner has played a crucial role in crafting and executing a successful business-aligned IT strategy to provide businesses with value delivery. Based on a clear vision and plan, this CFO has strongly supported and financially enabled the implementation of systems for technology driven change and develops and shares his or her knowledge and know-how of technology.

This is certainly not an easy award to win with CFOs from listed and unlisted companies, and government and quasi-government entities competing for the honour. It is also great to see that the work in the IT field being conducted by Omnia is regarded highly by the business community and CFO forums.

AGRICULTURE

Total volumes were up 10% over the prior year after southern Africa experienced its worst drought in 114 years of recorded rainfall data. The aftermath of the drought was felt with sales volumes lower than expected because of carry-over fertilizer stock at the farms and lower plantings in the western regions of South Africa due to late rain. Lower international nutrient prices together with a stronger rand compared to the prior year, placed prices under further pressure. The overall impact was that turnover remained unchanged at R8.2 billion.

Production was lower than expected leading to lower margins as a result of a once-off breakdown at our NAP2 complex. The NAP2 air compressor failed resulting in three-months downtime to repair the unit. The issue was technically complex. It may have been a result of incorrect set-up specifications that have been in place since the start-up of the plant four years ago. The additional costs associated with the breakdown were covered by insurance, with the exception of the time-based deductible. The additional costs were as a result of fertilizer being imported to cover the shortfall in production and less co-generation of electricity during the period that the plant was not operational. Normal operations resumed after the repairs had been completed, and the NAP2 complex is back in full operation.

The unfortunate poor trading deal experienced by our Agriculture Trading business in December 2014 was finally resolved during the year. Overall, the trading business performed well over the past year but was overshadowed by this single trade. The position was finally closed out in the first six months of the financial year and a normal trading environment is expected in the coming year. Additional controls have been implemented to prevent this from happening in the future.

The low-growth environment in the mining sector continued to indirectly impact our Agriculture division where the offtake of ammonium nitrate raw materials for our explosives business remained at lower than anticipated levels. This lead to an under-recovery on fixed expenses and lower profitability in the division. The impact of the breakdown and poor mining environment, resulted in our NAP2 complex operating at only 40% of design capacity compared to 60% in the previous financial year. The restatement as a result of a legal dispute, reduced operating profit by R83 million (R60 million post tax) in the prior year and by a similar amount in the current year.

Despite the poor macro economic conditions and the impact of the restatement of the prior year, the Agriculture division was able to turn in a steady results performance with operating profit at R438 million, 6.5% up on the prior year. This restatement related to a long-standing dispute with Foskor, a supplier of a key raw material in the agriculture business. The Group previously recognised a receivable for charges for raw material supply above the Competition Tribunal ruling rate but has subsequently derecognised this asset due to the uncertainty around the legal proceedings and the ultimate recoverability of the receivable. We will continue to pursue this matter to the full extent of the law.

The recent excellent rains in southern Africa have led to a record maize crop for the 2016/2017 planting season of 15.7 million tonnes. Despite the subsequent fall in maize prices, farmers in general had a good year. The record crop is expected to deplete soil nutrient levels for the forthcoming 2017/2018 planting season and consequently, the outlook for additional fertilizer consumption in the coming season is positive.

The division continues to develop its Emerging Farmer programme. A total of 48 farmers are currently part of the programme which was previously financed fully by Omnia. During the year the programme expanded by accessing finance from other third-party financiers. These parties have provided funding based on Omnia's structured programme with inherent controls designed to lower the risk profile for any financier. A total budget of R100 million was provided by Omnia and third party financiers to finance the programme for this planting year. The programme's risk profile has also been reduced by various innovative insurance partners. The programme is now in its twelfth year and continues to show success in supporting emerging farmers to become fully fledged commercial farmers.

Our Agriculture division continues to explore and develop new agronomic techniques. The potential is immense to enhance agronomic service offerings to create high-tech solutions. The team is working on numerous agronomic models employing the use of sophisticated algorithms to reduce farming risk and to substantially enhance yields and produce quality.

MINING

The slowdown in mining has led to a challenging environment with few growth opportunities. Overall, volumes were up 3%. There were generally lower volumes in BME's surface emulsion business across certain commodity types but, there were also a number of good growth nodes. The Zambian copper belt continued to show an uptrend with volumes increasing throughout the year. Our strategy of penetrating the local and international underground markets as well as electronic detonator markets continued to gain traction. This countered the modest drop in volumes in the surface emulsion business which is considered as temporary, as volumes are starting to show signs of recovery. The opportunity for increased mining activity in Africa is growing and continues to remain a point of focus to counteract the slowdown in mining activity in South Africa. Protea Mining Chemicals was able to maintain its sales volumes but continued to see a downturn in the uranium sector, where low uranium prices are placing pressure on mines to reduce mined volumes. Turnover for our Mining division at R4.4 billion is 3.8%, down on the prior year.

Over the past two years, automated assembly lines have been introduced both for our non-electric and electronic detonator product lines. These lines are still in the process of ramping up their production capacities which should result in increases in sales of our products. The use of automation and the latest in robotic technologies, are proving to be very successful. With remarkable improvements in the quality of units produced. The technology lends itself to multiple comprehensive in-line testing and control points that enable the immediate feedback and rectification of any issues. The technology developments continue to allow better product design to improve functionality and ease of use. International market demand is growing as miners better understand the tremendous cost-saving opportunities in the drilling and excavation cycle by using electronic detonators coupled with our sophisticated BlastMapIII™ software.

Our underground emulsions systems are showing exciting growth potential through the displacement of more traditional explosives products. These emulsion systems are showing better safety, security and face advance for our clients, which ultimately contributes to improved operational performance for their businesses. The delivery systems for these emulsions are innovative, robust and easy to use.

Operating profit at R457 million is 13% lower than the prior year. With the introduction of new technologies and products, overheads have increased along with new mine sites where new contracts were awarded. However, these new product lines are an essential investment in the Group's future. As the volumes in these new technologies ratchet up, there will be a steady improvement in overhead recoveries and profitability. Our Mining division is at the low point in the mining cycle and we continue to invest for the upturn. There is an expectation that conditions will continue to improve with a much better outlook for the forthcoming year, particularly outside South Africa.

CHEMICALS

The South African manufacturing index remained flat during the past year, showing no growth in the industrial manufacturing sector. This is the primary market of our Chemicals division, which experienced yet another tough year. Volumes were 8% down on the prior year with a significant amount of this decrease driven by the purposeful decision to reduce commodity polymer sales because of unacceptable risk exposure and low profitability. This decision has also helped to reduce working capital. The resulting revenue decrease was contained at R3.7 billion, 6.8% below that of the prior year. The impact of lower volumes together with a stronger rand and lower oil prices, lead to pricing pressure and a resultant drop in operating margin from the improved 4.3% in the prior year to a disappointing 3.9% in the current year. Operating profit at R145 million was under pressure, despite the fact that operating expenses were held to the same level as the prior year, and was 15% down on the prior year.

The business has developed a strategic plan to expand its geographic and product range with focus on enhancing its specialties offering and direct sales initiatives. The business remains optimistic that the coming year's trading will improve.

The roll-out of an enhanced retail direct sales outlet at the Chemicals division's sites is almost complete. The resulting improvement in service is attracting new customers and creating new sales opportunities.

The recently announced acquisition of a 90% interest in Umongo Petroleum for R780 million is a significant investment in the Chemicals division. Importantly, this extends the division's, range of products to include additives, base oils and other related petroleum, oil and lubricant products as a key segment to the Chemicals business. Umongo Petroleum will continue to operate and trade as a separate business reporting under the Chemicals division.

SAFETY

The concentrated initiatives on changing behavioural attitudes to improve on our safety is starting to have a significant positive effect across the Group. Our RCR, a measure of our safety performance, improved by 33% from 0.83 in the prior year to 0.54 in the year under review. We have reduced our internal limit to 0.8 from 1.0 and set a goal for our teams to achieve 0.4. In terms of the chemical industry as a whole, 0.4 would be regarded as world class, although clearly any injury which results in a RCR higher than zero is still unacceptable. Safety remains a top priority throughout the Group.

We have also made good progress on formalising our process safety using an international methodology developed for the global chemical industry under the auspices of CAIA. This is an important risk based approach that is aligned with the Responsible Care™ management practice standard to reduce process safety risks. This process of formalisation needs to be carefully worked through and embedded in the organisation and, more importantly, in the minds of our operational teams. The initiative is likely to take some years to complete but is a vital element on our journey to continuous improvement.

ENVIRONMENT

In line with our Climate Change Policy, we have continued to operate our EnviNox® greenhouse-gas destruction processes at our two nitric acid plants at Sasolburg. These processes are highly efficient, leading to almost no carbon emissions. As a direct consequence of this greenhouse gas destruction, the Group has earned 4 218 669 carbon emission reduction certificates (CERs) to date. Although these CERs are tradable instruments, their prices have weakened considerably over the past few years and remain very low at present. In the current financial year the Group sold 1 061 070 CERs for an income of R23.5 million and continues to accumulate CERs from the production process. The Group is proud to be recognised as a leader in the generation of CER certificates in southern Africa.

The South African Government continues to develop its thinking on curbing greenhouse gas emissions by introducing a carbon tax and/or a company specific carbon emissions budget. The Group believes that it has been an early adopter of world-leading technology and that any exposures to taxes or fines are likely to be minimal. Although such taxes are understandable in the context of climate change to encourage better behaviour, it is not fair to impose a tax which can only be regarded as a tax on local manufacturing without a tax on similar products that are imported. This policy can only lead to less manufacturing with a resultant loss in job creation and turn South Africa into a nation of importers. Poorly formulated legislation on this important topic will lead to unintended adverse consequences.

In general, the Group is in the process of obtaining the necessary air emission licenses and is well within the limits of such licenses where they have been issued. Relative to the nature of its operations, the Group has a low environmental footprint and makes every effort to contain and improve on its environmental performance.

WATER

The Group fully appreciates the risk of water shortages in southern Africa. All plant operations are monitored to ensure minimum water use. However, the Group's agriculture business goes much further, it deploys active research to assist its customers in maximising the return on water use. It is important that our customers conserve water resources and maximise harvest yield per litre of water used. This can only become increasingly important in the future.

TRAINING

Our leadership programme, embarked on in the prior year, has gathered momentum with many of our managers learning new skills, nurturing their own leadership styles and how best to drive performance with their teams.

PROCESSES

The Group is busy deploying a new Safety, Health and Environmental IT software system with integrated risk management to facilitate improved overall control and communication across the Group. The technology will result in higher efficiencies, improved overall control, greater awareness and continuous improvement across the entire safety, health, environment, risk and quality (SHERQ) function.

APPRECIATION

The current political and economic environment remains challenging. However, we are confident that our management and people will continue to find innovative solutions to drive the growth of the Group. Our team worked extremely hard during the course of the year and although not successful in driving revenue growth, can hold its head high in driving efficiency and productivity to achieve satisfactory earnings. I thank them for their tenacity, endurance and hard work during this tough year.

I have spent the last 17 years of my 35-year career at Omnia at the helm of the Group as the Group managing director. It has been a wonderful experience and I have truly enjoyed building the Group from being a small listed company with a turnover of R1 billion per annum in 2000 to its Top 100 listed company status, with a current annual turnover of approximately R17 billion. During the same time shareholders have seen the market capitalisation of the organisation grow from R305 million to R12.2 billion at year-end. However, this has been the outcome of a superb team effort over many years and I thank all my management colleagues, past and present, for their wise counsel and significant contributions. I know the business is well poised to continue to deliver good growth to shareholders. I have stepped down from my role as Group managing director at the end of May, but will continue to facilitate the introduction of my successor Adriaan de Lange, to ensure a smooth transition. I look forward to my new role as non-executive chairman of the board.

I extend a hearty word of thanks to Neville Crosse with whom I have had the privilege to work with for the past 35 years, of which 16 years were in his capacity as chairman of the board. Over the years, I have enjoyed his mentorship, wise counsel, guidance and friendship which have been extremely valuable to me in building the Omnia Group of today.

Finally, I once again thank all our customers for their support knowing full well that they continue to expect us to improve on our service offering and technical expertise to deliver good value.

LOOKING AHEAD

Market conditions for the Group are steadily improving. The 18-month drought of the prior period was broken with generally good rains and excellent planting conditions. With a record maize crop being harvested for the 2016/2017 season, farmers are well placed for the coming season and soil nutrient levels need to be restored which is promising for fertilizer sales going forward. After an extensive review of its nitrophos project, Omnia Fertilizer has been given board approval to construct a 500 tonne per day plant at a capital cost of R670 million over a 2 year period. The plant will lead to an improvement in raw material efficiencies resulting in a likely improvement of approximately 1% – 2% in operating margins of our Agriculture business. Completion is scheduled for the first quarter of calendar year 2019. Omnia Fertilizer's agronomic services and technologies are forging ahead with growing emphasis on international markets. Our speciality humate product produced in Australia is expanding with many new global opportunities and further investment in our facilities to meet the increase in demand.

We have seen an improvement in metal and mineral prices, which is leading to more optimism in mining, although it remains to be seen whether these higher prices will prove to be sustainable and result in higher levels of mining activity. BME continues to focus on the international development of its electronic detonator products and related blasting technology, along with the sales into the underground markets. Both of these markets are high growth nodes for BME. A number of opportunities to open up its business in the North American markets have been identified and are being evaluated. Protea Mining Chemicals continues to steadily grow its mining chemical sales in the African markets.

The Group's Chemicals business will show high growth during this coming year. Protea Chemicals has identified a number of good growth areas both in South Africa as well as in Africa, and is working on developing these opportunities. Although the restructuring of this business is complete there are a number of important optimisation projects currently running to further improve internal cost and service structures. The gap in Protea Chemicals' product range in base oils, additives and lubricants has now been filled with the acquisition of a 90% interest in Umongo Petroleum for R780 million. Competition approval is still required to finalise the transaction. Umongo will be managed as a separate business in the Chemicals division and has excellent growth prospects as well as synergies with Protea Chemicals. See pages 22 – 23 for a more comprehensive overview of this exciting business.

The Group is also rapidly implementing the Microsoft suite of products with the Dynamics AX ERP system replacing the outdated QAD ERP system. This leading edge ERP platform is expected to significantly improve the Group's overall business processes, leading to enhanced management information systems and financial controls. This investment in infrastructure is necessary to support the growth of the Group, both locally and internationally, providing management with a high degree of visibility and control.

With the acquisition of Umongo Petroleum and the capital expenditure on the nitrophosphate project, we continue to work towards the objective of gearing the balance sheet to improve shareholder returns. The Group continues to work on other potential acquisitions as the balance sheet remains under utilised at this stage. However, any such acquisition must sustain the strategic objectives of strengthening the Group's divisions and furthering the Group's chemicals development by providing a required rate of return.

The Group is now well placed to bed down these new initiatives with management focusing on delivering implementation and optimisation. The Group can look forward to another exciting growth period over the next five years. We will continue to work hard to live up to the Group's vision – "Creating customer value by leveraging knowledge".

Rod Humphris
Group managing director
21 August 2017*

* *Resigned as managing director on 31 May 2017, but wrote the report as he was managing director for the financial year under review*

GROUP FINANCE DIRECTOR'S REPORT

Wayne Koonin, Group finance director

The Omnia business model is built around geographic, product and customer diversification across our three business divisions – Agriculture, Mining and Chemicals – and this is reflected in the strength of our results. Overall, the diversified and robust nature of the business model continues to display resilience in tough market conditions.

GLOBAL ECONOMIC ENVIRONMENT

The global economy continues to experience difficulties with geo-political events, in particular, the 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 exchange rate.

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, creating a knock-on effect in terms of certain chemical related products.

SOUTH AFRICAN ECONOMIC ENVIRONMENT

South Africa continues to struggle under the weight of political and economic turbulence 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. Imported inflation continues to be driven through the economy, resulting in uncompetitive higher operating costs.

ECONOMIC FACTORS

Omnia operates on a local and international basis and is therefore exposed to a variety of economic factors that influence the overall profitability of the Group on an ongoing basis. Management remains focused on the systems, controls and policies that underpin the Group's ability to manage the business. The skills, judgement and experience of the management teams throughout the business remain vital components to protect, mitigate or enhance our position.

The volatility of the various currencies in which we trade remains a challenge. In the previous financial year, the Angolan and Mozambican operations were realigned in response to the poor economic climate following the decline in the oil price. The political, economic and foreign exchange situations in Zimbabwe remain extremely challenging and local management continues to do an excellent job under the circumstances. Other countries in Africa are more stable, with the ability to transact and remit funds abroad.

Further abroad, the impeachment of the Brazilian president, provided much-needed boosts to Brazilian real and to its economy – both of which have been positive for local farmers. The speciality fertilizer business, which imports and sells products into Brazil in US dollars, continues to do well based on the strategy and business model implemented several years ago. Australia continues to perform well with the mining and agriculture sectors both recovering after a few difficult years, resulting in increased sales of our electronic detonators and speciality fertilizers respectively.

BALANCE SHEET MANAGEMENT

The rand is the reporting currency of our business and the basis for preparation of this integrated annual report. Our raw material costs, whether produced locally or imported, are determined with reference to the US dollar. A large portion of our trading activity is denominated in US dollars, while our overheads are mainly rand-based. Ultimately, US dollar-denominated profits, coupled with a strengthening rand, translate into lower reported profits for the Group.

During the financial year under review, the SA rand: US dollar exchange rate was on average 16 cents weaker at R14.00 (2016: R13.84). At financial year-end, the closing rate was R13.38 compared to R14.72 a year earlier.

Accounting for forex gains and losses is strongly influenced by the rand's volatility against other currencies and the US dollar-denominated asset base held outside South Africa. Translation of the year-end US dollar balance sheet into SA rand, resulted in a R425 million decrease (2016: R682 million increase) in the foreign currency translation reserve account in the financial year.

Translation of income statement transactions is based on daily foreign exchange rates with the gains or losses on the revaluation of current assets and liabilities taken to foreign exchange gains or losses in the income statement. Under IFRS, investments purchased in foreign currencies, are held at historical cost and not revalued at the balance sheet rate at year-end. Many of the African countries in which we operate have linked their currencies to the US dollar or, in some cases, the euro. The volatility of these currencies and related hedging strategies primarily against the US dollar, contributed to foreign exchange gains of R46 million (2016: R53 million loss) in the year under review.

LIQUIDITY AND FUNDING

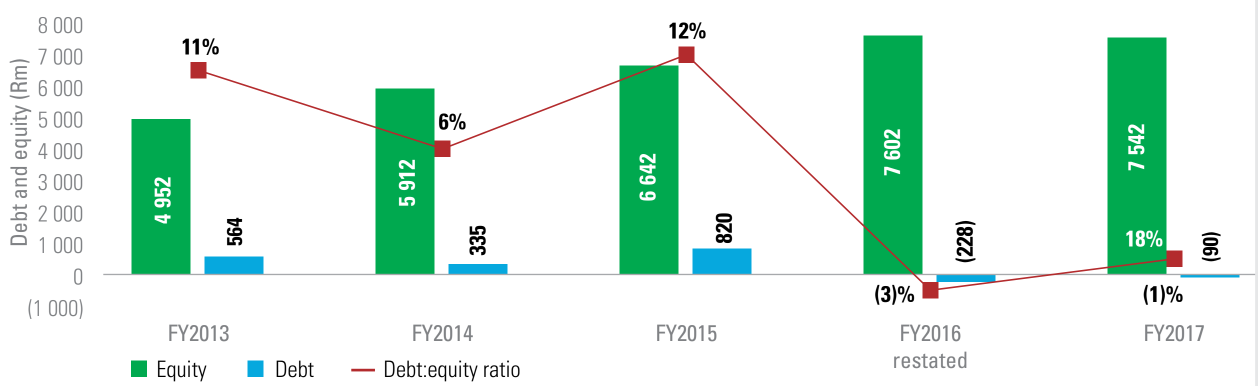
The Omnia treasury function provides liquidity to the Group through various onshore and offshore short-term funding facilities. The funding of working-capital is mostly denominated in rand with a portion in US dollars and euros. Funding facilities are predominantly rand-denominated and provided by leading South African banks and financial institutions. A portion of funding is also provided offshore in US dollars and euros by South African and international banks. The total net finance expense for the year under review was R184 million (2016: R179 million), a 3% increase year-on-year. Subsequent to year-end, the fertilizer stock position continued to reduce and will normalise through the 2017/18 production cycle, thereby releasing further cash back into the business. Overall, cash flow generated from operations was R1.3 billion compared to R2.3 billion in the previous year, with a R1.0 billion year-on-year reduction due to the net cash funding released for working capital in FY2016, which normalised in FY2017, and the impact of foreign currency movements. Management continues to refine the treasury model to optimise funding requirements, reduce borrowing costs and utilise suitable hedging strategies to counteract the currency risks.

SEASONALITY OF WORKING CAPITAL CYCLE

Omnia's working-capital cycle is dominated by the seasonal nature of farming in southern Africa and the impact on the Agriculture division's working-capital cycle. Group working-capital requirements (dominated by the Agriculture division) normally peak from September to December and bottom out from February to March. The working-capital demands for the Mining and Chemicals divisions are influenced by lead times for the procurement of goods with normal levels of working-capital maintained based on the business model parameters.

Fertilizer inventories build up by the half-year reporting cycle (September), peak by calendar year (October/November) and are substantially reduced by the financial year-end (March). The production cycle for granular fertilizer from the Sasolburg complex begins around March/April of each year, continues through to the start of the rainy season, from around September/October onwards and is completed by January each year. Depending on the rainy season and client demand, the rundown of the large stockpiles continues until Janurary or February when nitrogen fertilizer top-dressing sales in the latter part of the planting season take place.

Debt:Equity



INDEPENDENT RATING

Global Credit Rating Co. undertakes an independent rating of the Group annually. For the year ended 31 March 2017 the rating can be summarised as follows:

Year ended	Report date	Rating scale	Short-term	Long-term	Outlook
31 March 2017	August 2016	National	A1- (ZA)	A- (ZA)	Stable
31 March 2016	July 2015	National	A1- (ZA)	A- (ZA)	Positive

A rating of A- is considered to be "investment grade-high credit quality" and A1- as "high grade-high certainty of timely payment". Except for the outlook, both ratings were unchanged year-on-year and have remained at this level since July 2012, demonstrating the Group's sound business model.

UNDERSTANDING THE AMMONIA TO UREA RATIO

Ammonia is the basic raw-material feedstock for the production of ammonium nitrate and urea. Ammonium nitrate and urea production require considerable capital and operational costs, which implies that both will be sold at a premium to ammonia. Indeed, that is the case, but the prices of these downstream products of ammonia are, as is the case of ammonia itself, subject to supply and demand factors of global markets. Over time a natural equilibrium has evolved between ammonia and urea pricing, reflecting the price premium of urea over ammonia.

Omnia purchases ammonia to produce its ammonium nitrate based fertilizers. Omnia's costs are therefore subject principally to the price of ammonia. On the other hand, many of Omnia's competitors purchase urea on the world markets to sell in the local market. This implies that Omnia's ammonium nitrate based fertilizers need to compete with urea based fertilizers.

In the case of demand/supply factors making ammonia relatively more expensive than urea, Omnia's margins contract. In this case the ammonia to urea ratio is higher and therefore, less favourable for Omnia. On the other hand, the opposite case can also prevail to the benefit of Omnia and its customers. Omnia has chosen the ammonium nitrate route rather than the urea route, as ammonium nitrate has proven agronomic benefits over urea in the growth cycle of crops. In addition, Omnia wishes to use its ammonium nitrate as a basic building block in the production of explosives, which urea cannot do. Understandably, the variability of the ammonia to urea ratio has no impact on the explosives business.

The extent to which the ratio changes over time has a direct impact on profitability. The higher the ratio, the lower the profit margin and vice versa.

RAW MATERIALS AND COMMODITIES

Omnia uses a wide range of chemicals and raw materials in the production processes of its various divisions. Over decades, Omnia has established a global network of suppliers to ensure that we are able to procure the highest-quality products at the most-favourable prices. Quality control remains central to our procurement process, with all supplies subject to independent testing by accredited laboratories. China remains an important source of product and our in-country procurement office plays a pivotal role in the sourcing, testing and supply chain management of these cargoes. The procurement process includes the management of the certification and documentation required to handle and transport hazardous chemicals.

The primary raw materials used in the Agriculture division are urea, phosphates, potash and ammonia. Whereas the Mining division is largely exposed to the price of ammonia. The Chemicals division uses a wide variety of chemicals with oil-derived chemicals prices influenced by the oil price.

During the past financial year, international ammonia prices fluctuated widely from $338 per tonne at the beginning of the year to a low of $162 per tonne by mid-year, before finishing the year at $365 per tonne. Urea started the year at the lower end around $201 per tonne and increased slighted to around $209 per tonne by financial year-end. Phosphate prices started the year at $360 per tonne and drifted higher to end at $370 per tonne. Potash prices started the financial year at $228 per tonne and then increased at year-end to $255 per tonne.

The average ammonia:urea ratio for the past financial year remained unfavourable at approximately 1.47 (2016: 1.54). When the ratio improves to below 1.2 it is considered favourable. In the later months of FY2017 the ratio improved drastically which should increase margins and profitability in FY2018 with the lower pricing impacting on stock at financial year-end. The ratio however remains volatile and unpredictable. Management uses a combination of hedging strategies and the cyclical nature of the raw materials procurement cycle to mitigate the impact of the ratio on manufacturing costs and profitability. Ultimately, this can only remedy the situation over the short-term and thereafter the net underlying adjustment to market prices will either move total input costs higher or lower.

Similarly, the commodity cycle and underlying prices strongly influence the level of mining activity. In turn, this influences the level of demand for our products. The macro supply and demand fundamentals differ by commodity type. To a lesser extent, local government policies on mining, taxes and environmental laws may influence the level of mining activity on a country-by-country basis. Based on the quality of the BME emulsions, accessories used in the blasting cycle and state-of-the-art blasting technology that improves mine performance and yields, the Mining division has been able to advance its business even under difficult economic circumstances.

HEDGING

The board sets the hedging policy and foreign currency trading policy which include the procurement or sale of raw materials and finished products, and trading in foreign currencies. Both the commodity price and currency exposure are considered when determining how best to deal with the underlying price risk and volatility.

The hedging committee, consisting of divisional executives, the Group treasurer and Group finance director, meet on a monthly basis to review key data for the business, consider forward production schedules for the Agriculture business and other hedging and trading requirements within the Group. The hedging strategies differ by division, based on the nature of the underlying purchases and the instruments available to hedge the position. Market liquidity and pricing also influence hedging decisions.

All accounting, hedging and financing practices are reviewed on a regular basis to ensure that they remain appropriate under prevailing market conditions.

GEOGRAPHIC RISK

Omnia operates in 18 countries across Africa including South Africa, with focused operations in Australasia, Brazil, China and Mauritius. South Africa is our largest market, home to our corporate office and many of our production facilities. Our operations in Africa cover southern, western, central and East Africa. Operating across many geographies presents a number of challenges because of differing financial, legal, tax, banking, regulatory and operating regimes. Our decentralised management structure ensures that we have management teams based in each of the countries in which we operate to manage day-to-day affairs in accordance with local laws and Group policies. The installation of the new Microsoft Dynamics AX ERP platform and related IT infrastructure, will continue to allow management to control and run a business across multiple territories.

INFORMATION TECHNOLOGY

We live in an era of extremely rapid and disruptive innovation. Globalisation, accelerated technological change, infinite cloud scale, ubiquitous connectivity and an internet of smart things powered by artificial intelligence is facilitating the "fourth industrial revolution" or "digital transformation". World leaders and industry experts recognise this change and we are at the beginning of a revolution that is fundamentally changing the way we live, work and relate to one another. Omnia embraces these new paradigms and will leverage technology to improve how we run our business and service our customers in this new economy.

Embracing this change in a business context requires navigation and clear strategies to ensure that Omnia is well prepared to take advantage of the new business models and to counter the effect on our traditional business operating environments. Whilst the initial investment in IT platforms aims to support our employee productivity, the major focus is on improving controls and business operations at every level. This will ensure that we are prepared to "digitise" our internal processes and assets, and ultimately find ways to significantly further improve customer service. Following the successful roll-out of the new infrastructure, we continue to modernise our sites for newer and more-robust connectivity services. We continue to implement technologies to secure our devices and information so as to collaborate effectively with our customers and partners, whilst reducing the burden of cybercrime and increasing risks of operating in a global economy.

All the Group's operating environments call for strict industry adherence to legislation, safe working environments, more effective processes and enhanced services to improve service levels to our customers. The Group operates and services customers in many geographies with an ever-expanding footprint across the globe. With the investment in new technology platforms, this provides an opportunity to deploy systems rapidly, with the ability to offer new and innovative services in the sectors that we operate.

A major part of the new IT platform includes the implementation of new systems such as SHERQ, business intelligence and an ERP platform using the microsoft Dynamics AX ERP suite of products. Through this process, the Group has begun to standardise processes and systems throughout its operating entities. The deployment of a number of sites has already demonstrated improved controls, increased service levels and increased operational excellence. Working in competitive and cost-sensitive markets, we aim to drive internal efficiencies but more importantly, drive quality, safety and sustainability.

The delivery roadmap has seen a number of our entities moving onto the new ERP platform during the past financial year. The success of these live sites supported the decision to prepare a major part of the Chemicals and Mining divisions to go live in the later part of the 2017 calender year. With the implementation of a modern ERP platform, the Group has an opportunity to enhance elements of operational reporting, master data, business intelligence and analytics to provide more insight and visibility into the full operational processes in the business.

A multi-phase investigation has also begun in the Agriculture division, taking into account the levels of intricate business processes and intellectual property encapsulated in current platforms. On completion of the final investigative phase, planned for the third quarter of calender year 2017, a final decision will be taken on deploying the new platform in this business unit. This aligns with our multi-phased, modular approach to reduce risk and run the project on an agile basis.

We look forward to continue taking the Group into the future and to significantly improve operational efficiencies, customer experience and service levels. We remain focused on our model of simplification with limited customisation and development of the core platform to enable upgrades in the future with the least amount of disruption.

FINANCIAL REVIEW

INCOME STATEMENT

Group revenue decreased 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 both 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 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 foreign exchange 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%).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) was 2% lower at R1 452 million (2016 restated: R1 481 million).

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.

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 the 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.

RESTATEMENT

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 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 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.

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 new cash and equity-settled Partner 5 and Phantom 5, 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.

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.

CASHFLOW 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 has 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 farmers and no purchases of treasury shares (2016: R51 million) 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.

DIVISIONAL REVIEW

AGRICULTURE

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 the 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 and Africa that 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

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. Volumes in Zambia 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 respectively. Lower commodity prices and cost pressures have continued to put the industry under significant pressure.

Protea 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 geographies 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, following 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

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 Agriculture division will continue to pursue the legal matter pertaining to Foskor, 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 delay detonators has made a meaningful contribution to the business. 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.

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% (from 7.0% – 9.0%) due to the impact of the ongoing legal claim resulting in higher costs, Mining is unchanged at 12.0% – 14.0% and Chemicals is unchanged at 3.5% – 4.5%.

The business development team has been successful in concluding the acquisition of a 90% interest in Umongo Petroleum for R780 million. The 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 which is expected in the last quarter of the 2017 calender year. 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.

Wayne Koonin
Group finance director
21 August 2017

FIVE-YEAR FINANCIAL REVIEW

AT 31 MARCH

	2017 Rm	Restated* 2016 Rm	2015 Rm	2014 Rm	2013 Rm
Income statement					
Revenue	**16 269**	16 774	16 835	16 259	13 432
Operating profit	**1 040**	1 108	1 476	1 416	1 230
Finance costs (net)	**(184)**	(179)	(145)	(87)	(82)
Profit before taxation	**856**	929	1 331	1 329	1 148
Taxation	**(264)**	(287)	(397)	(337)	(268)
Profit for the year	**592**	642	934	992	880
Non-controlling interest	**1**	(1)	5	4	3
Profit attributable to owners of Omnia Holdings Limited	**593**	641	939	996	883
Impairment of property, plant and equipment/intangible assets	**–**	–	39	11	–
Loss/(profit) on disposal of property, plant and equipment/intangible assets	**23**	(6)	3	2	(1)
Profit on businesses contributed to/sale of associate	**(7)**	–	–	(55)	–
Insurance proceeds for replacement of property, plant and equipment	**(19)**	–	–	(3)	–
Headline earnings	**590**	635	981	951	882
Dividends					
Prior year final	**120**	202	193	178	120
Current year interim	**113**	122	129	123	100
Total ordinary dividends paid during the year	**233**	324	322	301	220
Balance sheet					
Capital and reserves attributable to owners of Omnia Holdings Limited	**7 545**	7 612	6 653	5 918	4 954
Non-controlling interest	**(3)**	(10)	(11)	(6)	(2)
Non-current liabilities	**251**	56	103	120	113
Deferred income tax liabilities	**580**	565	502	342	293
Current liabilities	**4 391**	4 095	4 657	4 198	3 662
Equity and liabilities	**12 764**	12 318	11 904	10 572	9 020
Non-current fixed assets and other	**4 355**	4 124	3 947	3 723	3 195
Non-current intangible assets	**645**	569	519	537	516
Deferred income tax assets	**9**	8	7	10	3
Current assets (net)	**7 755**	7 617	7 431	6 302	5 306
Assets	**12 764**	12 318	11 904	10 572	9 020
Net (cash)/debt	**(90)**	(228)	820	335	564

* *FY2016 earnings have been restated from R702 million to R642 million 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. Refer to pages 129 – 130 for more information.*

		2017 Rm	Restated 2016 Rm	2015 Rm	2014 Rm	2013 Rm
Cash flows						
Cash generated by operations		**1 349**	2 304	968	1 717	1 364
Finance costs and taxation		**(463)**	(448)	(502)	(402)	(289)
Cash available from operating activities		**886**	1 856	466	1 315	1 075
Dividends paid		**(233)**	(324)	(322)	(301)	(220)
Net cash outflow from investing activities		**(772)**	(469)	(578)	(791)	(653)
Net cash inflow/(outflow) from financing activities		**94**	(108)	(144)	(36)	(95)
Net (decrease)/increase in cash and cash equivalents		**(25)**	955	(578)	187	107
Statistical information						
Earnings, dividends and issued shares						
Basic earnings per share	cents	**885**	953	1 402	1 496	1 332
Headline earnings per share	cents	**881**	944	1 465	1 428	1 331
Interim dividend per share	cents	**160**	180	190	185	150
Final dividend per share	cents	**180**	180	300	290	270
Total dividend per share	cents	**340**	360	490	475	420
Dividend cover	ratio	**2.6**	2.6	2.9	3.1	3.2
Net asset value per share	cents	**11 215**	11 406	9 844	8 867	7 441
Number of shares in issue at year-end	million	**67 248**	67 173	67 471	66 678	66 543
Number of treasury shares not included above	million	**1 045**	1 121	822	572	707
Staff						
Number of employees at year-end		**4 366**	4 105	4 027	3 685	3 604
Profitability, liquidity and leverage						
Operating profit as a percentage of revenue	%	**6.4**	6.6	8.8	8.7	9.2
Effective tax rate	%	**30.8**	30.9	29.8	25.4	23.3
Return on average equity	%	**7.8**	9.8	14.9	18.3	19.7
Net debt/(cash) to equity percentage	%	**(1.2)**	(3.0)	12.3	5.7	11.4
Current ratio		**1.8**	1.9	1.6	1.5	1.4
Net debt/EBITDA cover		**(0.1)**	(0.1)	0.4	0.2	0.4
EBITDA finance cost cover		**7.9**	9.7	12.6	19.7	19.2

FIVE-YEAR FINANCIAL REVIEW CONTINUED

AT 31 MARCH

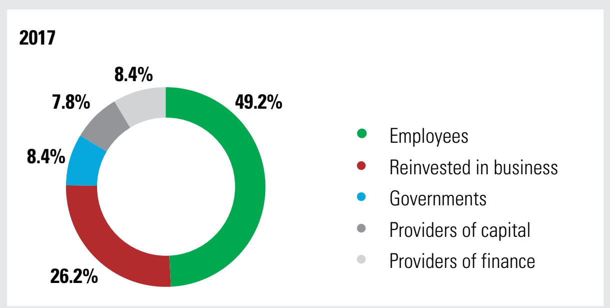
		2017 Rm	Restated 2016 Rm	2015 Rm	2014 Rm	2013 Rm
Share performance						
Market value per share						
• at year-end	SA rand	162.30	136.50	172.50	211.05	158.00
• highest	SA rand	185.00	180.52	242.00	221.76	158.00
• lowest	SA rand	115.01	115.01	167.00	153.62	94.00
Value of shares traded during the year	R billion	4 421	4 910	6 712	5 914	4 223
Volume of shares traded during the year	millions	27 502	32 594	33 320	30 716	33 338
Share volumes traded as a percentage of total shares in issue	%	40.9	47.7	48.8	45.7	49.6
Segmental information						
Agriculture						
Revenue (external)		8 159	8 218	7 287	6 680	5 399
Operating profit		438	411	656	431	443
Operating margin	%	5.4	5.0	9.0	6.5	8.2
Assets		7 367	7 107	6 919	5 539	4 971
Net working capital		1 506	1 953	1 821	765	959
Mining						
Revenue (external)		4 378	4 551	5 351	5 458	4 379
Operating profit		457	526	720	829	735
Operating margin	%	10.4	11.6	13.5	15.2	16.8
Assets		3 033	2 842	2 677	2 604	2 003
Net working capital		933	842	1 090	1 052	796
Chemicals						
Revenue (external)		3 732	4 005	4 197	4 121	3 654
Operating profit		145	171	100	156	53
Operating margin	%	3.9	4.3	2.4	3.8	1.5
Assets		2 364	2 369	2 308	2 435	2 046
Net working capital		563	533	575	570	398

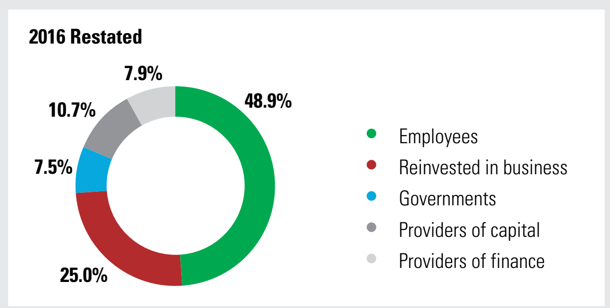
ECONOMIC IMPACT

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	2017 Rm	2017 %	Restated 2016 Rm	Restated 2016 %
Revenue	16 269	100.0	16 774	100.0
Cost of materials and services	(13 279)	(81.6)	(13 758)	(82.0)
Total value added	2 990	18.4	3 016	18.0
Value distribution				
To employees				
Remuneration and benefits	1 470	49.2	1 476	48.9
To providers of finance				
Finance costs	251	8.4	239	7.9
To providers of capital				
Ordinary dividends to shareholders	233	7.8	324	10.7
To governments				
Current taxation	142	4.8	152	5.0
Foreign taxation	107	3.6	73	2.4
To reinvest in business				
Deferred taxation	15	0.4	62	2.2
Depreciation and amortisation	412	13.8	373	12.4
Retained income	360	12.0	317	10.5
	2 990	100.0	3 016	100.0





Value add is a measure of the wealth created by the Group and its employees through Omnia's various business activities, and how that was shared amongst the various stakeholders.

VALUE ADDED RATIOS

	2017	Restated 2016
Number of employees	4 366	4 105
Revenue per employee (R'000)	3 726	4 086
Value created per employee (R'000)	738	814

The diversification of Omnia's product, client and geographic portfolio and continuous growth over the years has resulted in a long-term rating of A-(ZA), a short-term rating of A1-(ZA) and a stable outlook rating from Global Credit Rating Company in August 2016. The ratings remained unchanged in comparison with the previous year with the outlook adjusted from positive to stable. Management remains positive about the outlook for the Group, despite challenging economic conditions both locally and internationally. The rating for the 2017 financial year by Global Credit Rating Company is expected to be completed in August 2017.

GOVERNANCE

GOVERNANCE REPORT

The board recognises that good corporate governance is essential to protect the interests of all stakeholders, and the sustainability of the business. Business is conducted in accordance with the principles of openness, integrity and accountability, as advocated by the King Code of Governance.

The board is committed to applying and enforcing appropriate corporate governance principles, policies and practices within each of the Group's operations. Ultimately, the board is the focal point of the Group's corporate governance system, and is accountable and responsible for ensuring compliance with the King Code of Governance, specifically King III for this year.

The board regularly reviews the Group's organisational structures and corporate governance procedures, and implements measures to ensure continued compliance with good corporate governance practices. Through this process, all stakeholders are assured that the Group is being managed prudently to determine risk parameters and in compliance with generally accepted corporate practices.

The board adopted and implemented an application register documenting the Group's compliance with the 75 principles of the King Code of Governance. The application register is available on the Group's website **www.omnia.co.za**.

BOARD CHANGES DURING THE YEAR

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 after year-end, as non-executive director and chairman and Rod Humphris retired as Group managing director, on 31 May 2017. Rod Humphris has been appointed as non-executive director and 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.

OVERALL GOVERNANCE STRUCTURE

OMNIA HOLDINGS BOARD

BOARD SUB-COMMITTEES

AUDIT COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND RISK COMMITTEE

OMNIA GROUP BOARD (EXCO)

DIVISIONAL BOARDS

• Fertilizer RSA • Fertilizer International	• BME • Protea Mining Chemicals	• Protea Chemicals

SUBSIDIARY BOARDS

STATEMENT OF COMPLIANCE

The JSE Listings Requirements currently require JSE-listed companies to report on the extent to which they comply with the principles set out in King III. The Group has applied the recommendations of King III, except in the following instances:

- The chairman of the board is not an independent non-executive director as defined by King III
  - Neville Crosse, non-executive chairman, chaired the board until 31 May 2017
  - Rod Humphris, non-executive chairman, chaired the board from 1 June 2017
  - The board is of the opinion that experience and knowledge of the chemicals industry and the Group, as set out in greater detail below, is critical to chairmanship and, in helping the board to set the strategic direction of the Group
  - Where the chairman is not an independent non-executive director, King III recommends the appointment of a lead independent director. Accordingly, Ralph Havenstein has been appointed to this role

THE BOARD CHARTER

The board has adopted a charter defining its responsibilities, the terms of which include:

- Providing strategic direction to the Group and being responsible for adopting strategic plans (such as strategies and plans originated by management) and, in particular, renewing and approving the five-year strategic plan
- Approving the annual business plan proposed by management
- Retaining full and effective control over the Group and monitoring management's implementation of the approved annual budget and strategies
- Appointing the Group managing director, who is accountable to the board
- Preparing the Group's financial statements, interim report and preliminary announcement, and ensuring the integrity and presentation thereof
- Assessing the viability of the company and of the Group on a going-concern basis
- Determining director selection, orientation and evaluation
- Ensuring the Group has appropriate risk management, internal controls and regulatory compliance procedures in place, and that these are communicated to shareholders and other stakeholders openly and promptly
- Establishing committees of the board which have clear terms of reference and responsibilities, as and when appropriate
- Monitoring the non-financial aspects relevant to the business
- Considering and, if appropriate, approving the declaration of dividends to shareholders
- Finding the correct balance between conforming to governance constraints and performing in an entrepreneurial way
- Evaluating its own performance as a whole, the performance of management and that of sub-committees of the board, including reviewing both its charter and methods of self-evaluation from time to time
- Determining the appropriate code of ethics to ensure the integrity of the business affairs of the Group

Directors' interests in terms of other board positions and contracts are declared, recorded and updated at every meeting. Board members are required to recuse themselves when participating in deliberations or decision-making processes that could in any way be affected by a conflict of interest. The board considered the interests declared by the directors during the year under review and concluded that none of the directors declared a material interest in any contract or arrangement entered into by the Group. The board defines levels of materiality, reserving specific powers and delegating other matters with the necessary authority to management. The board has adopted a formal delegation and resolution framework, which is reviewed annually, that serves as an authority matrix guideline.

Notwithstanding the mandate given to the audit, remuneration and social, ethics and risk committees, the board is ultimately accountable and responsible for the performance and affairs of the Group. Delegating authority to board committees or management does not in any way mitigate or discharge the board and its directors of their duties and responsibilities.

Omnia Holdings Limited has a unitary board structure, comprising a majority of non-executive directors, independent of management. As at 31 March 2017, the board comprised 12 directors, of whom eight are independent non-executive directors, two are non-executive directors and two are executive directors. The board as a whole selects and appoints new directors. A formal policy and procedure applies to all nominations and appointments, which are confirmed by shareholders at the following annual general meeting.

The board consists of a balance of skills, experience and competencies, such as strategy, business management, finance, governance, engineering, risk management, human resource management, information technology and marketing, in industries and fields which affect the company's Agriculture, Mining and Chemicals divisions. The board composition includes three women and three black directors. Please refer to the Omnia website for brief biographies of the board members.

The board has approved an amendment to its nominations policy to include a policy on the promotion of gender diversity at board level and has agreed that it shall, where possible, give preference to candidates in order to achieve this objective, whilst ensuring it achieves a balance of requisite skills, experience and race. The board has agreed to target 30% representation by women on the board. The board currently has 25% representation by women on the board.

INDEPENDENCE

The guidelines contained in King III are used to test the independence and categories most applicable to each director. Prior to any appointment, potential board appointees are subjected to a fit-and-proper test, as required by the Companies Act and the JSE Listings Requirements. The independence of all independent non-executive directors, including those serving more than nine years, was assessed during the year under review by the board, which determined that it was satisfied with their levels of independence.

To ensure a clear division of responsibilities, the roles of chairman and Group managing director are separate. The chairman and the Group managing director jointly provide leadership and guidance to the Group.

The board met eight times during the financial year under review. Details of the attendance at meetings by members are provided on page 68 of this report.

THE CHAIRMAN

Neville Crosse retired from the board and as non-executive chairman on 31 May 2017, after a 40 year career at Omnia. Rod Humphris has been appointed as the new non-executive chairman from 1 June 2017. Neville served as non-executive chairman since 2000. As chairman, he was responsible for ensuring the integrity and effectiveness of governance practices by the board. He led the board and was responsible for representing the board to shareholders. His particular areas of responsibility include strategic planning, maintaining relationships with principals, government and key customers, transformation, corporate relations, top-level contact with regulatory bodies, providing guidance on acquisitions and guiding senior management on key strategic, tactical and operational issues. His foresight, commitment, thorough knowledge of the Group and its markets and in-depth involvement in a large number of non-board specific key issues were recognised as critical factors in the successful development and growth of the Group to its current position. The chairman's performance is evaluated annually by the board as a whole. Rod Humphris will take over these responsibilities to move the business forward in the future.

NON-EXECUTIVE DIRECTORS

Omnia's non-executive directors bring a diversity of insight and independent judgement on issues of strategy, performance, resources and standards of conduct, while contributing to decision-making through their knowledge and experience. To protect shareholders' interests, the independent directors ensure that no individual director has unfettered powers of decision-making and authority.

The independent non-executive directors are subjected to an annual assessment of their independence by the board. Non-executive directors who have served longer than nine years are also subjected to an annual evaluation of their independence.

The performance of the board is evaluated annually. The first evaluation is by the whole board as a collective, using a balanced scorecard based on key company and business performance targets and an evaluation questionnaire. Each director is then evaluated individually by the chairman of the board. The chairman's performance is evaluated by the board as a whole. These evaluations were conducted in the year under review. The board determined that it was satisfied with the collective board performance, the chairman was satisfied with each individual director's performance and the board was satisfied with the chairman's performance.

EXECUTIVE DIRECTORS

Being involved in the day-to-day business activities of the Group, executive directors are responsible for ensuring that the decisions, strategies and views of the board are implemented.

GROUP MANAGING DIRECTOR

Rod Humphris retired as Group managing director on 31 May 2017 and Adriaan de Lange was appointed as executive director and Group managing director with effect from 1 June 2017.

Rod was appointed as Group managing director in 1999. He reported to the board and was responsible for ensuring the smooth running of the day-to-day business of the Group, as well as guiding the implementation of policies and strategies adopted by the board. In addition, he was responsible for developing and recommending to the board a long-term strategy and vision for the Group to generate stakeholder value, as well as developing and recommending to the board annual business plans and budgets that support the Group's long-term strategy. Adriaan de Lange has taken over these responsibilities.

GROUP FINANCE DIRECTOR

Wayne Koonin joined the Group on 1 August 2014. He assumed the full responsibilities of Group finance director and executive director on 1 October 2014. Wayne reports to the Group managing director and is responsible for all the financial affairs of the Group and, in addition, has responsibility for IT, including the Group's deployment and overall responsibility for existing and new IT systems and for the administration of internal audit. The experience and expertise of the Group finance director is assessed annually by the audit committee as required by the JSE Listings Requirements. The results of this assessment are dealt with in the audit committee's report in the annual financial statements section of this integrated annual report.

SELECTION AND APPOINTMENT

In terms of the company's Memorandum of Incorporation, one-third of the non-executive directors retire annually and, if eligible, stand for re-election. Their names are submitted for re-election at the annual general meeting. Executive directors do not retire by rotation.

Non-executive directors have no service contracts with the company and are appointed for specific terms. The board has adopted a formal policy on the procedure for the appointment of directors. All directors are invited to assist in the identification, nomination and evaluation of potential candidates. New appointments to the board are confirmed at the following annual general meeting in terms of the company's Memorandum of Incorporation.

Daisy Naidoo, Sizwe Mncwango and Frank Butler will be retiring at the forthcoming annual general meeting and all will stand for re-election in accordance with the requirements of the Memorandum of Incorporation. Professor Nick Binedell and Adriaan de Lange were appointed to the board during the year and their appointment will be tabled for confirmation by shareholders at the annual general meeting, in accordance with the requirements of the Memorandum of Incorporation. Brief biographies are provided on the Omnia website.

INDUCTION AND DEVELOPMENT

Newly appointed directors undergo an induction exercise appropriate to their needs. The Group company secretary assists the chairman and the Group managing director with the induction and orientation of directors, including the arranging of specific training if required. All board members are encouraged to, and do, visit, the various businesses and site operations of the Group, as well as attend the annual budget and business plan presentations of those businesses.

The Group is committed to the continuing development of directors in order to build on their expertise and to develop their detailed understanding of the business, the markets in which the Group operates and the collective knowledge of economic, environmental and social topics, which impact on the Group.

In addition, individual directors may, after consulting with the chairman and Group managing director, seek external independent professional advice on matters concerning the affairs of the Group, and in connection with the discharge of their responsibilities as directors, at the expense of the Group.

GOVERNANCE REPORT CONTINUED

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

The record of attendance by each director at board meetings and board committee meetings for FY2017 is set out below:

Member	Omnia Holdings Limited	Remuneration committee	Social ethics and risk committee	Audit committee
Number of meetings	**8**	**2**	**3**	**4**
Prof. Nick Binedell*	2			
Ronald Bowen	8			
Frank Butler	8		3	4
Neville Crosse	8	2	3	
Tina Eboka	6			
Ralph Havenstein***	8	2	3	
Hester Hickey	7			3
Rod Humphris	8		3	
Wayne Koonin	8			
Prof. Stephanus Loubser**	8	1		
Dr. Willie Marais	8			
Sizwe Mncwango	8			
Daisy Naidoo	8	2		4

** Appointed as independent non-executive director with effect from 24 February 2017*

*** Resigned as independent non-executive on 1 December 2016*

**** One remuneration committee was by invitation*

BOARD COMMITTEES

While the board remains accountable and responsible for the performance and affairs of the Group, it delegates to management and board committees certain functions to assist the board in properly discharging its duties.

Each board committee acts within agreed, written terms of reference that are reviewed and updated annually. The chairperson of each board committee reports back to the board on the deliberations of the committee meeting, and minutes of board committee meetings are provided to the board for comment and noting.

The chairperson of each board committee is required to attend annual general meetings to answer questions raised by shareholders. The established board committees are as follows:

- Audit committee
- Remuneration committee
- Social, ethics and risk committee

AUDIT COMMITTEE

During the financial year under review, the audit committee comprised three independent non-executive directors, appointed by shareholders at the 2016 annual general meeting.

The chairperson, Hester Hickey, is an independent non-executive director. The Group managing director, Group finance director, head of internal audit and the external audit partner are invited to attend meetings. The audit committee met on four occasions during the year. Details of the attendance at meetings by members of the audit committee are provided on page 68 of this report.

The audit committee operates according to the provisions of the Companies Act, and a charter approved by the board, which was reviewed during the year under review in accordance with King III and the Companies Act.

The responsibilities of the audit committee include:

- Overseeing integrated reporting and, in particular, all factors and risks that may impact the integrity of the integrated annual report
- Reviewing the interim and annual financial statements and considering whether they are complete, consistent with information known to the committee members and reflect appropriate accounting principles
- Reviewing the adequacy of management's efforts in maintaining effective internal control systems, including information technology security and control

- Reviewing the performance of the external auditors and recommended approval on the appointment or discharge of the auditors, subject to shareholder approval
- Reviewing the performance of internal audit and ensuring that no unjustified restrictions or limitations on their activities exist
- Reviewing the Group's finance function to satisfy itself of its expertise, resources and experience, assessing the expertise and experience of the Group finance director and disclosing the results of the review in the audit committee's report in the company's annual financial statements
- Exercising oversight of financial reporting risks, information technology risks, internal financial controls, fraud and non-compliance risks as these relate to financial reporting

Audit committee members:

- Hester Hickey (chairperson)
- Ronald Bowen (appointed 13 April 2017)
- Frank Butler (resigned 20 March 2017)
- Daisy Naidoo

Frank Butler resigned as an audit committee member on 20 March 2017 and Ronald Bowen was appointed to the audit committee on 13 April 2017.

For further details on the audit committee's responsibilities and the extent to which it has fulfilled them, please refer to the audit committee's report on pages 113 – 115 of this integrated annual report.

Services rendered by the external auditors during the year under review, and approved by the audit committee, comprised mainly of transaction consulting and other assurance-based engagements, including opinion work not related to or associated with any prohibited services in terms of current policy.

The internal and external auditors both have unrestricted access to the audit committee. The external and internal auditors may report findings to the committee in the absence of members of executive management. It is a duty of the audit committee to ensure that the independence of the external auditor is not impaired.

During the financial year under review, PricewaterhouseCoopers Inc. acted as the external auditor of the company. The audit committee is satisfied that the external auditors observe the highest levels of business and professional ethics, and that their independence is not impaired.

The audit committee is responsible for recommending to the board and shareholders at the annual general meeting, for their consideration, the approval and appointment of the external auditors.

Members of the audit committee conducted a self-evaluation exercise to identify areas that require attention and appropriate action. At the end of each financial year the audit committee reviews compliance with its terms of reference and makes recommendations to address any areas which may require improvement.

INTERNAL CONTROLS

The Group maintains systems of internal control over financial reporting and the safeguarding of assets against unauthorised use, acquisition or disposal. The internal audit function monitors these systems of internal control and reports its findings and recommendations to management and the audit committee. Corrective action is taken as and when control deficiencies or opportunities for improvement in the systems are identified.

The purpose, authority and responsibility of the internal audit function are formally defined in an internal audit charter, which has been approved by the board and is consistent with the recommendation of the Institute of Internal Auditors.

The adequacy and capability of the Group's internal audit structure is subject to review by the audit committee to ensure that adequate, objective internal audit assurance standards and procedures exist within the Group. In this regard, appropriate recommendations are made by the audit committee from time to time to ensure the continued improvement of the internal audit department.

The internal audit function tables audit plans for each business division annually. Follow-up audits are conducted in areas where major weaknesses are identified. The audit plans take into account the coverage of transaction cycles and risks over a three year period.

The system of internal control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss. During the year, the audit committee regularly reviewed the efficacy of the internal control systems as well as corrective steps to be taken.

The Group maintains a vigilant stance against corporate crimes, and to this end, a whistle-blowing facility is in operation, with reports submitted to the audit committee through internal audit.

The whistle-blowing line, operated by Deloitte, is intended to ensure that a proactive approach is applied to fraud, with a focus on prevention, detection and investigation. This provides assurance to stakeholders that fraud risks within the company are being independently managed and mitigated.

REMUNERATION COMMITTEE

The remuneration committee comprises three non-executive directors and was chaired by Prof Stephanus Loubser, an independent non-executive director, until 1 December 2016 when he retired from the board. Ralph Havenstein, also an independent non-executive director, was appointed as a member and chairperson of the remuneration committee at the meeting held on 24 February 2017. The Group managing director, Group finance director and the Group human resources director attend the meetings by invitation. Other directors and remuneration specialists may be invited to attend meetings to offer special expertise, or to explain the performance of an incumbent under review.

The committee met twice in the year. Details of the attendance at meetings by members of the remuneration committee are provided on page 68 of this report.

The remuneration committee operates under written terms of reference, which are reviewed from time to time. The main responsibilities of the remuneration committee are to:

- Obtain research on market-based compensation practices and levels
- Annually review and decide on the compensation packages and other terms of employment of the executive directors, and the Group managing director's direct reports. Benchmarks are obtained annually through a customised survey conducted by leading compensation consultants
- Review and determine the annual allocation of short-term incentives of executive directors and senior management of the Group
- Develop, implement and review the participation of the executive directors and other senior managers in the Group's long-term share incentive schemes
- Establish and decide on guidelines relating to the annual review of the compensation and benefit arrangements for all employees of the Group

The remuneration committee's overall strategy is to ensure that the Group's remuneration practices remain competitive and that employees are rewarded for their contribution to the Group's operating and financial performances. To remain competitive, remuneration is regularly benchmarked against the broader industry, and revised annually through internal mechanisms such as remuneration committee meetings and through external discussions at industry bargaining forums.

The chairman's compensation does not form part of the mandate of the remuneration committee. A proposal is prepared annually by the non-executive directors of the board and presented for approval to the shareholders at the annual general meeting, for implementation each October.

Succession planning for the Group managing director is not dealt with by the remuneration committee, but by the board as a whole.

Remuneration committee members:

- Prof Stephanus Loubser (chairperson – resigned 1 December 2016)
- Ralph Havenstein (chairperson – appointed 24 February 2017)
- Neville Crosse (resigned 31 May 2017)
- Rod Humphris (appointed 1 June 2017)
- Daisy Naidoo

SOCIAL, ETHICS AND RISK COMMITTEE

The social, ethics and risk committee (SERC) is responsible for ensuring the Group's compliance and adherence to appropriate risk-management processes as recommended by King III and approved by the board. It also monitors the Group's activities and standing in relation to the promotion of social and economic development, good corporate citizenship (including the promotion of equality, environmental, health and public safety), good labour conditions and good business ethics, as required by the Companies Act.

This committee has a total of four members of the board and executive management, and is chaired by Frank Butler, an independent non-executive director. It is the board's view that management has the requisite experience and knowledge to identify and appropriately manage the business risks of the Group.

A separate risk-management committee operates in accordance with the framework and guidelines of a written risk policy. It reports to the social, ethics and risk committee and has established itself as an important management function, with inputs from all levels of management.

A compliance audit plan and reports are regularly reviewed and approved by the social, ethics and risk committee.

The social, ethics and risk committee acts in accordance with the provisions of the Companies Act and written terms of reference, as approved by the board. Its responsibilities include:

- Monitoring the Group's activities and policies to ensure compliance with the provisions of section 72(4) to (10), as read with Regulation 43 of the Companies Act, and to ensure that employees comply with these policies
- Drawing matters within its mandate to the attention of the board as occasion requires
- Reporting to the shareholders at the company's annual general meetings on matters within its mandate
- Reviewing the regular reports provided by the management risk committee
- Reviewing and debating the risk register of strategic and major risks in these reports
- Reviewing any major incidents
- Debating specific risk areas of concern
- Applying a risk-based approach to the analysis of strategic

risk issues within the Group and its wider environment

- Identifying risk-retention capacity and values at risk
- Recommending risk-tolerance levels
- Undertaking an annual internal combined assurance review
- Reviewing the material findings of any examinations by regulatory agencies on risk-related issues
- Reviewing the process for communicating King III to Group employees and for monitoring their risk-related compliance
- Obtaining bi-annual updates from management and Group legal counsel regarding compliance and other legal matters
- Reporting to the board on how it has discharged the duties and activities assigned to it by the charter and the board
- Reviewing any other reports the Group issues that relate to risk
- Assuring the audit committee that it has monitored the risk-management processes within the Group and that it is satisfied that current processes are appropriate and effective
- Reviewing the Group's combined assurance process and reporting to the audit committee and board that it is satisfied that this process is adequately implemented throughout the Group and effectively monitors key identified areas of risk

Social, ethics and risk committee members:

- Frank Butler (chairperson)
- Neville Crosse (resigned 31 May 2017)
- Adriaan de Lange (appointed 1 June 2017)
- Ralph Havenstein
- Rod Humphris

COMBINED ASSURANCE

The Group's combined assurance process and reporting is designed to ensure that significant risks facing the Group are adequately addressed. The Group's combined assurance model aims to optimise assurance coverage obtained from management, internal assurance and external assurance providers on the risk areas affecting the Group and the effectiveness of controls that mitigate the risks identified during the risk-assessment process.

The activities of these assurance providers provide three lines of defense. These are:

- Management oversight, including: control self-assessments, management review, delegation of authority, policies and procedures
- Risk-based assurance provided by the Group's corporate functions, including: internal audit, compliance department and SHEQ department
- Independent assurance, including: external audit, regulator reviews, independent third-party expert reviews, International Organisation of Standardization (ISO), CAIA and various certifications

The Group's combined assurance model includes an evaluation of the type and quality of assurance obtained. Dependent on the scope of work, the period covered, the issuance (or not) of an assurance statement or certificate, and the accreditation (or not) of the assurance provider, assurance is categorised as limited, moderate or extensive. The assurance quality is also evaluated as being either acceptable or unacceptable. The frequency of assurance is also documented.

The extent, quality and frequency of assurance is assessed within the Group on a risk-by-risk basis and reported to the social, ethics and risk committee, summarised in the following primary areas of activities:

Area	Main assurance provider	Primary standards
Health and safety	External ISO certification and compliance, CAIA	OHSAS 18001, Responsible Care® standards
Finance	External auditors and internal audit	IFRS, JSE Listings Requirements
IT	Independent third-party experts	CobiT™5 and King III (Chapter 5)
Operations	Management, independent third-party experts and compliance department	Policies and procedures
Environment	External ISO certification and compliance	ISO 14001
Personnel	Internal audit	Policies and procedures
Quality	External ISO certification and compliance	ISO 9001 ISO 17025

The implementation of the combined assurance model provides the Group's governance structures with a dashboard of key risks and the assurance obtained for those risks. From this, the social, ethics and risk committee was able to conclude on the completeness and appropriateness of the current assurance activities for each significant risk identified.

The social, ethics and risk committee assessed the extent to which it fulfilled its responsibilities in the financial year under review and is satisfied that it has adequately monitored the Group's activities and policies as required by section 72(4) to (10), as read with Regulation 43 of the Companies Act, and that the Group reasonably complies with these policies. The committee met three times in the year. Details of the attendance at meetings by members of the social, ethics and risk committee are provided on page 68 of this report.

The responsibilities of the risk management committee, which reports to the social, ethics and risk committee, is informed by the Group's risk management philosophy, which is covered on pages 31 to 33 of this report.

GROUP COMPANY SECRETARY

The Group company secretary, Celeste Appollis, is responsible for providing the board collectively, and each director individually, with guidance on the discharge of their responsibilities in terms of the legislative, regulatory and governance requirements. All the directors have unlimited access to the advice and services of the company secretary. The Group company secretary plays a pivotal role in the company's corporate governance process and ensures that, in accordance with the pertinent laws, the proceedings and affairs of the board, the company itself and, where appropriate, shareholders are properly administered. The Group company secretary also acts as the compliance officer and delegated information officer of the Group, and is responsible for the execution of statutory requirements applicable to those responsibilities.

Celeste was appointed as Group company secretary in 2007 and as Head of legal and BBBEE/EE officer in 2010. She is accountable to the board, but reports to the Group managing director as far as her responsibilities as Head of legal are concerned. In accordance with the requirements of the Companies Act and the JSE Listings Requirements, as read with King III, she is not a director of the company and therefore has an arm's length relationship with the board. Furthermore, the board has assessed her fulfillment of her duties under the Companies Act and her qualifications, experience and competence, and is satisfied that she has complied with her duties under the Companies Act, and that she has the necessary qualifications and experience to fulfill her responsibilities competently.

INTEGRATED ANNUAL REPORT

The directors are responsible for the preparation of the integrated annual report, providing key input and guidance to management during the process. The board provides final approval for the integrated annual report.

Management fulfills its responsibilities by maintaining adequate accounting records to ensure the integrity of the integrated annual report. This is accomplished by systems of internal control designed to provide reasonable assurance on their reliability. Such controls provide the Group with the assurance that its assets are safeguarded, that transactions are executed in accordance with management's authorisations and that financial and other records are reliable. This is augmented by the Group's ethics and prescribed policies and procedures, which are regularly updated to take cognisance of shifting circumstances in the financial, non-financial and operational environments.

CODE OF CONDUCT

The Group prides itself on its reputation for good ethical conduct which has been built up with all of its stakeholders over many years. This stems from the uncompromising belief that honesty, integrity, professionalism and service must underpin every relationship entered into with employees, management, customers, suppliers, governments and the communities in which the Group operates.

The Group has implemented a Code of Conduct (the Code), which has been fully endorsed by the board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism. The directors believe that the ethical standards of the Group as stipulated in the Code are adequately monitored and are being met. Where there is non-compliance, the appropriate disciplinary procedures are consistently enforced. The Group responds promptly to offences to prevent their recurrence.

In summary, the Code requires that, at all times, all company personnel act with the utmost integrity and objectivity and in compliance with the letter and the spirit of national laws and Group policies. The Code is provided to each employee as part of induction training, and employees annually sign declarations confirming their compliance with the Code.

DEALING IN SECURITIES

The Group has a policy in place to ensure that it is compliant with all laws and regulations governing insider trading and trading during prohibited periods. This policy and practice complies with the Financial Markets Act, the JSE Listings Requirements and all other relevant legislation. To comply with this policy and practice, the Group restricts its directors, officers and other employees from dealing in the company's securities prior to any formal announcement in respect of its financial results, or during any other period where such dealings may be considered price sensitive. The policy also regulates the dealings by directors in Omnia's securities, as required by the JSE Listings Requirements. This policy is implemented and monitored by the company secretary. To comply with JSE Listings Requirements, the chairman approves all share transactions by company directors prior to each transaction. The Group managing director approves all share transactions by the chairman and senior management prior to each transaction. This policy is reviewed and updated from time to time to ensure that it remains compliant with any changes in legislation.

RELATIONS WITH SHAREHOLDERS

The Group pursues dialogue with institutional investors based on constructive engagement and the mutual understanding of objectives within the parameters of statutory, regulatory and other directives overseeing the dissemination of information by companies and their directors. Management communicates the strategy and performance of the Group with investors and analysts through various presentations and meetings. The preparation of this information is based on the standards of promptness, relevance and transparency.

The Group makes every effort to ensure that information is distributed via a broad range of communication channels with regard to security and integrity while bearing in mind the need for critical financial information to reach all shareholders simultaneously and timeously. In communicating the Group's strategy and results, the Group makes use of communication channels such as the Omnia website **www.omnia.co.za**, SENS, as well as print, radio and television media.

Merchantec Capital served as the company's Sponsor during the year under review.

The Group acknowledges the importance of its shareholders attending the annual general meeting as this is an opportunity for shareholders to participate in discussions relating to agenda items and to raise additional issues. Explanatory notes setting out the effects of all proposed resolutions are included in each notice of meeting.

The board is committed to applying and enforcing appropriate corporate governance principles, policies and practices within each of the Group's operations.

GOING CONCERN ASSESSMENT

At the end of each financial year, the board assess whether the Group continues to be a going concern and whether any factors have significantly changed since the going concern assessment at the interim reporting stage. The board has concluded that there is a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future, and has therefore prepared the financial statements on a going concern basis.

REMUNERATION REPORT

This year Omnia's remuneration report is divided into three sections:

- Omnia's remuneration philosophy, policy and framework
- Current year remuneration review
- Share incentives

OMNIA'S REMUNERATION PHILOSOPHY, POLICY AND FRAMEWORK

Omnia's remuneration philosophy helps define how the remuneration plan supports the goals and culture of the organisation and sets forth guiding principles by which all employees are remunerated. The Group's remuneration policy aims not only to attract and retain top talent, but is also designed to ensure that its people internalise and live its core values of professionalism, entrepreneurship, innovation, integrity and continuous learning. Creating an environment in which they are sufficiently challenged and appropriately rewarded based on achieving the end result, is fundamental to the overall remuneration philosophy.

It is the dedication and commitment of a talented and skilled workforce that ultimately differentiates a business and fulfills its value proposition. Omnia firmly believes in this principle and equally so in the formulation of its reward practices. These factors, together with its distinct culture of entrepreneurship, have been the key building blocks to create stable, successful and professional management teams in all divisions and the Group as a whole.

REMUNERATION GOVERNANCE

The remuneration committee is a board sub-committee that oversees the formulation and implementation of the Group's remuneration policy. The composition, mandate and function of the remuneration committee are set out in the corporate governance section of this integrated annual report.

Market competitiveness and best practice remain fundamental elements of Omnia's reward strategy. Annual reviews by external consultants on Omnia's remuneration practices, policies and processes are conducted to ensure that it is in line with best practice. In addition, peer group comparisons using public information and customised surveys conducted by leading consulting groups, are also undertaken on an annual basis. These reports enable Omnia to benchmark its remuneration practices which includes guaranteed pay, short-term and long-term variable incentives for executive and senior managers in the Group.

According to the annual surveys, Omnia's guaranteed packages for senior managers are aligned with levels below the median of the comparator organisations who participated in the survey. In terms of total remuneration, Omnia aligns with levels close to the upper quartile of the comparator group. This is in line with the Group's policy of a lower guaranteed portion and higher short-term incentives, if justified by the performance criteria referred to earlier.

REMUNERATION STRUCTURE

On an annual basis, a detailed exercise is undertaken to evaluate the remuneration packages for all employees for the forthcoming year. Based on recommendations from management, these are approved by the remuneration committee taking due cognisance of various factors including the remuneration survey reports compiled by external consultants.

The annual packages of senior management and the majority of professional staff include a guaranteed portion and a variable portion. The amount awarded for the variable portion takes into account the performance of the individual, the division in which he or she works and the overall performance of the Group. In the case of senior management, the additional criteria mentioned below are taken into account.

Short-term incentives for senior management are based on an economic value added (EVA) formula. This incentive is calculated as a percentage of the EVA that the Group generated for the financial year under review. A portion of the annual EVA incentive is allocated and paid in the year in which it is generated, and the balance is paid over in each of the following two years. This rolling three-year allocation and payment strategy has served the Group extremely well over many years, in that it prevents a 'feast or famine' scenario and plays a significant role in retaining the services of participants. However, it is possible that portions of bonuses which have been generated and retained in the incentive pool during high-performance years, are released a year or two later during periods of poorer company performance. This could lead to an incorrect perception that bonuses paid are inconsistent with company performance.

The remuneration committee deliberates and decides upon the annual EVA incentive bonus payment for senior management. In so doing, account is taken of individual performance against quantitative/financial and qualitative/non-financial criteria and objectives, which in turn are based on the core organisational objectives of:

- Growth and profitability
- Business development
- Working capital management
- Talent management: attracting and acquiring top talent, talent pipeline and leadership development, leveraging talent and talent engagement
- Transformation (BBBEE and EE)
- Safety and health issues
- Quality of products and services
- Management of the environment and environmental issues

Other applicable employees participate in target-based commission and other short-term incentive schemes. These are reviewed on a regular basis to ensure that they are structured to achieve the defined performance targets and behaviours.

In addition to competitive salaries and short-term incentives, employees also have access to the typical fringe benefits offered by large companies such as medical insurance, retirement funds, and death and disability insurance cover.

Fees payable to non-executive directors are reviewed annually by the chairman of the board based on surveys and other comparative public information. All proposed changes are submitted for approval at the annual general meeting before implementation.

CHAIRMAN'S REMUNERATION

The chairman receives a fixed monthly fee irrespective of the amount of time spent on the main board, board committees or other company related matters.

The chairman, Neville Crosse, retired with effect from 31 May 2017 after 40 years of service to Omnia in various capacities. The chairman's many years of experience and invaluable extensive knowledge of the Group contributed to his in-depth involvement at a number of levels and functionalities, from strategic to tactical issues. The chairman's involvement extended far beyond board related matters and the board recognised that he played a key role in shaping the success of the Group during his tenure as chairman. Rod Humphris has been appointed as chairman with effect from 1 June 2017 and will continue to provide key guidance and leadership to management and the Group. His remuneration will be determined on a similar basis to the outgoing chairman.

The non-executive members of the board review the chairman's fee on an annual basis for approval at the annual general meeting. In reviewing the annual fee, due cognisance is given not only to comparative public information on remuneration of chairpersons but also to acknowledge the in-depth involvement throughout the Group on other non-board specific related work, the chairman's personal contribution to the successful development and growth of the Group.

CONTRACTS AND RESTRAINTS OF TRADE

The Group managing director has an employment contract containing a notice period of six calendar months and a restraint of trade for a period of three years.

The Group finance director and prescribed officers have employment contracts that contain three calendar months' notice periods and restraints of trade that vary between one and two years.

Typically, the restraints of trade restrict incumbents from competitive activities in the manufacture, marketing, distribution and sale of fertilizer, explosives materials and chemicals and any other product manufactured, marketed or sold by the Group on the continent of Africa.

CURRENT YEAR REMUNERATION REVIEW

During the year under review management worked with independent remuneration consultants to review Omnia's reward practices to ensure that there is equal pay and benefit for people occupying and performing similar jobs. This study concluded that Omnia's remuneration practices are substantially in line with best practice and good corporate governance processes.

Details of the remuneration paid to directors and prescribed officers are provided in this integrated annual report in note 24 to the annual financial statements. The four most highly paid employees who are not directors are prescribed officers as per note 24 to the annual financial statements.

Details of the chairman's remuneration are provided in this report in note 24 to the annual financial statements.

SHARE INCENTIVES

The board has long recognised the need for significant management and employee ownership participation within the Group. It believes that the Group's success is related to the excellence and long-term dedication of its people. The board also believes that an effective partnership arrangement between the shareholders of Omnia, its management and its people enhances the performance and ultimate wealth of the Group.

Share schemes, because of their longer-term nature, need regular participant communication and progress updates to ensure their success. To this end, a variety of interventions ranging from regular one-on-one discussions to personal letters and, in certain instances, in-depth training courses, continue to take place at all levels to ensure that participants remain informed and motivated to achieve or exceed the Group's current five-year target.

According to these objectives, the Group has the following share schemes in place:

SAKHILE INITIATIVE LIMITED (SAKHILE 1)

As part of the Group's BBBEE initiative, a separate legal entity, Sakhile 1, was incorporated in 2007 to serve as a vehicle to implement an employee share-incentive scheme for the permanent Group employees working in South Africa.

Sakhile 1 acquired 10% of Omnia Group (Pty) Limited and the shareholders of Sakhile 1 are the participating employees of the Group. This is to ensure that the participating employees benefit directly from the organisation's growth over the longer term and to create a culture of ownership, employee retention for the Group and to align the interests of the Sakhile 1 shareholders and Omnia shareholders.

Eligible participants have been allocated shares over the eight-year period since inception of the scheme on a decreasing scale. The initial quantum of 1 000 shares per qualifying participant were issued in 2007, while no new shares per qualifying participant have been issued since 2015 (2015: 365). Sakhile 1 currently has 2 096 (2016: 2 289) active shareholders who have been issued with a total of 1 404 760 (2016: 1 526 305) ordinary shares. The value of a Sakhile 1 share is calculated based on the value of Omnia Group (Pty) Ltd. The share price is not referred to that of the listed entity.

Sakhile 1 is overseen by a board of directors who are nominated to their positions by its members. Omnia has the right to and has appointed one member to the board.

The Sakhile 1 employee share scheme which commenced on 1 April 2007 has a finite term of 14 years. The Sakhile 1 shareholders are entitled to 100% of their shares after eight years' service from the date of allocation, provided that they have been working for the Omnia Group during that period.

The Sakhile 1 shares will be converted into Omnia shares in three equal tranches in 2019, 2020 and 2021 when Omnia exercises its call option in year 2019 based on the value of the Sakhile 1 investment in Omnia Group (Pty) Limited. The employee share plan is classed as equity settled and the dilutive impact of Sakhile 1 is accounted for in the diluted EPS calculation, as the employee share scheme is not earnings target-based but time-based.

The number of shares that Omnia will issue to the participants in Sakhile 1 is dependent on the 90-day volume weighted average price (VWAP) of the Omnia Holdings Limited share price on 1 April 2019. As such, it is difficult to accurately calculate the final dilutive impact of Sakhile 1 on Omnia Holdings Limited.

In an attempt to provide some guidance and on the assumption that Omnia's share price on 1 April 2019 is R193.49, then approximately 3.7 million Omnia Holdings Limited shares will be issued to ordinary shareholders of Sakhile 1 in three equal tranches of 1.2 million shares in each period after 1 April 2019, 2020 and 2021. Based on these estimates an employee who was allocated 1 000 Sakhile 1 shares in 2007 could expect to receive some R401 814 in Omnia shares over these three years, less any applicable taxation payable.

The Sakhile 1 board, together with the Group's human resources teams, are continuing to conduct intensive training on wealth creation, financial empowerment and management programmes to equip the Sakhile 1 shareholders with knowledge about the benefits of share ownership and how their individual actions and performances as Omnia employees ultimately impact on their personal wealth through their ownership in Sakhile 1.

SAKHILE INITIATIVE 2 LIMITED (SAKHILE 2)

The second phase of the BBBEE employee share scheme was launched during 2010 and implemented through a company called Sakhile 2. Sakhile 2 is an incentive vehicle used to attract, retain, develop and reward talented and key black permanent employees and black executives who are based in South Africa. Sakhile 2 currently has 140 (2016: 158) active shareholders who have been issued with a total of 52 218 (2016: 57 735) ordinary shares in Sakhile 2. The value of the Sakhile 2 share is calculated based on the underlying value of Omnia Group (Pty) Ltd. The price of a Sakhile 2 share does not bear any reference to the Omnia Holdings Limited share price as per the JSE.

In January 2010, Sakhile 2 acquired 2% in Omnia Group (Pty) Limited, referred to as Tranche 1. Each allocation of shares in Tranche 1 must be held by the shareholder for seven years from the date of allocation in order to benefit from the shareholding and incentive scheme. On this basis, the shares in Tranche 1 must be held until at least 31 January 2017. If employees leave the employ of Omnia due to either retirement, retrenchment, death or resignation (after the initial seven-year period) the employees are deemed to have offered their shares to Omnia at the market value at the date when they were no longer considered an employee of Omnia.

Omnia Holdings Limited has a call option to acquire the shareholders' Tranche 1 shares in Sakhile 2 at any time after the allocation date until 18 months after January 2017. The exercise price is calculated in accordance with the stipulated formulae set out in the Memorandum of Incorporation of Sakhile 2 which is based primarily on the market capitalisation of Omnia Holdings Limited. The exercise price is settled using new listed shares issued by Omnia Holdings Limited. These shares are issued to the Sakhile 2 Tranche 1 shareholders in exchange for the shareholders' shares in Sakhile 2. This employee share plan is classed as equity settled and the dilutive impact of Sakhile 2 is accounted for in the diluted EPS calculation, as the scheme is not earnings target-based but time-based.

In April 2011, Sakhile 2 Tranche 2 commenced by acquiring a further 1% in Omnia Group (Pty) Limited. Each allocation of shares must be held by the shareholder in Tranche 2 for seven years from the allocation date in order to benefit from the shareholding. On this basis, the shares in Tranche 2 must be held until at least 30 April 2018. The process for the participants to realise their shares is the same as that of Tranche 1.

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. On this basis, the shares in Tranche 3 must be held until at least 31 March 2020. The process for the shareholders to realise their shares is the same as that of Tranche 1 and Tranche 2.

The number of shares that Omnia Holdings Limited will issue to the participants in Sakhile 2 for Tranche 1, 2 and 3 is dependent on the 30-day VWAP of the Omnia share price prior to the exercise date. As a result, it is difficult to accurately calculate the final dilutive impact of Sakhile 2 on the Group.

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 between R171.67 and R219.11 at an average of R191.61, then approximately 1 335 745 Omnia shares would be issued as follows:

- Tranche 1 – approximately 670 262 Omnia Holdings Limited ordinary shares will be issued in FY2018
- Tranche 2 – approximately 391 946 Omnia Holdings Limited shares will be issued during FY2019 to FY2021
- Tranche 3 – approximately 273 537 Omnia Holdings Limited shares will be issued during FY2022 to FY2024

Sakhile 2 is governed by its Memorandum of Incorporation and a board of directors oversees and manages the company as contemplated by the Memorandum of Incorporation and the Companies Act. Omnia Holdings Limited has the right to and has appointed one member to the board of Sakhile 2.

SHARE APPRECIATION RIGHTS SCHEME

The cash-settled share appreciation rights scheme is not target-based and is only used instead of share options as a retention mechanism for a limited number of key employees. Participants are invited at the discretion of the remuneration committee. At 31 March 2017, there were 48 (2016: 67) in this scheme and 288 400 (2016: 531 360) shares allocated.

The last issue of share options was made in FY2014 and no further shares will be issued under this scheme.

The scheme runs over a five-year period and accrues at the rate of 20% of the allocation after two years, a further 20% each at the end of years three and four, and 40% at the end of year five.

Participants have to exercise their rights within six months of the date that each portion of each allocation accrues to them. It does not run concurrently with the five-year long-term share incentive plan and 'Partner 5' schemes. Resignation prior to entitlement terminates the right to take delivery.

The Omnia share price increased by 19% from R136.50 on 31 March 2016 to R162.30 on 31 March 2017 which resulted in an expense of R10 million (2016: R10 million recovery) being debited to the income statement in FY2017 in respect of changes for share appreciation rights.

OMNIA HOLDINGS LIMITED SHARE OPTION TRUST

The equity-settled share-option scheme is not target-based and has only been used in the past as a retention mechanism for a limited number of key employees. The scheme runs over a five-year period and accrues at the rate of 20% of the allocation after two years, a further 20% each at the end of years three and four, and 40% at the end of year five. It does not run concurrently with the five-year long-term share incentive plan and Partner 5 schemes.

Resignation prior to entitlement terminates the right to take delivery. The last issue of share options was made in 2008 and no further shares will be issued under this scheme. Share options remain open for acceptance for a ten-year period from date of issue.

R nil (2016: R nil) was expensed to the income statement in FY2017 in respect of share options.

LONG-TERM SHARE INCENTIVE PLAN

The current long-term share incentive plan, as described in the circular to shareholders dated 19 September 2014 and approved by shareholders on 20 October 2014, runs concurrently with Omnia's five-year plan cycle which started on 1 April 2014 and runs until 31 March 2019.

In terms of the circular, awards of allocated trust units will be made every two years to qualifying employees. Subsequent to the initial award on 1 April 2014, the next award (referred to as Tranche 2) was made on 1 April 2016, the start of the next five-year incentive period from 1 April 2016 to 31 March 2021.

Tranche 3 will be awarded on 1 April 2018, the start of the next five-year incentive period from 1 April 2018 to 31 March 2023.

Vesting is non-linear between the minimum threshold and target, and linear between target and the stretch target. The Omnia Holdings Limited shares that are transferred to the qualifying employees after the five-year period are transferred for no consideration. Termination of employment for reasons of fault or termination prior to the end of the incentive period, will result in the cancellation of the qualifying employee's participation in the long-term share incentive plan. Termination of employment for reasons of no-fault or termination prior to the end of the incentive period, will result in a pro rata participation in the long-term share incentive plan, dependent on the reason for the no fault termination.

The long-term share incentive plan is a conditional performance based share plan. Trust units are awarded to the participants with each allocated trust unit equivalent to one Omnia Holdings Limited share. This is equivalent to 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 Omnia shares earned are dependent on the achievement of the targets and only transferred after the end of the five-year period.

PARTNER 5 SHARE SCHEME

The Partnership With Management Scheme Number Five (Partner 5) is an incentive scheme for middle management and professional staff based in South Africa. This scheme is linked to the Group achieving its current five-year targets in a similar manner to the long-term share incentive plan. Each participant is allocated a fixed bonus amount and is entitled to this bonus dependent on, and to the extent, that the Group achieves the same targets. Vesting takes place at the end of each five-year cycle, as per the long-term share incentive plan. Participants are not required to invest their own funds and the scheme is cash-settled five months after the five-year period ends.

PHANTOM 5 SHARE SCHEME

The Phantom 5 Share Scheme (Phantom 5) applies to selected senior management and professional level employees in countries outside South Africa. The scheme works on the same basis as that of Partner 5 except that a fixed number of phantom shares are allocated to the participant and each participant is entitled to a bonus determined by the number of shares and the Omnia share price at the end of each five-year period. The final award is dependent on and the extent to which, the Group achieves the same targets with identical vesting ranges as those for the long-term share incentive plan set at the start of each five-year cycle.

As at 31 March 2017, the number of participants in Tranche 1 and Tranche 2 were as follows:

Number of participants	2017 Tranche 1	2016 Tranche 1	2017 Tranche 2	2016 Tranche 2
Long-term Share Incentive Scheme	73	80	77	85
Partner 5	171	195	184	213
Phantom 5	46	48	56	58

LONG-TERM SHARE INCENTIVE PLAN – TRANCHE 1

On 1 April 2014 when the plan commenced, 860 000 allocated trust units were awarded.

For the five-year period from 1 April 2014 to 31 March 2019, the board has set the following targets:

- EPS: 8% compound real growth in earnings per share
- ROE*: 11% average real return on equity

Qualifying employees' upfront allocation of unit trusts is split as follows:

- EPS target: 80%
- ROE target: 20%

The vesting range for the compound real growth in EPS target is between the minimum threshold of 4% and the stretch target of 12%, as follows:

	< Minimum threshold	4% Minimum threshold	8% Target	12% Stretch target	> 12% Stretch target
Vesting	Nil	25%	100%	125%	125%

Vesting is non-linear between the minimum threshold and target, and linear between target and the stretch target.

The vesting range for the average real return on equity target is between the minimum thresholds of 7% and the stretch target of 15%, as follows:

	< Minimum threshold	7% Minimum threshold	11% Target	15% Stretch target	> 15% Stretch target
Vesting	Nil	25%	100%	125%	125%

Vesting is non-linear between the minimum threshold and target, and linear between target and the stretch target.

Tranche 1 for the three-year period ending FY2017 and based on forecasts for the following two years, Tranche 1 share units have not met the minimum vesting criteria and therefore all share-based related charges to Tranche 1 have been reversed. It is unlikely that the vesting criteria for this five-year tranche will be met.

** Return on equity*

LONG-TERM SHARE INCENTIVE PLAN – TRANCHE 2

On 1 April 2016, the second tranche of 737 334 share units were allocated.

For the five-year period 1 April 2016 to 31 March 2021, the board has amended the targets as follows, with the weighting remaining unchanged:

- EPS: 6% compound real growth in earnings per share
- ROE: 11% average real return on equity

The vesting range for the compound real growth in EPS target is between the minimum threshold of 3% and the stretch target of 10%, as follows:

	< Minimum threshold	3% Minimum threshold	6% Target	10% Stretch target	> 10% Stretch target
Vesting	Nil	25%	100%	125%	125%

Vesting is non-linear between the minimum threshold and target, and linear between target and the stretch target.

The EPS base earnings for the five-year period from 1 April 2016 to 31 March 2021 is based on the actual EPS for the financial year ended 31 March 2016.

The vesting range for the average real return on equity target is between the minimum thresholds of 7% and the stretch target of 15%, as follows:

	< Minimum threshold	7% Minimum threshold	11% Target	15% Stretch target	> 15% Stretch target
Vesting	Nil	25%	100%	125%	125%

Vesting is non-linear between the minimum threshold and target, and linear between target and the stretch target.

GENERAL

Further details of the current share schemes are provided in note 25 of the annual financial statements. The details of the participation of directors in those schemes are provided in note 25 of the annual financial statements.

AGRICULTURE

AGRICULTURE DIVISION REVIEW

Adriaan de Lange
Managing director: South Africa

Jan Vermaak
Managing director: International, Specialities and New Business Development

Omnia's Agriculture division comprises 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.

In addition to its large-scale production facilities in Sasolburg, the division has extensive knowledge and strong relationships with clients through its agronomic unit, playing a key role in advising farmers throughout the planting season on how to improve the various aspects of farming practice and providing them with advice and technology to do so.

Among Omnia Fertilizer's larger customers is BME, the explosives arm of the Omnia Group. All the principal raw materials used to manufacture explosives are produced by Omnia Fertilizer, with ammonium nitrate and calcium nitrate as the common raw materials required by both business units. This is an example of the synergies Omnia Fertilizer creates and encourages throughout its operations.

The Agriculture division's competitive advantage 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 for maximum returns while reducing farming and environmental risks. 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 employs more than 100 agronomists, as well as agents and field officers who work with clients on their farms. It is called, "feet on the farm" and supports Omnia's core value of building personal relationships with customers. Omnia Fertilizer makes use of modern technology to improve the productivity and effectiveness of its people. Technology will not replace people as personal relationships are a core value of the company. This means Omnia Fertilizer becomes involved in more than just the supply of fertilizer; by creating value through extensive knowledge of the science of growing, supported by high-quality products and other support services. This close involvement on the farm aims to increase farming profitability while sustainably reducing risk. The knowledge and data collected through this process allows farming risks and opportunities to be identified on a daily basis throughout the planting season and form the basis of future research and development.

Beyond the South African market, Omnia Fertilizer has a network of retail outlets, agents and representatives, supported by qualified agronomists, advising farmers across Africa. In line with the Group strategy of diversifying geographically beyond South Africa, Omnia Fertilizer has been expanding its footprint, with 46% of the division's turnover now being generated outside South Africa. This expansion has created new opportunities and facilitated the mitigation of climate and exchange-rate risks, leveraged economies of scale and promoted operational efficiency.

Regionally, the division produces and trades in granular and speciality fertilizers to a broad customer base including commercial and small-scale farmers, corporates and wholesalers. The distribution network to market is through regional warehouses, wholesale distribution facilities and retail outlets. The service offering spans the entire spectrum from wholesale and trading to the full Omnia Nutriology™ service model.

Outside of Africa, Omnia Fertilizer focuses on manufacturing, trading and marketing speciality product ranges including water-soluble fertilizers and bio-stimulants. High quality potassium humates are produced in Australia and form the basis of Omnia's bio-stimulant range. These products are supported through the OmniBio™ service offering that focuses on correcting soil health through the analysis of soil microbiology. This forms part of Omnia Fertilizer's view of an ever-changing agricultural world that continues to look for innovative solutions to improve crop yields and performance.

VALUE CREATION

The Agriculture division creates value for its investors, customers and employees by producing and selling ammonium nitrate-based, chemically-granulated compounds, liquid and speciality fertilizers, bio-stimulants and fertilizer blends, supported by a range of agriculture-based value-added and risk-mitigation services and knowledge. The division is expanding its footprint by making use of technology to offer similar services and solutions to different industries and markets where fertilizer sales are not necessarily part of the transaction.

The value-add services for the agriculture sector cover the farming process from beginning to end, allowing Omnia Fertilizer to help farmers improve their farming practice and profitability. The services address three critical aspects of soil fertility for sustainable farming, namely, the physical, chemical and biological characteristics of the soil. Utilising the unique database of historical information, a sustainability soil-health index, branded as the "Omnia Soil Health Prism™", has been developed which forms the basis for the identification of risks and the required corrective actions. These services include:

- ***OmniBio™:*** *The OmniBio™ analysis provides farmers with insight into the biological life of their soil. This analysis has two parts to it – firstly, it reveals deficiencies in fungi or bacteria and, secondly, it analyses nematode (microscopic worms) and enzyme activity. A fungi or bacteria deficiency can hinder plant growth. In response Omnia has developed products such as Rhizovator™, Fungimax™ and Organoboost™ to help create a soil environment that encourages healthy growth. Similarly, a balance of enzymes and the correct nematodes create conditions that are conducive to plant growth. An OmniBio™ assessment is the first step in managing the nematode and microbial populations in the soil.*
- ***OmniPrecise™:*** *Omnia Fertilizer's management system assists farmers in utilising their resources efficiently by identifying patches of various potential (zones) in their fields and then managing the zones accordingly. This is done by collecting, processing and analysing data in order to implement precise plans that optimise the management of the spatial variability in a field. This work is supported by OmniZone™ maps, which help to identify the different yield zones over time, and the RiskIQ™ model, which calculates the long-term cumulative probability for each zone.*
- ***OmniSap™:*** *What Omnia Fertilizer calls "blood tests for plants", OmniSap™ allows customers to monitor their crops as they grow. By analysing plant sap this process enables farmers to identify nutrient deficiencies and imbalances in the early stages of growth, allowing them to reduce the associated risk and to increase yield. OmniSap™ allows the farmer to see whether the nutrients added to the soils are actually being used effectively by the plants.*

For more on these value-add products see the website www.fertilizer.co.za/services

Value creation activities are sustained by Omnia Fertilizer through sound interactions and relationships with customers, suppliers, employees, partners and communities. Key aspects of this process include customer satisfaction, suppliers' terms of trade, optimised supply chains and social licenses to operate. The Agriculture division believes that its existing relationships, knowledge and data gives it a competitive advantage in the development of new products and services to address ever-increasing farming risk and to generate new revenue streams.

APPROACH

Omnia Fertilizer aims to apply its knowledge and create sustainable value by increasing returns and limiting farming and environmental risks through the science of growing, supported by Nutriology™. This encompasses the synergistic development of the Agriculture division and its extensive support services. It benefits the customers through wealth creation, appropriate management of risks and preservation of the environment. The underlying complexity of the Omnia Nutriology™ scientific formulation is based on input from analytical laboratories, biological analyses, agronomic services, precision farming, research and development, production facilities, product ranges, quality control, relationships with all stakeholders, environmental and safety awareness training and efficient administration. This gives it a competitive advantage in the market, and makes Nutriology™ an all-encompassing productivity and risk-mitigation system for farming customers.

To maximise the benefits of the NAP2 complex and downstream production facilities in Sasolburg, throughput rates and conversion efficiencies have been improved at the downstream plants, while the plant's environmental impact has been reduced by minimising GHG emissions and optimising energy consumption and water usage. The focus is also on efficient procurement and backward integration to ensure a reliable supply of competitively priced raw materials which supports the agronomic requirements of customers.

Omnia Fertilizer has expanded its local and international footprints and markets, by diversifying geographically and increasing its product offering in order to better manage climate and exchange-rate risks, while continuously promoting operational efficiencies. Its regional business model capitalises on production and procurement economies of scale, allowing the businesses to leverage their supply chain and logistics footprints.

Finally, Omnia Fertilizer continues to differentiate products and services to take full advantage of the division's unique offering of ammonium nitrate and nitrophosphate-based chemical compound fertilizers. The unique coating products include bio-stimulants and K-humate (an organic-based soil conditioner and plant stimulant), Rhizovator™ which has been developed as an effective alternative to coatings with many unique benefits and its unique knowledge base. The Agriculture division aims to protect the environment by applying world-class technology and practices at all production facilities and by developing products and practices, such as water-use-efficiency and nutrient-use-efficiency, to minimise the environmental impact of fertilizer use and food production whilst maximising crop yield.

OPPORTUNITIES AND CHALLENGES

A key priority is to optimise the Sasolburg complex's integrated production plants. The NAP1 and NAP2 complexes have enabled Omnia Fertilizer to meet the internal nitric acid and ammonium nitrate requirements of the Group. Improved throughput at all plants assists in optimising the factory's production cost. The Agriculture division has made significant progress in removing bottlenecks in the downstream granulation plants, increasing throughput and energy efficiency and improving the quality of the granulation products.

In order to service the agriculture sector in peak season, advanced planning and scheduling systems, logistics management and warehousing facilities have enabled the Agriculture division to produce and store large volumes of fertilizer which are strategically placed near key farming areas, well in advance of the planting season. This entails purchasing and leasing warehouses, to store more than 160 000 tonnes of fertilizer prior to the fertilizer season commencing.

The Omnia board recently approved R670 million of capital expenditure for the new nitrophosphate plant to be constructed by Omnia Fertilizer at the Sasolburg factory. The new nitrophosphate plant will allow significant expansion of Omnia Fertilizer's nitrophosphate production capacity. The many benefits of nitrophosphate which include lower cost of supply security, agronomic and environmental benefits will also open the way for opportunities for further differentiation and value-add on farms. The proven nitrophos technology essentially results in a lower supply cost as the business will backward integrate 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. Omnia Fertilizer currently sources all its supply of phosphoric acid from Foskor Proprietary Limited (Foskor). Foskor has, in Omnia's view, through its position as the sole producer of phosphoric acid in the region, as well as having sole access to the import/export terminal at Richards Bay, set the domestic phosphoric acid price at a level higher than the international price despite a Competition Tribunal ruling aimed at preventing this practice. This matter is the subject of a court case between the parties currently referred on appeal to the full bench of the High Court. Construction of the new nitrophosphate plant has already begun and it is scheduled for completion in the first quarter of the 2019 calendar year, in time for the 2019 planting season.

AGRICULTURE DIVISION REVIEW CONTINUED

By connecting with its customers, Omnia Fertilizer aims to promote sustainable, productive and efficient food production. For example, using the correct amount of the appropriate high-quality fertilizer, at the right time and in the right way, benefits the soil and crops while reducing risk, limiting the environmental impact and promoting sustainable food production. As a result, Omnia Fertilizer plans ahead and recommends products based on its extensive knowledge of the "science of growing". Correct farming practices and fertilization programmes can boost yields and drought resistance in a changing climate, while managing risk and return. Results like these not only benefit customers but make a difference to the people who rely on them for healthy food, today and in the future. This highlights the positive impact products and knowledge can have, both on customers and consumers of their products, especially in current unfavourable farming conditions.

Changes in climate and annual weather patterns have an impact on when and where crops are planted as well as on the yields and qualities achieved. As an example, during the past year an invasive species, the fall armyworm, that is endemic to tropical and subtropical regions of Central and South America, caused considerable damage to maize and other crops in eight countries in southern Africa. The onset of this event was triggered by the drought and changing climate conditions.

Climate change and weather are risks to agriculture globally. Erratic weather patterns disrupt production and influence food and fertilizer prices, which also impact local and regional prices achieved by producers. Omnia Fertilizer strives to work with its customers in managing these risks, while also improving farming profitability to ensure the sustainability of their businesses. Omnia strives to ensure that its customers remain successful, as ultimately, Omnia's success is dependent on their success.

Another issue is water scarcity and droughts, which are increasingly pressing and are forcing farmers to use water more efficiently. The correct use of fertilizer and farming practices can improve water-use efficiency, thereby reducing the effect of droughts on yield, as well as reducing farming risk. Maximising agricultural produce per kilogram of water is a vital KPI for all Omnia's customers. The team is actively researching techniques to drive continued improvements in this KPI.

Fast evolving IT solutions involving the availability of real-time data through mobile, traditional data networks and sensors, creates opportunities for the Agriculture division to leverage and extend the reach of its value-adding and risk-mitigation services. Whereas in the past the value-adding services mainly supported the selling of fertilizer products, the business is expanding into the collection, analysis and use of "Big-Data" analytics as a core component for the next phase of the business strategy. With this Big-Data, the Agriculture division is developing service-based solutions and biological product ranges that can be used to expand the geographical reach of the division and generate new annuity-based income streams from new markets. In so doing, the division also aims to improve the productivity and effectiveness of the existing teams, thereby further improving the value offered to customers while reducing cost.

Regional agricultural conditions improved during the last year, with higher than average rainfall recorded in large parts of the region. The improved conditions provided relief to many farmers after the worst drought since the collection of rainfall data in 1904.

As the rainfall improved yields are increasing and are expected to boost the maize crop's size by 83% from last year. Based on the latest Crop Estimates Committee's forecast, South Africa is expected to produce 15.7 million tonnes of maize this year, the largest ever maize harvest in South Africa.

The global oversupply of fertilizer coupled with low energy costs has resulted in the continuation of low international fertilizer prices. As a result, the Agriculture division's selling prices and margins remain under pressure. The unfortunate three month breakdown of the NAP2 plant in Sasolburg impacted production volumes and increased unit costs during the year under review. The focus on improvements in production efficiency, effectiveness and increased production and sales volumes continues. The business is positioning itself to take advantage of the growth in the speciality and biological product markets internationally, which will continue to show high growth potential as Omnia Fertilizer repositions its business outside the traditional markets of South Africa and southern Africa.

STRATEGY

- To focus on regional growth (sub-Saharan Africa) as well as to expand selectively into other international markets
- To increase throughput at all production facilities thereby improving production, procurement and logistics efficiency and reducing the delivered cost to select markets
- To further expand Omnia Fertilizer's international footprint in order to spread market, climate and exchange-rate risk and to promote operational efficiency with a focus on selected East and West African markets
- To promote the use of K-humates, which has provided a solid base for growth in the Australian market and the continued growth into the Asian, European and South American markets
- To promote the use of Omnia's differentiated products, with a focus on chemically granulated ammonium nitrate, nitrophosphates, and speciality and liquid fertilizers, which form part of a comprehensive programme to improve crop quality, crop yield and resistance to disease and drought, thereby further improving customers' profitability, reducing farming risks and protecting the environment
- To promote the Omnia Nutriology™ concept that encompasses the development and delivery of fertilizer products, agronomic services, customer relationships and profitability, throughout the southern Africa region
- To use Omnia Fertilizer's world-class systems and infrastructure to ensure customer satisfaction through the timely availability of quality products and packaging, to ensure easy handling of products, an excellent delivery experience and after-sales support
- To protect the environment by employing world-class technology and practices at Omnia's own production facilities and developing products and practices such as water-use efficiency and nutrient-use efficiency to minimise the environmental impact of fertilizer use
- To actively drive a culture of innovation. This will involve core innovation which will ensure continued focus on improving efficiencies and effectiveness and transformational innovation, which will ensure continued differentiation and development of the existing business and leading-edge innovation whereby new revenue streams and new markets will be developed
- As part of the innovation drive, to make use of existing infrastructure, people, knowledge, customer bases and relationships to develop new revenue streams through selling knowledge and risk-mitigation services, in existing and new markets
- To make use of modern technology such as connected IT systems, sensors, Big Data and machine learning to further leverage Omnia's knowledge and improve the effectiveness and efficiency of its people

GEOGRAPHIC SCOPE

The division has operations in Australia, Brazil, Kenya, Mozambique, New Zealand, South Africa, Zambia and Zimbabwe.

Other markets such as Botswana, the DRC, Lesotho, Malawi, Namibia, Swaziland and Tanzania are serviced from South Africa.

Agricultural commodity prices continued their downward trend in 2016 with international grain prices currently at approximately half of their 2008 peak. Global production of wheat is expected to reach a new record for the 2016/17 season, at 753 million tonnes, with conditions for the global wheat crop favourable in most key producing and exporting areas. As a result of the favourable crop conditions, the global wheat stock-to-use ratio is expected to reach a 16-year high of 36%. Maize production is also projected to increase by 8% in 2016/17, resulting in the expected stock-to-use ratio for maize at the end of the season to be marginally higher at 22%, compared to 2015/16 at 21%.

Currency weaknesses against the dollar again posed challenges for most of the businesses in the international fertilizer portfolio. However, steps taken to mitigate the impact on the businesses during the previous year proved successful with exchange-rate gains reported for the year under review. International US dollar-based fertilizer prices continued to trend lower year-on-year. The combined effect of additional global fertilizer production capacity coming on stream and lower energy costs resulted in the oversupply and reduced prices of fertilizer.

Urea prices increased briefly in the last quarter of the 2016 calender year due to stronger demand, production cutbacks, delayed commissioning of new capacity in the US and a drop in Chinese exports. Looking ahead, the global urea market is expected to remain oversupplied, with new production capacity coming on line from countries with relatively low feedstock prices. The ongoing decline in phosphate prices continued, reflecting weak demand and continued oversupply. Potash prices also fell due to weak demand, high stocks and ample supply. The market is expected to remain over-supplied with significant new capacity anticipated to come on stream in the near term.

After the devastating El-Niño induced drought over the last two seasons in South Africa and southern Africa, weather conditions have improved since December 2016 with well above average rainfall across the region. The improved rains led to crops receiving sufficient soil moisture to support potentially good harvests in most areas, although it also resulted in regional flooding, water-logging and leaching of soil nutrients in some areas. The high rains also affected operations undertaken to combat the fall armyworm outbreak as a result of dilution and the washing away of agro-chemicals, which meant that many farmers were not able to access their land to spray chemicals. The fall armyworm spread across the Southern African Development Community (SADC) region, affecting crops in Botswana, Malawi, Mozambique, Namibia, South Africa, Zambia and Zimbabwe. The total impact of the fall armyworm outbreak on the crops remains unquantified at this stage, but is expected to be fairly significant for certain regions and crops.

MARKET CONDITIONS IN SOUTH AFRICA

- The final maize crop for the 2015/16 season at 7.8 million tonnes was marginally higher than initial predictions of 7.1 million tonnes, but nevertheless, resulted in a regional shortage of maize and the necessity to import maize
- As a result, the price of maize per tonne increased in January 2016 to import-parity levels of approximately R5 000 for white maize and R3 700 for yellow maize. However, the early predictions for the 2016/2017 crop is a record production of around 15.7 million tonnes which is in excess of local demand. This resulted in prices moving back to export-parity levels of around R2 200 for white maize and R2 000 for yellow maize
- With the El-Niño weather phenomenon continuing to impact rainfall until late 2016, the 2016/2017 planting season was slightly impacted by the drought conditions that prevented planting in some areas, especially in the western region of South Africa that is largely dominated by maize. However, the area of summer crops planted increased from 3.2 million hectares in 2015 to 4 million hectares in 2016, an increase of 25%. Maize hectares increased by 35%, however sunflower plantings decreased by 12% from 718 500 hectares to 635 750 hectares. Planting of soybeans continues to increase steadily from 502 800 hectares in 2015 to 573 950 hectares in 2016, or 14%. Omnia Fertilizer managed to increase sales volumes by 2.5% which is lower than the increase in hectares planted, mainly as a result of a significant amount of carry-over fertilizer stock on farms from the dry 2015 season. The bad yields of the 2015/2016 season also put farmers under financial pressure which resulted in decisions to cut back on fertilizer application for the 2016 plantings
- Although the ammonia:urea ratio improved favourably for a short period of time, the continued unfavourable ratio negatively impacted the conversion margins of the production facilities
- The slightly weaker SA rand assisted the division by partly countering the effect of lower international fertilizer prices. Average local fertilizer sales prices decreased by 8.9% from 2016 to 2017
- Production volumes were negatively affected due to lower sales volumes as a result of excess fertilizer stocks on farms being carried over from the previous year and lower than expected plantings in the western part of the country. The extended breakdown of the NAP2 plant also impacted downstream production due to the unavailability of ammonium nitrate feedstock. The impact of the higher operating costs as a result of the breakdown was recovered through the insurance claim, net of the time based deductible. Downstream sales of ammonium nitrate to the Mining division continued to decline due to the slowdown in commodity cycle and the resultant decline in mining activity. The lower than expected production volumes negatively affected margins due to the increased cost per unit produced

PERFORMANCE IN FY2017

FINANCIAL PERFORMANCE

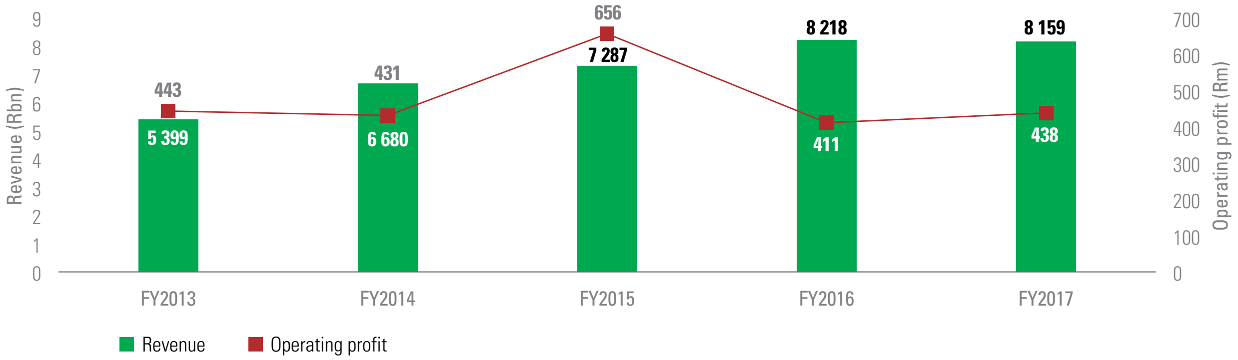
at 31 March		2017	Restated 2016	2015	2014	2013
Revenue (external)	R million	**8 159**	8 218	7 287	6 680	5 399
Operating profit	R million	**438**	411	656	431	443
Operating margin	%	**5.4**	5.0	9.0	6.5	8.2
Segment assets	R million	**7 368**	7 107	6 916	5 539	4 971
Net working capital	R million	**1 506**	1 953	1 821	765	959
Net working capital ratio	%	**18.5**	23.8	25.0	11.6	17.8

FINANCIAL KPIS

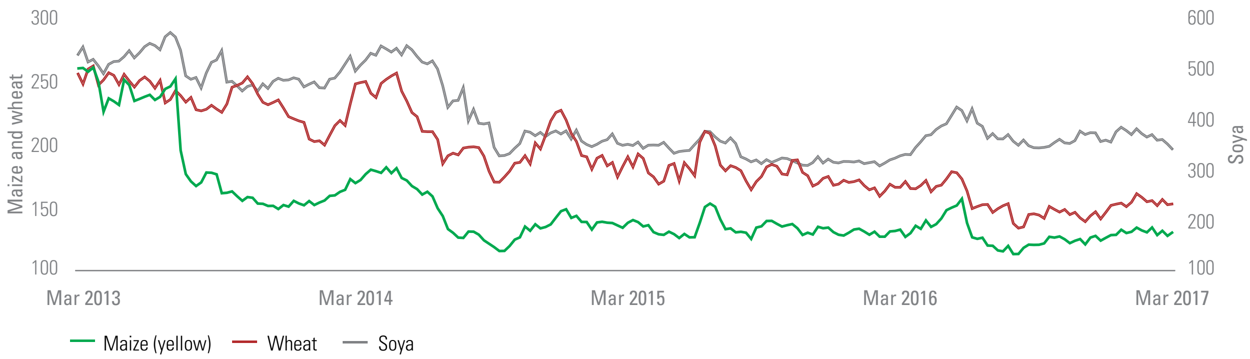
KPI	Description	Target 2017	Updated target 2017*	Actual 2017	Restated actual 2016
Operating margin	Profit before interest and taxes as a percentage of revenue	7% – 9%	7% – 9%	**5.4%**	5.0%
Net working capital ratio	Inventory plus receivables, less payables as a percentage of revenue	15% – 17%	15% – 17%	**18.5%**	23.8%

Updated at half year

Agriculture: division revenue and operating profit over five years



Maize, wheat and soya



AGRICULTURE DIVISION REVIEW CONTINUED

OPERATIONAL PERFORMANCE HIGHLIGHTS

- Agriculture RSA
  - Volumes increased by 2.5%
  - Lower production volumes due to the slowdown experienced by the Mining division, lower than expected sales volumes due to carry-over stock on farms and the NAP2 breakdown
- Agriculture International
  - International sales volumes were up 11.5% on the previous year (including the trading business)
  - The trading and wholesale business increased sales volume by 9% on the back of increased sales in South Africa and Zambia
  - Increased the number of cash-sale depots in Mozambique, Zambia and Zimbabwe from 38 in the previous year to 46 in the current year
  - Excellent performance in all international businesses with Australia, Brazil, Zimbabwe and Zambia, showing solid growth compared to the previous year

OPERATIONAL PERFORMANCE

Local operating margins were positively impacted by:

- Record sales volumes of speciality fertilizers into local and international markets
- The ability to increase overall sales volumes by 2.5% whilst improving the quality of the business despite tough market conditions
- Improved performance on reducing raw-material costs which depend on the timing of purchases, strong price negotiations, hedging and management of exchange rate risks
- The slightly weaker SA rand against the US dollar
- Maintaining SA rand margins through differentiation of products and services
- Expenses well managed with increases in line with or below inflation

Local operating margins were negatively impacted by:

- The lower production volumes achieved due to lower sales volumes and the NAP2 plant breakdown
- The continued unfavourable ammonia: urea ratio price

International operating margins were positively impacted by:

- Improved rand margins due to the weaker rand against the US dollar
- Increased cash sales in Zambia and Zimbabwe through the expansion of the retail business and number of outlets
- Solid performance of the operations in Australia, Brazil and New Zealand as agricultural conditions improved
- Increased trading volumes into southern Africa supported by improved logistics costs
- Increased K-humate export volumes from Australia

International operating margins were negatively impacted by:

- Bad debt provisions and stock revaluations due to lower international fertilizer prices in Australia and Zambia
- Lower commercial sales volumes into southern Africa as a result of carry-over stock due to the previous year's drought in the region

ZIMBABWE

The Zimbabwe operation performed well under challenging agronomic and economic circumstances, with increased retail and sales into the tobacco sector. During the past year, the retail footprint in Zimbabwe increased by two retails stores to a total of 30 in operation and the product range was expanded to include lime, gypsum, stock feed, seed and agro-chemicals.

Export volumes from the Sasolburg production facility continue to be negatively impacted by a 25% fertilizer import duty on final products levied by the Zimbabwean government.

ZAMBIA

In Zambia, retail and commercial sales both increased as the farming sector improved due to improved agronomic conditions, a more stable electricity supply and improved crop prices. The number of retail stores in Zambia has increased from 11 to 15 and all outlets have been rebranded and upgraded.

MOZAMBIQUE

Despite difficult economic conditions in Mozambique, the business was restructured and sales volumes were stable. Foreign exchange losses were minimised resulting in significantly improved financial performance compared to the previous year. Total volumes through the Beira import facility increased compared to last year and the operational efficiency of the facility has drastically improved.

OTHER

Sales volumes to Botswana, the DRC and Namibia decreased as a result of carryover stock due to the previous year's drought. Moderate sales growth was achieved in other African markets such as Kenya, Mauritius and Tanzania. An office has been established in Kenya to better serve the east African market.

TRADING

The wholesale and trading business showed meaningful volume growth into Africa, but margins were negatively affected by losses in Australia due to the poor stock position carried forward from the previous year. This position has now been fully liquidated.

Trading conditions improved in Australia as the weakening Australian dollar supported agriculture exports and as weather

conditions were less volatile than in previous years. Exports of humates (K-humate product), which are in essence the salts of humic and fulvic acids, increased significantly because of increased demand from Asia, Brazil, East Africa and Europe. Good inroads have also been made into the Australian horticulture market with these products. The industrial site and complex where the humate production facilities, located approximately 180km south-east of Melbourne, was purchased by Omnia in February 2017. By the end of calender year 2017, expansions and upgrades to the production capacity to support future growth will be completed.

NEW ZEALAND

New Zealand performed in line with expectations, but operations in the country have been rationalised and scaled down. The disposal of certain product lines under a royalty agreement were concluded during the financial year under review.

BRAZIL

The Brazilian operation recorded another year of growth, by focusing on the sale of speciality and bio-stimulant products into key agriculture areas. The implementation of a new business model introduced from FY2014, whereby imported products are priced directly to local customers in US dollars, reduced the Group's exposure to fluctuations in the Brazilian real.

OUTLOOK

Population growth and scarcity of resources will keep food security on the global agenda. Economic growth and increased urbanisation in sub-Saharan Africa will encourage a change in diets away from grains to a more balanced and protein-rich diet which will increase the demand for fertilizer. Approximately 60% of the world's unutilised arable land is located in sub-Saharan Africa. Fertilizer application rates in Africa, and especially in sub-Saharan Africa, remain well below the world average and could significantly increase as foreign investment in agriculture increases. This should result in increased food production and fertilizer sales in the region.

Due to the current global oversupply of farming products, international food and agriculture commodity prices are expected to remain low. However, this situation can change quickly depending on global weather patterns.

Omnia's positioning in the southern Africa market, the increased farming risk due to climate conditions, its unique Nutriology™ marketing approach and product range, will ensure that the division is well positioned to benefit from growth in agriculture in southern Africa.

Further expansion of Omnia's geographical footprint in sub-Saharan Africa will continue to be a strategic focus, with several target markets along Africa's east and west coasts being considered.

The sale of bio-stimulants into international markets is showing increased growth as the focus on nutrient and water use efficiency increases. The drive to increase yields also leads to greater sales of speciality products.

Further potential weakening of the SA rand/US dollar exchange rate will have a positive effect on export sales and profit margins.

Omnia's Agriculture division will remain focused on enhancing its market position and will continue to strengthen its customer service. The trend towards the use of technology, micro-nutrients and biological products in fertilizers is expected to continue. This will result in higher speciality and coating sales and support the development of newly differentiated products and service solutions.

KEY MACRO AND PERFORMANCE DRIVERS

- Lower and more volatile global agricultural commodity prices
- The SA rand/US dollar exchange rate
- The ammonia:urea price ratio, which impacts conversion margins
- Improving production volumes and efficiencies
- Improving margins by delivering increased value to customers
- Increasing sales volumes, especially of explosives feedstock to the Mining division as the commodity cycle starts to recover
- Population growth and urbanisation will continue to drive agriculture development in Africa
- Developing new revenue streams and markets
- Improving the risk management of the trading division

The continued unfavourable ammonia:urea ratio and low international fertilizer prices will continue to have a negative effect on margins and product mix. Additional merchant ammonia production in international markets is starting to increase which should result in an improvement in the ammonia:urea ratio. The continued focus on the efficiency and effectiveness of the entire supply chain, including production, is expected to assist in improving margins during the new financial year. To limit the impact of movements in international fertilizer prices (which the business cannot control) there will continue to be a strong focus on Omnia Fertilizer's procurement and hedging strategies, improving production volumes and efficiencies, increasing value delivered to customers to ensure improved sales margins and the continued stringent management of overhead costs.

FUTURE

Omnia exists in a world of scarce resources with a global population approaching approximately eight billion people and shrinking land availability. Escalating urbanisation and increasing income per capita has resulted in a change in diet, with a shift to meat from staples such as grains. Resulting in higher fertilizer demand.

Meat consumption is rising in developing economies, resulting in higher demand for corn and grain to feed livestock. To illustrate this point, it takes 7kg of grain to produce 1kg of beef and 4kg of grain to produce 1kg of pork.

Additionally, farms need to grow in size in order to survive – larger commercially managed farms are generally more successful due to the use of technology and economies of scale.

Climate change is increasing farming risk, while rising environmental awareness is leading to demands for less invasive farming practices. This has forced farmers to reconsider their soil, water and nutrition management strategies. Scientific research, sound farming practices and appropriate fertilization can help plants resist drought conditions and limit, to some degree, other farming risks. This is where Omnia's technology comes into play, by providing risk mitigation packages to assist farmers.

It's believed that technology will form an integral part of the "second green revolution" and will contribute to a 70% increase in agricultural production. Technology can also play a role in human capability, enabling Omnia to accomplish tasks and satisfy needs that were not possible in the past. It can also be used to improve the productivity of Omnia's people and, ultimately, to expand the reach of the business. Omnia aims to expand the solutions which have been developed in South Africa to the rest of the world through the use of technology. This vision is being pursued through the new data and services business called Axioteq™.

CHALLENGES TO ACHIEVING THIS

There are many factors that affect the growth potential of the agriculture business. The risks associated with certain factors are mitigated based on the use of various strategies such as hedging, forward sales of products and raw materials, accurate forecasting and planning processes, and diversification. Other risks which are beyond the control of management, such as politics and legislative changes, may require alternative strategies to counteract their effects. Some of the factors potentially giving rise to these challenges include:

- The significant and continued strengthening of the rand
- International fertilizer price volatility and/or continued low prices
- Volatile and continued low crop prices
- The continuation of the unfavourable ammonia to urea price ratio
- Strikes, electricity shortages and inefficient rail operations that can lead to shortages of key inputs, especially ammonia, giving rise to unexpected plant downtime
- Non-performance of key suppliers
- Political, social and exchange-rate risks in countries of operation
- Low produce prices leading to less planting therefore requiring less fertilizer
- Changes in policies and regulations

MINING

MINING DIVISION REVIEW

Joseph Keenan
Managing director: BME

Michael Smith
Managing director: Protea Mining

The Mining division is comprised of two separate businesses – BME and Protea Mining Chemicals – both of which provide products and services that add value to customers in the mining industry. Mining is a key sector for the Group and the division provides products and services required in the mining process, from breaking ground to the recovery of minerals in processing plants.

BME

BME is a leading manufacturer and supplier of explosives, related accessories and blasting services to the mining, quarrying and construction industries in South Africa, Africa, Australia and to a limited extent, South America. With an ever-expanding global footprint, BME continues to work towards expanding its business internationally.

BME's main focus is on products consisting of bulk emulsion and blended bulk explosives. Related products and services include on-site bulk emulsion plants, blasting detonators, packaged explosives, electronic and non-electric detonators, electronic blast initiation systems and software.

Over the past year, the business has made significant progress on the product design, manufacturing capability and performance delivery of detonators to achieve operational excellence. This further strengthens the foundation on which BME will leverage its current position and create future growth. The division strengthened its account management capability and diversified its supply portfolio by sourcing components from a wider geographic area and ensuring the use of best-in-class materials, as part of its strategy to improve the quality of detonators.

Through its BME 2.0 programme (BME 2.0), the company is transforming the business into a market-leading and even more customer-focused operation. While its innovative approach leverages cutting-edge knowledge within the business to improve productivity, BME 2.0 has also improved the customer experience so that the same high level of service is experienced wherever customers are based. As challenging conditions in the mining industry persist into FY2017, BME has been able to help customers boost the cost-efficiency and safety of their operations – a key factor in making the business a leader in its market.

As the transformation of the division's structure gains traction, BME is significantly improving the transparency, standardisation and functional excellence of its operations. The Lean Six Sigma philosophy, based on three production failures per million units produced, is being introduced into design and manufacturing activities.

BME introduced cold-emulsion explosives technology to South Africa more than 30 years ago and was the first to use used-oil as a key raw material in the manufacturing of bulk explosives. The division's in-house research and development capability combined with plant technology, enables BME to produce leading-edge explosive emulsions used in South Africa and sub-Saharan Africa. Through BME's Blasting Science and Technical Service unit, the division supports customers with a wide range of technical services, from routine blast monitoring to advanced consultancy and optimisation projects.

The division remains driven by innovation and advances in technology to continuously evolve BME's explosives and related products. The development of the AXXIS™ range of electronic delay detonators over the past decade has made BME's products an industry standard, with an easy-to-use software interface – BlastMapIII™ – for blast design and planning.

Through its various technologies, BME invests in end-to-end knowledge-based services that complement its products. This will gain further momentum as BME rolls out this offering in the forthcoming financial year. Product rationalisation has created efficiencies, allowing the business to focus on best-in-class ranges including the BME's non-electronic detonators, the AXXIS™ system and bulk emulsion products.

MINING DIVISION REVIEW CONTINUED

Building on the success of its proprietary AXXIS™ electronic delay detonators, BME has evolved its AXXIS™ centralised blasting system (CBS) further. Adapted for underground applications to enable underground panels to be detonated simultaneously from a remote point, the enhanced AXXIS™ CBS allows for the real-time communication of operational data to the surface.

BME's Blasting Sciences department continues to develop the capacity of its software such as BlastMapIII™ and XploPlus™, which are valuable blast-optimisation tools. They allow data from blasting processes to be captured in a useful format for analysis, which improves blasting practices. BME continues to provide advanced blast-monitoring services through its Blast optimisation department using modern 3D imaging technology, high-speed videography and consultancy services for complex blasting situations.

The Blasting Sciences department formalises BME's commitment to developing advanced products and services for enhanced and more cost effective blasting, more efficient crushing and milling, and safer, better controlled blasting operations. These elements feed into BME's global growth strategy.

Among the achievements of BME's AXXIS GII™ system are the world-record size blasts that were undertaken in Australia and Zambia. Large blasts in open-cut mining operations afford clients significant operational benefits. The downtime of all other operations in the pit during the blasting cycle is reduced and larger blasts create economies of scale for the haulage of waste and ore out of pits. This allows fewer pit stoppages improves fragmentation.

BME's contribution to improving customers' blasting efficiencies also reduces energy consumed in the loading, crushing and milling stages of the production cycle. These activities are an important area of focus as rising energy prices continue to erode profitability. Enhanced fragmentation to improve yields is achieved by the high stability of BME emulsions and the application of blast-specific designs using BME's electronic delay detonators.

The integration of emulsion explosives into underground mining systems was developed further at a customer's deep level gold mine. This contributed to the mine's strategy to reduce its run-of-mine cost per tonne. BME pioneered the world's longest vertical emulsion pipeline, improving explosives delivery efficiency to the underground operations in a cost-effective manner. With this gravity-fed facility, large volumes of emulsion can be pumped underground in an streamlined manner, thereby reducing congestion in the access shaft and making large quantities of explosives easily accessible both for underground development and reef production.

In addition, the highly stable characteristics of BME's double-salt emulsions allows emulsion product to be pumped frequently, and stored for extended periods under varying conditions, without altering the blasting capability of the product. Once pumped into the blasting hole, the product maintains it blasting capability without deterioration for up to 30 days. This provides mines with operational flexibility and the opportunity to set up large scale blasts with thousands of blasting holes.

Ongoing investment in researching and fine-tuning of emulsions has led to new and innovative underground and surface mining technologies. To meet and exceed customer expectations, various emulsion classes have been customised to suit the particular needs of quarries and mines – depending on factors such as geology, the presence of water and specific blast requirements.

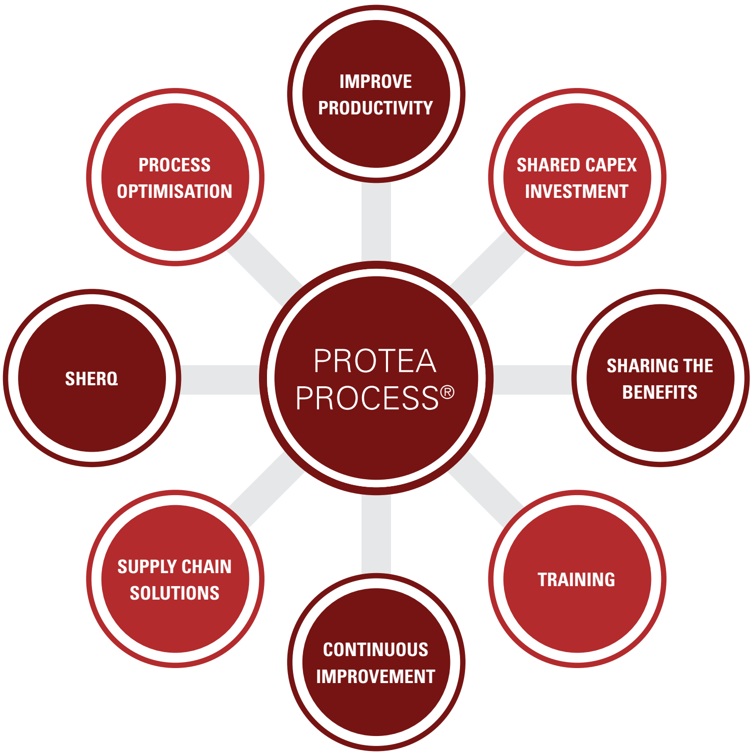
BME focuses on working closely with customers to enhance operational efficiency and continuously strives to improve internal efficiencies.

PROTEA MINING CHEMICALS PROVIDE

UNIQUE

PRODUCT OFFERINGS

THROUGH PROTEA PROCESS®:



PROTEA MINING CHEMICALS

Protea Mining Chemicals specialises in products and solutions used in processing and recovery plants in the mining industry. Each plant and mineral is unique, and the service offered formulates the correct mix of chemical products to ensure the optimum recovery of valuable metals and minerals from crushed and milled ore. As technology evolves, Protea Mining Chemicals continues to identify new opportunities that use the latest chemicals, improves the recovery process and adds value to its clients.

While Protea Mining Chemicals sources speciality products from around the world, its sales volumes and market opportunities are strongly influenced by the commodity cycle. Price fluctuations affect mine plans and the volume of ore mined and processed through the processing plant. The need to ensure a continuous supply of the correct chemicals is essential to maintain operational consistency in these plants. This requires careful management of the supply chain and stockholding, from suppliers through the logistics hubs to the end customer. Protea Mining Chemicals' logistics infrastructure and network includes warehouses, port loading and discharge facilities, specialised packing facilities, transport vehicles and monitoring systems.

A significant factor in the services provided by Protea Mining Chemicals is the safe and environmentally prudent transport of potentially hazardous chemicals, particularly those delivered in bulk to remote sites where the quality of road surfaces and conditions may not be ideal. Using ISO 9000, 14001 and 18000 standards to manage the handling, packaging and transport of hazardous chemicals, underpins Omnia's safety philosophy. Additionally, Protea Mining Chemicals only uses SQAS-accredited (Safety and Quality Assessment System) transporters to ensure the safe and reliable transport of goods to customers, irrespective of the destination.

Protea Mining Chemicals' market spans the African continent. Product and technical support services to these markets are provided from the headquarters in Wadeville, outside Johannesburg. Protea Mining Chemicals also operates elsewhere in Africa, with offices in Namibia and port facilities in Walvis Bay and Dar-es-Salaam, serving as key transport hubs into these markets. The development of new ports and facilities along the east coast of Africa has improved accessibility to these markets and reduced the overall cost and lead time to reach customers.

APPROACH

With signs of recovery in certain commodity markets, BME is well-positioned to perform more efficiently and respond quickly to improvements in the commodity cycle.

BME 2.0 is already showing results by fine-tuning the business into a market-leading, customer-focused, operationally excellent explosives supplier. Delivering real value to its customers by applying technology. Addressing the operating model, structure and strategy of the company, BME 2.0 retains its entrepreneurial spirit and delivery, while improving its commercial focus and diversifying the division's markets.

MINING DIVISION REVIEW CONTINUED

Among Omnia's technological developments during FY2017 was the installation of two more automated robotic assembly plants that increases the total number of automated plants for assembling electronic and non-electric detonators to five. With the two automated assembly plant for the AXXIS™ electronic detonators, production volume and quality has increased to meet the market demand. Similarly, the three automated assembly plants for the non-electric detonators, have also increased the production output and quality of units. The conversion of bulk emulsion manufacturing facilities has improved production levels of underground emulsions.

OPPORTUNITIES AND CHALLENGES

While economic conditions in global markets remained depressed during the past financial year, there were limited improvements in the performance of certain commodities like gold, cobalt and zinc. Mineral production in certain African countries is showing signs of increasing after two difficult years. The new contract in the Zambian copper belt is showing a steady increase in volumes. Volumes and pricing remain under pressure in most areas, alongside increased competition and excess capacity of raw materials, challenges remain in terms of taxes, royalties, regulatory uncertainty and political instability in some African territories. All of these issues are to the detriment of the mining environment and negatively impact on the division.

Political uncertainty in other parts of the world, such as the UK's Brexit vote and the outcome of the elections in the USA, added to the general instability in the global geo-political environment and to a rise in associated risks. As a result, the global demand for raw material and commodities remains uncertain.

By delivering on its new operating model, that is in the process of being implemented, BME is making its business more efficient and scalable to market growth or contraction. BME has also improved customer engagement and commercial management capabilities to garner more market opportunities through improved commercial agreements and processes. Customer and market diversification remain important in order to reduce the impact of market shifts across geographies, customers and mining methods.

A key opportunity for the division is leveraging the capacity of its brand and assets already installed in the marketplace. BME's electronic detonator offerings have scope for global growth, as do the digital and hand-held tools available to boost day-to-day efficiency on mine sites. As the supply chain develops globally, positive customer relationships in different markets will feed international growth.

As an outcome of the new operating model, BME is better positioned to drive functional excellence and improve employee engagement. The division also has an improved focus on safety and employee wellness to ensure a happy and healthy workforce.

The Mining division continues to focus on growing its markets more broadly across Africa, where the introduction and expansion of the BME, Protea Mining Chemicals and Protea Process™ brands have made a meaningful contribution to the division's customer base.

To support the division's broad range of reagents, the safe and cost-effective logistics offering ensures the regular supply of chemicals to each end-user's site. Appropriate skills have and continue to be developed in the division to manage these activities.

VALUE CREATION

While trading conditions in FY2017 continued to be challenging, BME continued building its capacity to deliver quality through a secure supply chain for its growing market, while further enhancing technology and services to boost customer productivity. With a more positive outlook emerging for the mining sector – with increased investment being witnessed in exploration and the consideration of capital projects – BME is well positioned to add further value to customer operations through improved levels of operational excellence.

BME concentrates on providing financial benefits to its clients by assisting them in their blasting strategies, plans and execution. Through BME's advanced technical products and services, clients achieve important productivity improvements including:

- Improved efficiency in the mining operation by maximising digging rates
- Improved control over the production of fines in the blasting cycle
- Decreased excavator energy consumption through improved separation between waste and ore
- Increased crusher and mill throughput rates and efficiencies
- Decreased crusher and mill grinding energy consumption
- Decreased consumption of crushing and grinding wear items
- Improved liberation of minerals
- Efficient use of used oil generated by mines in the on-site formulation of bulk emulsions

In addition, BME's class-leading BlastMapIII™ design software combined with the flexible AXXIS™ electronic detonators, allows for major operational gains in the blasting cycle for clients by facilitating the unique timing of blasts to prevent ore losses through dilution, generating increased advances per blast, allowing multiple-seam blasting in single passes and enabling the application of very-large-sized blasts in open-cut operations.

BME's blasting techniques also improves pit-wall stability, resulting in better safety and reduced mining of waste rock. They also reduce vibrations so as to allow blasting near structures.

BME is the only explosives supplier globally that successfully applies used oil as a major component of the fuel phase in emulsion manufacture. This has been achieved through BME's advanced emulsion technology that allows stability and consistent performance. The value of used oil in BME's emulsion has a positive environmental impact and results in lower costs.

BME's value creation is sustained through its interactions and relationships with stakeholders. Key aspects include customer satisfaction, suppliers' terms of trade, reputation and social licence to operate.

Protea Mining Chemicals creates value for its investors and customers by selling and distributing specialised chemicals and chemicals-based solutions to mine processing plants, supported by a range of logistical and specialised value-add services. It provides unique product offerings through the Protea Process™, supported by leading suppliers who seek to trade into Africa with a local company.

SAFETY

Safety is the first priority for the Mining division. The division's commitment to safety is uncompromising and applies at all levels of the production, transport, operation, mining and mining-related activities. This ethos includes how BME manages its staff, interacts with clients and its operating environment. Stringent methods are used to evaluate safety standards and procedures on a continuous basis, implementing corrective actions where necessary.

The prioritisation of safety in all BME operations is reflected by the decrease in the RCR of the division from 0.70 in the previous year to 0.60 in FY2017. Protea Mining Chemicals' RCR remained nil year-on-year resulting in an overall RCR for the Mining division at 0.60.

This improvement can be attributed to improved management and leadership focus by the SHERQ team, coupled with the improved visibility of monthly safety statistics. At an operational level, across BME's African operations there has been an increased focus on 'tool box talks', which highlight relevant daily hazards to improve the safety awareness of employees and customers.

BME is continuously evolving as a leading company in the blasting sector and remains focused on research and development for all its emulsion and bulk explosives product ranges. Emulsions have made blasting practices safer because they are not classified as explosives until sensitised in the drill-hole. Up to that point, the status of explosives material is classified as a 5.1 oxidiser, which makes it safe to transport and handle. Not requiring the special licensing, permissions and facilities required by traditional explosives.

Safety is also integral to BME's AXXIS GII™ Digital Initiation System. The system and process combines entry-level explosives solutions with advanced technology and safety features.

The use of technology plays an important role, particularly in the operation of blasting equipment and products, to ensure safe and proficient handling by operators. As part of the safety standards, relevant ISO and occupational safety and health administration (OSHA) frameworks are applied.

GEOGRAPHIC SCOPE

BME's markets span the African continent, including Angola, Botswana, Burkina Faso, the DRC, Guinea, Lesotho, Mali, Mauritania, Mauritius, Mozambique, Namibia, Rwanda, Senegal, Sierra Leone, South Africa, Tanzania, Zambia and Zimbabwe. Among the highlights of the past financial year was a major new supply contract secured in Mali.

Beyond the 'home market' of Africa, the company's growth aspirations were taken forward in the past financial year with operating licences secured for the United States and Canada – an important expansion into the North American market.

There were also deliveries of products into Colombia and the renewal of a significant contract for a major mining client in Australia. Contract activity finished in Singapore, where BME supplied electronic detonators for the construction of a new section of the Mass Rapid Transport (MRT) rail system. The division is active in Indonesia where technical services and SA-manufactured electronic and non-electric detonators are supplied to mining clients. The country's vast opencast coal sector holds great potential for BME's pumpable emulsion explosives.

Protea Mining Chemicals operates in the DRC, Kenya, Mauritius, Namibia, South Africa and Zambia.

STRATEGY

Expansion into Africa remains a core driver both for BME and Protea Mining Chemicals. While most markets continue to struggle in South Africa, commodity producers remain under pressure to reduce costs and produce more from existing operations.

BME

BME's vision is to remain customer focused and uphold a standard of operational excellence, growing the business internationally through an efficient and safety-driven global strategy. To deliver real, quantifiable value through the application of best-in-class technology, products and services that ensure a consistent user experience, improved product performance and enhance brand awareness.

In BME's quest to continue its reliable and scalable global expansion drive to create value for customers and the Group. It is in the process of implementing world-class ERP and related IT support systems to facilitate attaining these objectives. The implementation of the new ERP platform at BME is scheduled for completion in the 2018 calendar year.

Although BME's expansion goals remain Africa-focused, the division has identified additional primary markets outside Africa for its bulk service offering, as well as secondary markets for AXXIS™ detonators in order to expand BME's footprint globally. A continued increase of AXXIS™ sales in Australia and opportunities in North and South America provide opportunities for BME's off-shore sales growth.

BME also aims to continue supplying AXXIS™ detonators and technical support into high-tech engineering and construction projects.

BME's flexibility in mobile manufacturing facilities for emulsion products places it in a strong position to reach new markets and to add value to customers in any region. A localised and global procurement drive add to the efficiency and security of the supply chain, allowing continuous strengthening of customer relationships.

Other focus areas for BME include:

- Empowering and up-skilling the workforce to address the skills shortage in the mining industry
- Identifying synergies, efficiencies and opportunities to save costs with strategic partners and clients. Especially as increasing costs place pressure on the sustainability of mines
- Driving partnerships from the point of view of supply chain management, innovation and service excellence
- Continued focus on safety through enhanced management and improving operational processes
- Leveraging the power of digital technology to drive operational and service excellence, as well as marketing efforts
- Continued improvement of the business model to ensure that customers always find it easy to do business with the Mining division

PROTEA MINING CHEMICALS

The development and successful execution of Protea Mining Chemicals' strategy of delivering a high-quality technical solutions and professional service experience to all customers on a consistent basis continues to gain momentum. Further development of the five strategic pillars of Values, Human Capital, Innovation, Partnerships and Growth in the business also continues. Securing the services of experienced and competent personnel in areas of supply chain and technical services has been challenging but successful. Partnerships with some of the best product and technology providers and manufacturers in the world have been secured, with more being targeted for the coming year. Within the mining sector, Protea Mining Chemicals' success in the performance chemicals market is expected to increase.

PROTEA MINING CHEMICALS STRATEGIC DRIVERS

- The Protea Process™ continues to support leading global chemical manufacturers to effectively expand their own businesses into Africa. Global networking forms a significant cornerstone of the business, with the support of the Group's procurement offices in China and Mauritius. These offices manage the procurement, testing and supply chain management of key chemical reagent products from China, Asia and the Middle East, which allows for the supply of reliable, cost effective and high-quality products and solutions to customers

Broadening the customer portfolio among global mining groups has accelerated the need to expand:

- The product range
- In-house and international networking
- Create a seamless, transparent and holistic approach to the business

FINANCIAL PERFORMANCE

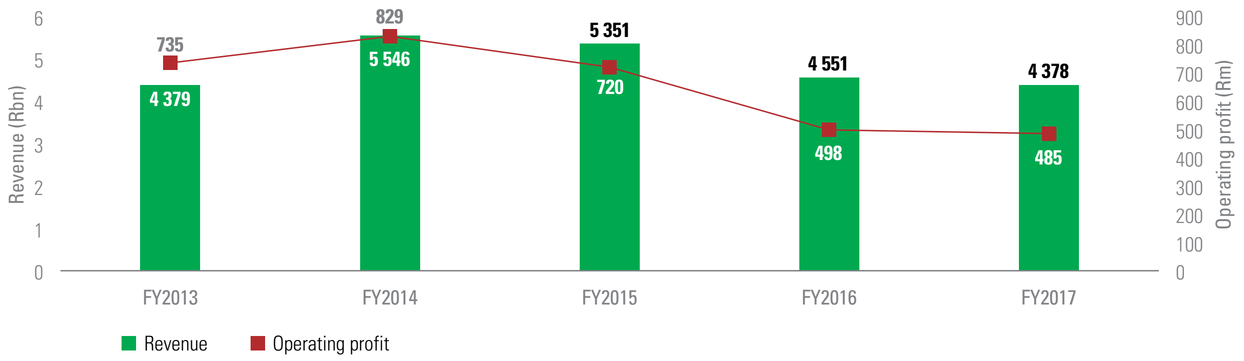
at 31 March		2017	Restated 2016	2015	2014	2013
Revenue (external)	R million	**4 378**	4 551	5 351	5 458	4 379
Operating profit	R million	**457**	526	720	829	735
Operating margin	%	**10.4**	11.6	13.5	15.2	16.8
Segment assets	R million	**3 033**	2 842	2 677	2 604	2 003
Net working capital	R million	**933**	842	1 090	1 052	795
Net working capital ratio	%	**21.3**	18.5	20.4	19.3	18.2

FINANCIAL KPIS

KPI	Description	Target 2017	Updated target 2017*	Actual 2017	Restated 2016
Operating margin	Profit before interest and taxes as a percentage of revenue	13% – 15%	12% – 14%	**10.4%**	11.6%
Net working capital ratio	Inventory plus receivables, less payables as a percentage of revenue	17% – 19%	17% – 19%	**21.3%**	18.5%

* *Updated at half year*

Mining: division revenue and operating profit over five years



PERFORMANCE IN FY2017

MARKET CONDITIONS

Although there were signs of improvement in some commodities, the market remained challenging during the 2017 financial year, with continued low commodity market prices leading most mines to maintain or reduce output volumes and their expenditure on explosives and services. Market oversupply and customer focus on pricing has led to increased price competition which, in turn, has resulted in lower margins.

Market conditions are likely to remain challenging for the immediate future. Some of the key factors affecting market conditions are:

- Softer demand for minerals commodities, especially from China, which has affected minerals markets throughout Africa, especially in gold, platinum, copper and iron ore
- Reduced mining activity in metals and minerals such as coal, uranium, vanadium, gold and platinum
- Reduced greenfield mining project activity and brownfield expansion opportunities on existing mines in Africa
- Competitor and customer price pressure across markets
- Volatile exchange rates
- Infrastructure challenges
- Licences and regulatory uncertainties
- Geo-political instability in many regions
- Flat commodity chemicals pricing with a decline seen in oil-based chemical derivatives
- Insufficient skilled resources and sub-optimal returns relative to the risk profile, causing delays in new mining projects throughout Africa
- Pressure on commodity chemicals pricing as customers look to significantly reduce their operational costs
- Transport and shipping challenges, including constraints on availability
- Increased competitor activity across all market sectors

OPERATIONAL PERFORMANCE

BME

For the financial year under review, BME experienced decreased volumes in South Africa coupled with mine closures and lost business in Botswana and Namibia. In Zambia, volumes increased significantly with the start of the large scale copper contract secured during the year. Overall bulk volumes increased by 8%, and revenue decreased by 9%, due to lower emulsion selling prices in Zambia and South Africa, where pricing were adjusted to remain competitive. Emulsion prices were negatively affected by the lower ammonia price. AXXIS™ electronic detonators volumes grew significantly, with the increased demand from the mining industry.

The negative political climate has resulted in most mines consolidating their operational strategies, reducing or restructuring debt, and delaying or deferring capital expenditure and projects. BME's performance has also reflected this. In spite of the market conditions discussed, gross margins were maintained from the prior year. A number of initiatives related to raw material cost reduction and increased volumes of high margin AXXIS™ sales assisted in maintaining the gross margin. The division has continued to contribute a positive cash inflow for the year. Working capital requirements increased during the year to finance the growth of the Zambian operation and increase imported inventory. BME continues to make inroads into new markets in mining and construction in South America and the Far East. The traditional South African and African markets remain strongly in focus and are critical to the future growth of the company. Further success in West Africa includes the award of a new contract in the gold sector.

PROTEA MINING CHEMICALS

Consistent with the issues faced by BME, Protea Mining Chemicals has had to adjust its strategy to deal with changing market conditions. As a consequence of the prevailing market conditions discussed, gross margins were lower compared to those of the prior year. To counteract this, internal initiatives and projects were strongly driven to reduce overall cost elements in the final products sold to customers.

The division has continued to contribute a positive cash inflow for the year while significantly improving working capital management.

OUTLOOK

BME expects tough trading conditions to continue in the South African market. Growth is expected to come through its globalisation strategy especially in Australia, Colombia, the DRC and West Africa. New business opportunities are being pursued in Canada and the USA, in open cut and underground mining markets, and the quarrying industry.

In the year ahead, Protea Mining Chemicals anticipates volumes to grow and the performance chemicals portfolio to expand. This is underpinned by new innovative technology, process solutions and high quality technical support which provides substantial growth prospects. Working closely with customers and conducting extensive laboratory and on-site tests, Protea Mining Chemicals continues to identify new opportunities in this area. In addition, increased pressure on mining operations to optimise their processing costs, opens up opportunities based on efficient supply chain planning and utilisation.

KEY MACRO AND PERFORMANCE DRIVERS AFFECTING THE OUTLOOK

- Slow growth in demand for mining minerals
- Recovery in the price of metals and minerals, including uranium
- Penetration of markets in new countries
- Successful endorsement of alternative products and reagents by mining companies to improve plant performance
- Rand denominated chemical prices and exchange rates

CHEMICALS

CHEMICALS DIVISION REVIEW

Martin Kearns
Managing director: Protea Chemicals

Protea Chemicals continues to enhance its business through the manufacturing of effect chemicals and the distribution of specialty, bulk trading, industrial chemicals and polymers. The division remains a significant supplier to chemicals markets throughout sub-Saharan Africa. The recently announced acquisition of Umongo adds base oils, additives and lubricant products to the chemicals portfolio. Protea Chemicals' business is based on partnerships with many leading domestic and international chemicals producers, by providing cost-efficient and effective distribution channels for their products into the African market.

APPROACH

- Ensure compliance with all relevant safety, health and environmental requirements and legal imperatives, whilst conforming to the CAIA Responsible Care® initiatives
- Target volume growth within defined market sectors in South Africa and through geographic expansion into selected strategic territories in Africa
- Enhance service levels through optimal product offerings and distribution excellence
- Further roll-out of Protea Chemicals direct retail sites for small to medium-sized customers
- Re-alignment of the business to produce continuous growth strategies by focusing on specialty industry sectors and enhancing the customer's value propositions through the division's Protea Process™ framework
- Continued review of operational facilities and optimisation of costs to provide efficient service levels
- Maintain quality systems through integrated ISO accreditation across the division
- Upgrade of the ERP systems and IT platform to improve internal efficiencies and processes to support future growth

OPPORTUNITIES AND CHALLENGES

During FY2017, the static performance of the South African manufacturing sector continued to place pressure on chemicals volumes throughout most customer-related industries. The lack of investment and growth in the South African manufacturing sector continued as a result of ongoing economic and political uncertainty.

Global chemical prices remained weak with little inflationary benefit from the modest increases in the oil price which, during the latter part of the year, recovered for a short period to around US$50 per barrel, but remains range bound below this level at around US$45 to US$50 per barrel. The rand fluctuated significantly during the financial year, causing further volatility in rand-based pricing of chemicals in South Africa. The movement in the exchange rate seen throughout the year did not have a material impact on the rand/kg unit selling price, which moved up by a modest 1%. As a result, most customers adopted a strategy to take short-term purchasing decisions to allow for the rise and fall in chemicals prices. Placing pressure on planned stockholdings during this period. The focus on stock management was essential during this period and remains a key priority within the business.

The normal seasonal increase in demand for chemicals in the last quarter of the 2016 calendar year was somewhat subdued and indicated that the manufacturing sector was running well below normal operating capacity. This trend continued beyond the financial year-end with no indication that it will improve in the near term. The drought that impacted the animal feeds sector in the early part of the financial year, was broken towards the end of 2016. However, livestock numbers had been depleted in many regions as farmers culled herds due to reduced availability of feed stock. This sector will take some time to recover as farmers rebuild their herds.

The division continues its marketing and sales efforts outside South Africa into countries throughout Africa. The re-alignment of the division into a market focused business, supported by enhanced service supply and technical support initiatives, continues. Growth expectations will be focused throughout Africa where a number of interesting opportunities are available. Complex logistics solutions for the oil and gas sector provide new volume and revenue growth opportunities in Africa.

VALUE CREATION

Value creation for investors and employees will be achieved through the supply of chemicals and services to the manufacturing, industrial, bulk trading as well as into the specialty chemicals' sectors of water care, food, consumer care and animal feed additives.

Supporting long-standing relationships, as well as creating new ones with leading local and global chemicals companies, continues to create value-add solutions to suppliers through strong marketing partnerships and distribution networks in markets served by the division.

Customers require competitively priced products at convenient, appropriately stocked local warehousing facilities, supported by a technically driven ethic within the Protea Chemicals team. Omnia's SHERQ and ISO accreditation profile cascades down into the division's integrated management system (IMS). This lends credence to the quality and service levels demanded by customers as part of the value-added offering.

GEOGRAPHIC SCOPE

Protea Chemicals has operations in Angola, China, Ghana, Kenya, Mauritius, Namibia, South Africa and Zimbabwe.

PERFORMANCE IN FY2017

Protea Chemicals' customers took a position to push back on price increases, to delay purchasing decisions and create opportunistic stock buying patterns as the rand fluctuated significantly throughout the year. The ongoing review of operational expenses ensured that an optimal cost structure is being maintained whilst maintaining acceptable service levels to customers.

In South Africa, commodity prices continued to weaken throughout the year in line with the weaker trend in global prices for oil and derivative chemicals. This allowed various suppliers to place capacity elsewhere in global markets, allowing better netbacks earned at plant level. As a result, supply chains remained under pressure to seek alternative sources of supply, whilst simultaneously balancing volumes and margin returns within the market sectors.

During FY2017, the combined effect of a stronger local currency and weaker commodity prices, placed operating margins under pressure with a contraction in attributable profits to R145 million.

Year-end net working capital increased by R30 million over the previous year to R563 million. Continued inventory rationalisation and robust credit control continued to be enforced in a very challenging trading environment.

The implementation of the strategy to develop a realigned and simpler business model continued in the current financial year. Improvement in the product and service offering to meet customer expectations, progressed well throughout FY2017, with further benefits to be delivered in the coming financial year.

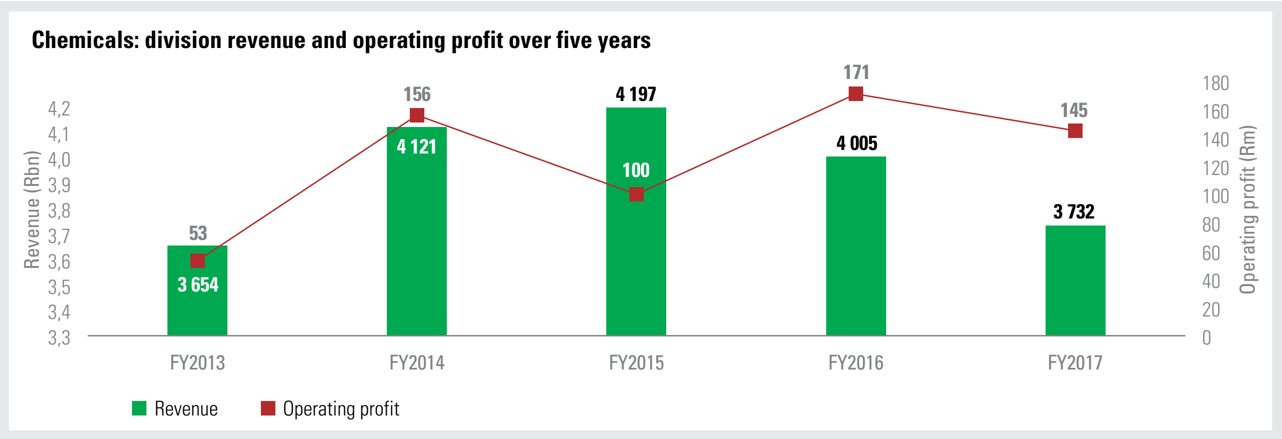
FINANCIAL PERFORMANCE

at 31 March		2017	Restated 2016	2015	2014	2013
Revenue (external)	R million	**3 732**	4 005	4 197	4 121	3 654
Operating profit	R million	**145**	171	100	156	53
Operating margin	%	**3.9**	4.3	2.4	3.8	1.5
Segment assets	R million	**2 364**	2 369	2 308	2 435	2 046
Net working capital	R million	**563**	533	575	570	398
Net working capital ratio	%	**15.1**	13.3	13.7	13.8	10.9

FINANCIAL KPIS

KPI	Description	Target 2017	Updated target 2017*	Actual 2017	Restated 2016
Operating margin	Profit before interest and taxes as a percentage of revenue	3.0% – 4.0%	3.5% – 4.5%	**3.9%**	4.3%
Net working capital ratio	Inventory plus receivables, less payables as a percentage of revenue	13.0% – 13.5%	13.0% – 13.5%	**15.1%**	13.3%

* *Updated at half year*



OPERATIONAL PERFORMANCE

The benefits derived from the alignment of the division into a centralised business with related structural changes to an overhead model, provides a competitive cost platform for Protea Chemicals to continue to offset declining volumes, precipitated by shrinking manufacturing output across several industry sectors. New and novel logistic solutions provided for gains in volumes within the oil and gas sector and considerable growth is expected to continue in the new financial year.

During the past year, the increased focus on purchasing high-quality raw materials at competitive prices continued. In many instances international prices were at long-term lows and suppliers have diverted volumes into more lucrative, netback markets. Whilst promoting partnerships with key customers throughout the territories has served us well, the focus on increasing market reach will be achieved by working with existing and new suppliers, as well as finding alternative product sources.

The integration of Protea Chemicals' water-care business unit commenced in the previous financial year and was successfully completed in the year under review, as a result, the various water treatment chemicals businesses, improved sales and volumes of effect chemicals into the potable and effluent treatment sectors. During the forthcoming financial year, further targeted business opportunities have been identified in South Africa, Africa and further afield to expand the reach of this business. Volumes of chlorine sold into the potable-water market improved and further volume growth is anticipated in FY2018.

The first phase of upgrading the warehousing, packing and filling facilities at Wadeville was completed during the year. This will allow for improved site management and storage of bulk liquids and powders. Commissioning of the new R21 million fully automated acid and alkali packing line began in March 2017 and is fully operational. This state-of-the-art plant will deliver improved filling efficiencies, increase capacity by 50% and reduce cost per unit. Enhanced effluent controls from the new facility are in line with the Group's environmental management policies and strategy.

Following the successful pilot projects of the Microsoft Dynamics AX ERP system at Protea Chemicals' Mobeni site, two additional operational sites were successfully completed during FY2017 in advance of the full roll-out of the new ERP and IT platform in the last quarter of calendar year 2017. Full implementation will deliver enhanced management information with a stock management, batch controls, costing analysis as well as improved service levels and margin controls across the business.

The final closure and sale of the Springs site was completed during the year, with a capital profit of R5.1 million realised in FY2017.

Following the rationalisation of various distribution sites throughout South Africa, refurbishment of the Protea direct retail sites at all major operational centres has allowed a significant improvement in customer service levels. Improved stock availability and order fulfillment has underpinned this turnaround. Further enhancements to this business model is under consideration for the forthcoming financial year.

It is pleasing to report that there was a significant improvement in the RCR to 0.52 (2016: 0.77) during the year. Further focus will be aligned to the company's national approach to the management of health, safety and environmental risks. A Group RCR target of 0.4 (previously 0.8) has been set for the coming year, whilst the Chemicals division strive towards a RCR target of zero, in line with the philosophy of the business to focus on the personal welfare of all employees, customers and service providers. Increased safety awareness training and programmes will be implemented, whilst supervisory visibility and guidance have been determined as a key success factor in the improved safety rating.

Protea Chemicals sites continued to meet the highest quality and environmental standards in the handling of chemical products, with each being independently accredited in terms of the international Responsible Care™ benchmarks. Momentum to deliver the above required standards at each site will ensure conformance to the IMS International ISO 9001, ISO 14001 and OHSAS 18001 certification standards.

Year-on-year volumes reduced by 8%, partially as a result of the reduction in certain product lines and pack sizes, whilst average selling prices were marginally higher by 1%. Prices were affected by changes in the product mix. The fluctuating SA rand did not offset the static chemicals prices resulting from an inert oil price.

In terms of other key metrics for the year:

- Gross margin percentage was achieved at close to budgeted levels, which was satisfactory in an extremely highly traded and competitive economic environment
- Manpower was maintained at previous FY2016 levels
- Operational production costs were contained well below budget, whilst efficiencies were improved throughout the business
- Customer-centric improvements in product offering and service levels were achieved, particularly in the direct and retail channels
- Shifts towards higher margin value-added products and services continue

OUTLOOK

For the year ahead, little inflationary effect is expected from any increase in international commodity prices, especially those related to the oil price, whilst chlor-alkali and sodium-derivative chemicals prices will increase on the back of some recovery in the construction industry sectors in the USA, India and China. The recent announcement by rating agencies Standard and Poor and Fitch, to downgrade the South African economy to junk status will potentially push the rand-based selling prices up over the coming year and stifle any recovery within the manufacturing sector. The stronger SA rand continues to offset any increase in the underlying US dollar based chemical prices.

Diverse opportunities to establish a new footprint in several regions in Africa will be dependent on the ability of those countries to manage their own sovereign debt and facilitate the free flow of US dollars for payment of products and services. Markets where funds are difficult to repatriate will be removed from the strategy until there is a material improvement in their fiscal and payment policies.

Full capacity utilisation will be targeted to provide optimal output and cost-improvement, whilst manufacturing sites will aim to produce at nameplate capacity at the lowest cost levels.

FUTURE

Significantly, the ratings downgrade and sovereign-debt issues in some African countries, will require Protea Chemicals to adapt its business towards a value-added service which will enhance its ability to grow throughout the continent.

Over the past few years, China has come under pressure to stimulate its own economy and policies to produce and consume the in-country manufactured volume output of key chemicals. It is expected that certain petrochemical and sodium- derivative products will no longer be traded at low prices into the export markets, indicating that upward movements in the international prices of chemicals will be seen in the medium term.

The initial indication of the infrastructural spend in the USA, that could have a positive knock-on effect in the African mining sector, may not materialise as expected. Increased urbanisation in China will drive the increase in demand for copper. The growth in the enhanced performance of lithium based batteries, which also contain colbalt, that are used in smartphones, creates opportunities for mining in Zambia and the DRC where BME is currently operating. The ongoing increase in consumer spending, in particular on personal-care and hygiene products, is expected to support the underlying demand for the chemicals used in these products.

The Protea Process™ business model will be further developed to meet the various needs of customers demanding technical support to leverage their business strategies, and improved supply differentiation will be achieved by adding value to the customer's businesses. It will remain imperative to continue to achieve supply-chain cost efficiencies without compromising customer service standards and to allow for growth in the business.

ANNEXURES

CONTENTS

The preparation of these annual financial statements was supervised by the Group finance director, WG Koonin (CA)SA. These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors are responsible for the preparation, integrity and fair presentation 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 of South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that having applied IFRS in preparing the financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable prudent judgements and estimates, and that all IFRS that they consider to be applicable have been followed. The financial statements fairly present the results of operations for the year and the financial position of the Group and the company at year-end in accordance with IFRS. The directors also prepared the financial information included in the integrated annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors are responsible for ensuring that accounting records are kept. The accounting records should disclose, with reasonable accuracy, the financial position and results of the Group to enable the directors to ensure that the financial statements comply with the relevant legislation.

Omnia operates in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute assurance that assets are safeguarded and the risks facing the business are being controlled. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group or any company within the Group will not be considered going concerns in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the company and the Group.

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 27 June 2017 and are signed on its behalf by:

NJ Crosse
Chairman

RB Humphris
Group managing director

WG Koonin
Group finance director

27 June 2017

CERTIFICATE BY THE GROUP COMPANY SECRETARY

To the best of my knowledge as Group company secretary, I hereby confirm, in terms of section 33 of the Companies Act, 2008, that for the financial year ended 31 March 2017, 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.

CD Appollis
Group company secretary

27 June 2017

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2017

The audit committee has pleasure in submitting this report, as required by sections 94(7)(f) of the Companies Act.

FUNCTIONS OF THE AUDIT COMMITTEE

The audit committee has adopted formal terms of reference, delegated to it by the board of directors, as its audit committee charter.

The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the Companies Act as follows:

- Reviewed the interim and year-end financial statements, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
  - Takes appropriate steps to ensure that the financial statements are prepared in accordance with IFRS and in the manner required by the Companies Act
  - Considers and when appropriate makes recommendations on the internal financial controls and systems
  - Deals with concerns or complaints relating to accounting policies, internal audit, the auditing or content of annual financial statements, and over internal financial controls
  - Reviews legal matters that could have a significant impact on the organisation's financial statements
  - Reviews items of significant judgement that could have a material impact on the financial statements
- Reviewed the external audit reports on the annual financial statements
- Approved the internal audit charter and audit plan
- Reviewed the internal audit reports and where relevant recommendations for improvements are made to the board
- Considers the ERP and information technology systems function and adequacy as part of the overall financial and control environment in the business
- Evaluated the assurance of the effectiveness of risk management controls and the governance processes provided by the social, ethics and risk committee
- Verified the independence of the external auditors, nominated PricewaterhouseCoopers Inc. as the auditors for FY2017 and noted the appointment of Tanya Rae as the designated auditor
- Approved the audit fees and engagement terms of the external auditors
- Determined the nature and extent of allowable non-audit services, and approved the contract terms for the provision of non-audit services by the external auditors

MEMBERS OF THE AUDIT COMMITTEE

The audit committee consisted of Hester Hickey, Frank Butler and Daisy Naidoo who were appointed by shareholders at the annual general meeting in 2016. During the year Frank Butler resigned as a member and Ronald Bowen was appointed in his place. The committee meets at least four times per year in accordance with the audit committee charter. All members act independently as described in section 94 of the Companies Act.

ATTENDANCE

The internal and external auditors, in their capacity as auditors to the Group, attended and reported at all meetings of the audit committee. The social, ethics and risk committee was also represented. Executive directors and relevant senior managers attended meetings by invitation. A table detailing attendance at meetings is included on page 68.

CONFIDENTIAL MEETINGS

The audit committee charter provides for confidential meetings between the committee members and the external auditors.

INTERNAL AUDIT

The audit committee spent a great deal of time assessing the effectiveness and efficiency of internal audit and determined that additional skills would be required to meet the future needs of the Group. During the year under review, an outsourced service provider was engaged to work with the internal audit function in order to develop and upgrade the skills required and enhance the effectiveness of the department. The Chief Internal Audit Executive resigned and left the employment of Omnia with effect from 28 February 2017 and a Chief Internal Audit Executive has been insourced from Deloitte as an interim measure. The audit committee and the Group finance directorate are reviewing the various options to determine how best to restructure the internal audit function going forward in order to respond to the changing requirements of the business and in terms of the new requirements of King IV.

COMBINED ASSURANCE

King III requires that the audit committee ensures that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities and moreover, that the combined assurance received is appropriate to address all the significant risks facing the company. The social, ethics and risk committee has provided the audit committee with its assurance of the effectiveness of risk management controls in the Group and the committee has evaluated such assurance and is satisfied that a combined assurance model is applied and that it is appropriate for the Group. Going forward, the audit committee will be reviewing the risk management framework and assessment process. This will include the allocation of responsibility for the IT and financial risks to the audit committee, with the business and operational risks and enterprise wide oversight being dealt with by the social, ethics and risk committee.

INDEPENDENCE OF EXTERNAL AUDITORS

During the year under review the audit committee reviewed the representations made by the external auditors, and after conducting its own review, confirmed the independence of the auditors. The audit firm was contracted to perform consultancy work related to acquisitions considered by the Group, including the acquisition of Umongo Petroleum which was successfully concluded post year-end. The committee are comfortable that the consultancy work did not impair the independence of the auditors. The level of consultancy work performed by the auditors in the future will continue to be closely monitored.

ADEQUACY AND FUNCTIONING OF THE GROUP'S INTERNAL CONTROLS

The committee reviewed the plans and findings of external and internal auditors, and held discussions with management about the issues identified. There are areas that are receiving attention to upgrade the control environment, in particular, in those areas where the new ERP and related IT systems will enhance the control environment. However, based on the discussions and review of the findings noted above, the committee has no reason to believe that there were any material breakdowns in the design and operations of the financial controls during the year. The committee is therefore of the opinion that the financial records can be relied upon as a reasonable basis for the preparation of the financial statements.

SIGNIFICANT AREAS OF JUDGEMENT AND RESTATEMENTS

In arriving at the figures in the financial statements, there was a number of areas that required significant judgement.

It should be noted that two incidents were brought to the attention of the audit committee that have resulted in the classification of material errors that should have been included in the 2016 financial statements. These adjustments are fully disclosed in the notes to the financial statements.

ERRORS

LEGAL DISPUTE WITH RAW MATERIAL SUPPLIER

The Group and its legal representatives remain confident of a successful outcome of this matter however the legal process creates an element of uncertainty. This led to the consideration that the judgement made in prior years may have been inappropriate. The committee spent a great deal of time understanding the situation and ensuring that it is now reported appropriately. The 31 March 2016 financial results were restated to derecognise the contingent asset dependent on these legal proceedings.

RE-CLASSIFICATION OF COSTS

For the year ended 31 March 2016 certain costs were incorrectly allocated as cost of sales as opposed to administrative and distribution costs. This error was detected during the review of the current year's results. Additional controls have been put in place and the committee is satisfied that costs have now been appropriately disclosed.

SIGNIFICANT AREAS OF FOCUS

TRADE RECEIVABLES

In the current economic environment, the uncertainty of being paid, is an area that needs careful consideration. The committee spent time gaining an understanding of the provisions that have been put in place and are satisfied that this area has been accounted for appropriately.

INVENTORY

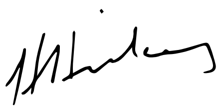
Inventory is a significant component of the Group's business and requires careful consideration to ensure that any items that are on hand at year-end are appropriately accounted for. The committee is satisfied that these have been appropriately accounted for.

INFORMATION TECHNOLOGY GOVERNANCE

The Group is in the process of implementing a new ERP system and IT platform and the audit committee spent a great deal of time ensuring that adequate governance processes are put in place. This includes third party assurance to assist the committee in evaluating whether the internal processes are robust. A number of control aspects are in the process of being evaluated to ensure that the process is sound.

EXPERTISE AND EXPERIENCE OF THE GROUP FINANCE DIRECTOR AND THE FINANCE FUNCTION

As required by paragraph 3.84(g)(i) of the JSE Listings Requirements the audit committee has reviewed and has satisfied itself that the Group finance director has the appropriate expertise and experience. In addition, the committee reviewed the finance function and supported management in the restructuring of the finance function and in appointing additional support staff to ensure that the finance function meets the needs of the Group.



Hester Hickey

Audit committee chairperson

27 June 2017

DIRECTORS' REPORT

The directors are pleased to present this report for the year ended 31 March 2017.

NATURE OF BUSINESS

The Group, through its subsidiaries, is a specialist chemical services organisation providing customised chemical solutions in the agriculture, mining and chemicals markets. The subsidiaries of the Group are involved in the manufacture, distribution and sales of mining explosives and accessories, fertilizers, speciality fertilizers and chemicals.

FINANCIAL RESULTS

The financial results of the Group are comprehensively dealt with in the Group finance director's report section of this integrated annual report and no further comment is deemed necessary.

DIVIDENDS

The board is pleased to announce that it has declared a final dividend of 180 cents per share to shareholders. The total dividend for the full year ended 31 March 2017, including the interim dividend of 160 cents per share, is 340 cents per share.

STATED CAPITAL

Stated capital remained unchanged at R1 500 million. 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 2017, net of treasury shares, was 67 247 967 shares (2016: 67 172 712), representing an increase of 75 255 shares.

CAPITAL EXPENDITURE

Capital expenditure on tangible assets amounted to R696 million (2016: R427 million) comprising maintenance expenditure and ordinary replacement capital, as well as expansion capital expenditure mainly in respect of plant, equipment and vehicles. Capital expenditure on intangible assets amounted to R121 million (2016: R67 million).

DIRECTORS AND COMPANY SECRETARY

Details regarding the directors and secretary in office at the date of this report are available on www.omnia.co.za.

MANAGEMENT BY THIRD PARTIES

None of the businesses of the company or its subsidiaries had, during the financial year, 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 24 to the financial statements.

SHAREHOLDER SPREAD

A summary of shareholder spread as at 31 March 2017 has been included on page 179.

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 on pages 171 – 172. 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.

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.

AUDITORS

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

DIRECTORS' SHAREHOLDING

AT 31 MARCH 2017

Director	Total	Direct beneficial	Indirect beneficial	Indirect non-beneficial
FD Butler	6 500	6 500	–	–
NJ Crosse	3 558	–	–	3 558
RB Humphris	1 041 133	988 942	44 575	7 616
Dr WT Marais	2 605 756	443 116	13 489	2 149 151
R Havenstein	785	785	–	–
Total	**3 657 732**	**1 439 343**	**58 064**	**2 160 325**
HP Marais*	1 256 762	844 041	13 489	399 232

* *Alternate to Dr WT Marais*

AT 31 MARCH 2016

Director	Total	Direct beneficial	Indirect beneficial	Indirect non-beneficial
FD Butler	6 500	6 500	–	–
NJ Crosse	3 558	–	–	3 558
RB Humphris	1 061 133	1 008 942	44 575	7 616
Dr WT Marais	2 732 093	542 944	13 489	2 175 660
R Havenstein	785	785	–	–
Total	**3 804 069**	**1 559 171**	**58 064**	**2 186 834**
HP Marais*	1 362 590	850 041	13 489	499 060

* *Alternate to Dr WT Marais*

There has been no change in directors' shareholdings between 31 March 2017 and the date of approval of the annual financial statements.

INDEPENDENT AUDITOR'S REPORT

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 2017, 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 124 – 177 comprise:

- The Group and company balance sheets as at 31 March 2017
- The Group and company income statements for the year then ended
- The Group and company statements of 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 statements of cash flows for the year then ended
- The notes to the financial statements, which include a summary of significant accounting policies

BASIS FOR OPINION

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

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

INDEPENDENCE

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

OUR AUDIT APPROACH

OVERVIEW

OVERALL GROUP MATERIALITY

- Overall group materiality: R43 million, which represents 5% of profit before tax

GROUP AUDIT SCOPE

- Our audit included a full scope audit of Omnia's South African operations together with full scope audits of Omnia's significant international operations. Specified and/or review procedures were performed over the remaining components

KEY AUDIT MATTERS

KEY AUDIT MATTERS RELEVANT TO THE CONSOLIDATED FINANCIAL STATEMENTS ONLY

- Contingencies and legal claims
- Recoverability of trade and other receivables – emerging farmers and trade receivables past due but not impaired

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 and separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated and separate 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	R43 million
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose consolidated profit before 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 is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

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 financial statements are a consolidation of 56 components comprising the Group's operating businesses, joint arrangements, trusts and other components. 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. Omnia's Australasian, Asia Pacific and South American businesses are not considered significant to our audit.

Significant components of the Group were subjected to a full scope audit. Our determination of the full scope and 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.

The Group engagement team met with the component auditors of the most significant components and reviewed their working papers. We engaged with the remaining component auditors by reviewing required reporting documents as per the group instructions issued to them. In order to obtain audit evidence in respect of components not part of the full scope audit component teams and/or 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 relating to the separate financial statements to communicate in our audit report.

Key audit matter	How our audit addressed the key audit matter
Contingencies and legal claims (consolidated financial statements of the Group) The Agriculture RSA segment of the Omnia group (Omnia) is engaged in a legal dispute with a supplier relating to the pricing of a key raw material in the manufacture of fertilizers. Whilst Omnia have a Competition Tribunal Order and a High Court order in their favour on this matter, on 7 March 2016 the Supreme Court of Appeal granted the supplier leave to appeal the High Court Order. Given the uncertainty brought about by this appeal process, the ultimate outcome of this pricing matter cannot be predicted with virtual certainty. Further, whether Omnia are successful or not in this matter, the ultimate decision of the courts will have a material effect on the financial position, results of operations and cash flows. Management have engaged independent legal counsel on this matter. Management have also engaged independent valuation experts to quantify the contingency based on the original Competition Tribunal Order. In the current year Omnia have disclosed an error relating to this matter and restated the comparative 31 March 2016 financial statements (refer to note 1).At 31 March 2017, a contingent asset has been disclosed in the financial statements (refer to note 19) which is management's best estimate of the possible asset expected to be recognised should Omnia be successful in this matter. The appeal has the potential to alter the pricing of the raw material retrospectively and as such, a contingent liability has also been disclosed in relation to the matter (refer to note 19). The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgements required to determine the level of certainty in the matter.	In response to this matter, our audit procedures included: • Holding meetings with Omnia's independent legal counsel responsible for Omnia's defence in this matter to understand their independent legal views on the matter • Obtaining written legal confirmation of litigious claims and written legal opinion from Omnia's internal and external legal counsel regarding their expectations of Omnia's prospects in this case and their interpretation of the impact of the appeal process • Inspecting court and other related legal documents related to the matter to understand the findings of the courts and assess the representations of management and Omnia's independent legal counsel We utilised our legal expertise to interpret the various legal arguments, to determine the jurisdiction of the various courts involved in this matter and to form an independent assessment of the accounting impact of the appeal granted to the supplier by the Supreme Court of Appeal. We also made use of our technical accounting expertise to consider the appropriate accounting for this matter in line with IAS 37: Provisions, contingent liabilities and contingent assets. Based on the evidence obtained, we accepted management's assessment that: • The appeal is indicative that the Tribunal Order and High Court order in Omnia's favour are not definitive and that this assessment resulted in an error in the 2016 financial statements • Contingencies exists in this matter

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables – emerging farmers and trade receivables past due but not impaired **(consolidated financial statements of the Group)** The Agriculture RSA segment has material trade receivables from emerging farmers and the Group has material exposure to trade receivables past due but not impaired. Refer to note 6 trade and other receivables and note 23: financial risk management for the related disclosures. Management have established impairment methodologies, both at a group and component level, which outline considerations to be made when assessing the provisions for trade receivables, including those relating to emerging farmers. Where cost effective and in line with management's risk appetite, insurance over trade receivables and emerging farmer receivables is in place. We considered the provisions against the above mentioned receivables as a matter of most significance to our current year audit because these provisions for impairment include highly subjective estimates, including: • The distinct provision percentages applied against emerging farmer receivables and other trade receivables • The credit risk applicable to individual emerging farmer and trade receivables	To consider whether management's estimation methodology was appropriate, we compared the historical provision for bad debts to the actual amounts written off . No material exceptions were noted. We obtained management's impairment assessment for receivables from emerging farmers. To assess the appropriateness of management assumptions of credit risk and the distinct impairment provision percentage applied against individual emerging farmer receivables, we performed the following without material exceptions: • Compared the current year withdrawals made by farmers on the scheme to the approved budget and approved credit limit • Compared management's expected crop yield assumptions to actual historical yields where available and applying sensitivities to management's assessment considering current economic factors impacting the agriculture industry in South Africa, particularly drought conditions and market prices for crops • Evaluated viability assessments performed by independent agronomists to consider management's impairment assessments • Assessed the adequacy of insurance in place to cover emerging farmer exposures and collateral held by the Group over the outstanding debt of emerging farmers We obtained management's impairment assessment for trade receivables past due. To assess the appropriateness of management assumptions of credit risk and the distinct impairment provision percentage applied against individual trade receivables, we performed the following without material exceptions: • Tested the aging of trade receivables using a sample test of invoices and manually recalculating the invoice aging • Compared historical payment trends and customers' compliance with payment plans with actual payments received • Compared credit limits granted against those approved by insurers • Performed independent research of publicly available information over specific aged trade receivables to consider whether any indicators of financial difficulty could be identified for example public notices of business rescue, liquidation or receivership • Inspected correspondence between the Group and their customers relating to the acknowledgment and planned recovery of outstanding balances • Inspected cash settlements received subsequent to year end relating to balances outstanding as at 31 March 2017 • Where amounts were in legal dispute, we considered the likelihood of claims being successful and recoverable through inspecting correspondence between the Group and the Group's external legal counsel.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the directors' report, report of the audit committee and certificate by the Group company secretary as required by the Companies Act of South Africa, the statement of responsibility by the board of directors and the shareholder information which we obtained prior to the date of this auditor's report, and the integrated annual report, which is expected to be made available to us after that date. Other information does not include the consolidated and 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 IFRS 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 International Standards on Auditing 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 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 39 years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: T Rae
Registered Auditor
Sunninghill
27 June 2017

GROUP BALANCE SHEET

AT 31 MARCH 2017

Rm	Notes	2017	Restated 2016
ASSETS			
Non-current assets		**5 009**	4 701
Property, plant and equipment	3	**4 283**	4 060
Goodwill, intangible and other assets	4	**645**	569
Trade and other receivables	6	**72**	64
Deferred income tax assets	9	**9**	8
Current assets		**7 755**	7 617
Inventories	5	**3 229**	3 850
Trade and other receivables	6	**3 096**	3 084
Derivative financial instruments	23	**55**	67
Income tax assets		**73**	44
Cash and cash equivalents	22	**1 302**	572
Total assets		**12 764**	12 318
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to the owners of Omnia Holdings Limited		**7 545**	7 612
Stated capital	7	**1 500**	1 500
Treasury shares	7	**(120)**	(121)
Other reserves	8	**1 367**	1 787
Retained earnings		**4 798**	4 446
Non-controlling interests		**(3)**	(10)
Total equity		**7 542**	7 602
LIABILITIES			
Non-current liabilities		**831**	621
Deferred income tax liabilities	9	**580**	565
Trade payables and other liabilities	11	**98**	19
Debt	10	**153**	37
Current liabilities		**4 391**	4 095
Trade payables and other liabilities	11	**3 324**	3 606
Derivative financial instruments	23	**8**	182
Debt	10	**19**	45
Bank overdrafts	22	**1 040**	262
Total liabilities		**5 222**	4 716
Total equity and liabilities		**12 764**	12 318

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

Rm	Notes	2017	Restated 2016
Revenue	12	16 269	16 774
Cost of sales		(12 802)	(13 220)
Gross profit		3 467	3 554
Distribution expenses		(1 551)	(1 554)
Administrative expenses		(998)	(880)
Net other operating income/(expense)	13	122	(12)
Operating profit	14	1 040	1 108
Net finance expenses	15	(184)	(179)
Profit before income tax		856	929
Income tax expense	16	(264)	(287)
Profit for the year		592	642
Attributable to:			
Owners of Omnia Holdings Limited		593	641
Non-controlling interests		(1)	1
		592	642
Earnings per share from profit attributable to owners of Omnia Holdings Limited (cents)			
Basic earnings per share	17	885	953
Diluted earnings per share	17	823	903

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

Rm	Notes	2017	Restated 2016
Profit for the year		592	642
Other comprehensive income, net of tax that will be recycled to the income statement			
Currency translation differences	8	(425)	682
Total comprehensive income for the year		167	1 324
Attributable to:			
Owners of Omnia Holdings Limited		168	1 323
Non-controlling interests		(1)	1
Total comprehensive income for the year		167	1 324

GROUP 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 expense for the year						
Profit for the year	–	–	–	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 for the year						
Profit for the year	**–**	**–**	**–**	**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**

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

Rm	Notes	2017	Restated 2016
Net cash inflow from operating activities		**886**	1 856
Cash generated from operations	20	**1 349**	2 304
Interest paid	15	**(262)**	(263)
Interest received	15	**67**	60
Income taxes paid	21	**(268)**	(245)
Net cash outflow from investing activities		**(772)**	(469)
Purchase of property, plant and equipment	3	**(696)**	(427)
Proceeds on disposal of property, plant and equipment	3	**38**	25
Proceeds on disposal of goodwill, intangible and other assets	4	**7**	—
Additions to goodwill, intangible and other assets	4	**(121)**	(67)
Net cash outflow from financing activities		**(139)**	(432)
Sales/(purchase) of treasury shares		**4**	(51)
Repayment of debt	10	**(43)**	(57)
Debt raised	10	**133**	–
Dividends paid		**(233)**	(324)
Net (decrease)/increase in cash and cash equivalents		**(25)**	955
Net cash and cash equivalents at beginning of year		**310**	(699)
Exchange rate movement on cash and cash equivalents		**(23)**	54
Net cash and cash equivalents at end of year	22	**262**	310

NOTES TO THE GROUP FINANCIAL STATEMENTS

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 speciality, functional and effect chemicals and polymers. The Group has operations throughout South Africa and Africa, as well as in Australasia, Brazil, China and Mauritius.

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 consolidated financial statements. These policies have been consistently applied to all years presented, unless otherwise stated.

All policies stated in the consolidated financial statements relate to the Group and the companies within the Group. The consolidated financial statements for the year ended 31 March 2017 were prepared in accordance with the International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), effective at the time of preparing these financial statements, and in compliance with the JSE Listings Requirements and the Companies Act.

The consolidated financial statements have been prepared under the historical-cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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.

1.2 RESTATEMENT

RESTATED BALANCE SHEET

Rm	Audited 2016	Adjustment [1]	Restated 2016
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

1.2 RESTATEMENT *continued*

RESTATED INCOME STATEMENT

	Audited 2016	Adjustment [1]	Adjustment [2]	Restated 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 expenses	(12)	–	–	(12)
Operating profit	1 191	(83)	–	1 108
Net finance expenses	(179)	–	–	(179)
Profit before income tax	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
	702	(60)	–	642
Earnings per share from profit attributable to equity holders of Omnia Holdings Limited during the year (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

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 was 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 at 31 March 2017, 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. 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. 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. Refer to note 19 for more details.

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 in the current year as presented above.

A third balance sheet has not been presented as the prior year restatements had no impact on the year ended 31 March 2015.

1.3 ADOPTION OF NEW AND REVISED STANDARDS

Standards, amendments and interpretations effective in 2017.

The following IFRS or IFRIC interpretations are effective for the first time for the financial year beginning on or after 1 April 2016 and have not had a material impact on the Group:

- Amendment to IFRS 5 N*on-current assets held for sale and discontinued operations*
- Amendment to IFRS 7 *Financial instrument disclosures*
- Amendment to IFRS 10 Consolidated financial statements and IAS 28 *Investments in associates and joint ventures* on applying the consolidation exemption
- Amendment to IFRS 11 *Joint agreements*
- Amendment to IFRS 14 *Regulatory deferral accounts*
- Amendment to IAS 1 *Presentation of financial statements*
- Amendment to IAS 16 *Property, plant and equipment* and to IAS 38 *Intangible assets*
- Amendment to IAS 19 *Employee benefits*
- Amendment to IAS 27 *Separate financial statements*
- Amendment to IAS 34 *Interim financial reporting*

The following new standards, amendments and interpretations were issued but are not yet effective for the financial year beginning 1 April 2016 and not early adopted. These new standards, amendments and interpretations are not expected to have a material impact on the Group.

- IFRS 4 *Insurance contracts*
- Amendments to IAS 7 *Cash flow statements*
- Amendments to IAS 12 *Income tax*
- IAS 40 *Investment property*

The following new standards, amendments and interpretations were issued but are not yet effective for the financial year beginning 1 April 2016 and not early adopted. These new standards, amendments and interpretations are expected to have an impact on the Group:

- Amendments to IFRS 2 *Share-based payments*. The amendment clarifies the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. Management is assessing the impact on the Group's financial statements. This amendment is effective for annual periods beginning on or after 1 January 2018.
- IFRS 9 *Financial instruments*. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. IFRS 9 has been amended to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. This will result in earlier recognition of impairment of assets in the scope of IFRS 9. This standard is effective for annual periods beginning on or after 1 January 2018.
- IFRS 15 *Revenue from contracts with customers*. This standard replaces IAS 11 and IAS 18. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods or service transfers to a customer. The standard comprises clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). Management is assessing the impact on the Group's financial statements. This standard is effective for annual periods beginning on or after 1 January 2018.

1.3 ADOPTION OF NEW AND REVISED STANDARDS *continued*

- IFRS 16 *Leases*. This standard replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset. This will result in the recognition of assets and liabilities on the balance sheet that was previously treated as operating leases. The effective date of this standard is for annual periods beginning on or after 1 January 2019.
- IFRIC 22 *Foreign currency transactions and advance consideration*. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice. Management is assessing the impact of this on the Group financial statements. The effective date is for annual periods beginning on or after 1 January 2018.

2. SEGMENT INFORMATION

ACCOUNTING POLICIES

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive management who is responsible for making strategic decisions.

Executive management examines the Group's performance from both a product and geographical perspective and have identified the following segments within its business:

Agriculture RSA: This part of the business produces and trades in granular, liquid and speciality fertilizers to a broad customer base including commercial and small-scale farmers, co-operatives and wholesalers in South Africa.

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

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

Mining RSA: This segment relates to the Bulk Mining Explosives (BME) business and Protea Mining Chemicals business in South Africa. The focus is 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.

Mining International: This segment relates to the Mining business outside of South Africa.

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 South African part of the business.

Chemicals International: This segment relates to the Chemicals business outside of South Africa.

Executive management primarily uses revenue and operating profit to assess the performance of the operating segments. They also receive information about the segment's net working capital on a monthly basis.

Rm	Revenue	Intersegmental	Net Revenue	Operating profit
Year ended 31 March 2017				
Agriculture RSA	**5 657**	**(1 214)**	**4 443**	**255**
Agriculture Trading	**1 331**	**–**	**1 331**	**(10)**
Agriculture International	**2 385**	**–**	**2 385**	**193**
Total Agriculture	**9 373**	**(1 214)**	**8 159**	**438**
Mining RSA	**1 780**	**(5)**	**1 775**	**152**
Mining International	**2 603**	**–**	**2 603**	**305**
Total Mining	**4 383**	**(5)**	**4 378**	**457**
Chemicals RSA	**3 552**	**(80)**	**3 472**	**123**
Chemicals International	**260**	**–**	**260**	**22**
Total Chemicals	**3 812**	**(80)**	**3 732**	**145**
Total	**17 568**	**(1 299)**	**16 269**	**1 040**

Rm	Revenue	Intersegmental	Net Revenue	Operating profit
Year ended 31 March 2016 – Restated				
Agriculture RSA	6 111	(1 461)	4 650	369
Agriculture Trading	1 632	–	1 632	(1)
Agriculture International	1 936	–	1 936	43
Total Agriculture	9 679	(1 461)	8 218	411
Mining RSA	1 882	(7)	1 875	253
Mining International	2 676	–	2 676	273
Total Mining	4 558	(7)	4 551	526
Chemicals RSA	3 860	(38)	3 822	179
Chemicals International	183	–	183	(8)
Total Chemicals	4 043	(38)	4 005	171
Total	18 280	(1 506)	16 774	1 108

Rm	Assets	Net working capital	Inventories	Trade and other receivables	Trade and other payables
Year ended 31 March 2017					
Agriculture RSA	**4 796**	**501**	**1 162**	**722**	**(1 383)**
Agriculture Trading	**345**	**202**	**140**	**147**	**(85)**
Agriculture International	**2 226**	**803**	**433**	**643**	**(273)**
Total Agriculture	**7 367**	**1 506**	**1 735**	**1 512**	**(1 741)**
Mining RSA	**1 369**	**302**	**343**	**298**	**(339)**
Mining International	**1 664**	**630**	**496**	**486**	**(352)**
Total Mining	**3 033**	**932**	**839**	**784**	**(691)**
Chemicals RSA	**1 972**	**519**	**616**	**662**	**(759)**
Chemicals International	**392**	**44**	**39**	**138**	**(133)**
Total Chemicals	**2 364**	**563**	**655**	**800**	**(892)**
Total	**12 764**	**3 001**	**3 229**	**3 096**	**(3 324)**

2. SEGMENT INFORMATION *continued*

Rm	Assets	Net working capital	Inventories	Trade and other receivables	Trade and other payables
Year ended 31 March 2016 – Restated					
Agriculture RSA	5 068	794	1 565	827	(1 598)
Agriculture Trading	687	493	450	139	(96)
Agriculture International	1 352	666	531	428	(293)
Total Agriculture	7 107	1 953	2 546	1 394	(1 987)
Mining RSA	1 224	278	343	221	(286)
Mining International	1 618	564	346	619	(401)
Total Mining	2 842	842	689	840	(687)
Chemicals RSA	2 048	515	585	742	(812)
Chemicals International	321	18	30	108	(120)
Total Chemicals	2 369	533	615	850	(932)
Total	12 318	3 328	3 850	3 084	(3 606)

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 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.

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. 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

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

Annually, at the balance sheet date, an estimate is made of the remaining useful lives and residual values of property, plant and equipment. Adjustments are made prospectively to the depreciation charge to reflect any change in the useful life or residual value. 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.

Rm	Freehold land and buildings	Plant and machinery	Furniture, equipment and vehicles	Leased assets	Total
At 31 March 2017					
Cost	**876**	**4 761**	**487**	**84**	**6 208**
Accumulated depreciation	**(165)**	**(1 408)**	**(316)**	**(36)**	**(1 925)**
	711	**3 353**	**171**	**48**	**4 283**
Year ended 31 March 2017					
Opening net book amount	**620**	**3 245**	**158**	**37**	**4 060**
Additions	**116**	**447**	**116**	**17**	**696**
Disposals	**(10)**	**(10)**	**(41)**	**–**	**(61)**
Impairment	**–**	**(15)**	**–**	**–**	**(15)**
Effect of foreign currency movement	**18**	**(47)**	**(2)**	**–**	**(31)**
Depreciation charge	**(33)**	**(267)**	**(60)**	**(6)**	**(366)**
Closing net book amount	**711**	**3 353**	**171**	**48**	**4 283**
At 31 March 2016					
Cost	755	4 478	453	68	5 754
Accumulated depreciation	(135)	(1 233)	(295)	(31)	(1 694)
	620	3 245	158	37	4 060
Year ended 31 March 2016					
Opening net book amount	603	3 135	167	22	3 927
Additions	37	325	47	18	427
Disposals	–	(10)	(6)	–	(16)
Effect of foreign currency movement	9	35	11	–	55
Depreciation charge	(29)	(240)	(61)	(3)	(333)
Closing net book amount	620	3 245	158	37	4 060
At 1 April 2015					
Cost	709	4 160	411	24	5 304
Accumulated depreciation	(106)	(1 025)	(244)	(2)	(1 377)
	603	3 135	167	22	3 927

3. PROPERTY, PLANT AND EQUIPMENT *continued*

Depreciation expense of R188 million (2016: R175 million) has been charged to cost of sales, R135 million (2016: R122 million) to distribution expenses and R43 million (2016: R36 million) to administrative expenses.

The value of capital work-in-progress included in property, plant and equipment amounts to R550 million (2016: R413 million).

Rm	2017	2016
Opening balance at 1 April	**413**	544
Additions	**503**	246
Freehold land and buildings	**84**	43
Plant and machinery	**372**	190
Furniture, equipment and vehicles	**47**	13
Interest capitalised	**11**	24
Transfers to	**(377)**	(401)
Freehold land and buildings	**(39)**	(85)
Plant and machinery	**(305)**	(307)
Furniture, equipment and vehicles	**(33)**	(9)
Closing balance	**550**	413

During the year, the Group capitalised borrowing costs amounting to R11 million (2016: R24 million) on qualifying assets.

Borrowing costs were capitalised at the weighted average rate of the Group's general borrowings of 8.4% (2016: 7.6%).

The directors are of the opinion that the recoverable amount of each class of property exceeds the carrying value at which it is included in the balance sheet.

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

4. GOODWILL, INTANGIBLE AND OTHER 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. Thereafter they are amortised using the straight-line method over the asset's estimated useful life. Annually, the estimated remaining useful life is reviewed. Intangible assets are not re-valued.

The estimated useful lives of intangible assets are as follows:

Distribution contracts	10 years
Software	5 – 10 years
Trademark and patents	5 – 20 years

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when all of the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use
- Management intends to complete the software product and use it
- There is an ability to use or sell the software product
- It can be demonstrated how the software 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 software product during its development can be reliably measured

These costs include employee costs incurred as a result of developing software and an appropriate portion of relevant overheads. Other development expenditure that does not meet the criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised under administrative expenses in the income statement.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Estimated impairment of goodwill. The Group test annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates.

	Goodwill	Trademarks, patents and distribution contracts	Software	Other	Total
Rm					
At 31 March 2017					
Cost	333	308	309	31	981
Accumulated amortisation	–	(233)	(103)	–	(336)
	333	75	206	31	645
Year ended 31 March 2017					
Opening net book amount	333	90	120	26	569
Additions	–	–	117	–	117
Other	–	–	–	5	5
Amortisation charge (refer note 13)	–	(15)	(31)	–	(46)
Closing net book amount	333	75	206	31	645

4. GOODWILL, INTANGIBLE AND OTHER ASSETS *continued*

Rm	Goodwill	Trademarks, patents and distribution contracts	Software	Other	Total
At 31 March 2016					
Cost	333	311	192	26	862
Accumulated amortisation	–	(221)	(72)	–	(293)
	333	90	120	26	569
Year ended 31 March 2016					
Opening net book amount	333	104	82	20	539
Additions	–	–	67	–	67
Disposals	–	–	(3)	–	(3)
Other	–	–	–	6	6
Amortisation charge (refer note 13)	–	(14)	(26)	–	(40)
Closing net book amount	333	90	120	26	569

Other than goodwill, none of the intangible assets included above have an indefinite useful life.

The amortisation expense is included in other operating expenses.

IMPAIRMENT TESTS FOR GOODWILL

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segments.

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

Cash-generating units Rm	2017	2016
Mining segment	6	6
Chemicals segment		
Protea Chemicals	324	324
Agriculture segment		
Omnia Specialities Australia	3	3
	333	333

Goodwill represents the above cash generating units' ability to generate future cash flows, which is a direct result of various factors, including the quality of the workforce acquired, possible future synergies and customer and supplier relationships.

Key assumptions used for value-in-use calculations %	2017	2016
Annual revenue and other income growth	7	5
Gross margin %	14	14
Annual increase in expenses	5	4
Annual increase in fixed costs	6	5
Pre-tax discount rate	11	11

Management determined budgeted gross margin based on past performance and its expectations of the market development.

The annual growth rates are determined based on the budget for the forthcoming financial year.

The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated based on the estimated growth rates stated above.

Management believes that any reasonable possible change in the key assumptions on which the above CGU's carrying amounts are based would not cause the carrying amount of any of the CGU's to exceed their recoverable amount.

No impairment charge to goodwill was required based on the above value-in-use calculations.

EFFECT OF VARIANCES IN ASSUMPTIONS USED

The Group test annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

If the revised estimated gross margin at 31 March 2017 reduces from 14% to 13%, there would be no impairment of goodwill.

If the revised estimated sales growth per annum has been 6% rather than management's estimate at 31 March 2017 of 7%, there would be no impairment of goodwill.

If the revised estimated pre-tax discount rate applied to the discounted cash flows increased from 11% to 12%, there would be no impairment of goodwill.

The recoverable amounts of the CGU's would equal its carrying amount if the key assumptions were to change as follows:

	2017		2016	
	From	To	From	To
Annual revenue and other income growth	6.7	5.1	5.1	2.0
Gross margin %	14.3	13.2	14.3	12.8
Annual increase in expenses	5.3	8.7	4.3	8.2
Annual increase in fixed costs	5.5	8.6	5.4	8.5
Pre-tax discount rate	10.6	13.0	11.0	13.9

5. INVENTORIES

ACCOUNTING POLICIES

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) basis or weighted average cost and includes transport and handling costs but excludes borrowing costs. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of production activity.

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

SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

5. INVENTORIES *continued*

Rm	2017	2016
Raw materials	**946**	1 140
Finished goods	**2 155**	2 603
Consumables	**128**	107
	3 229	3 850
Inventory written-down during the current period	**10**	27
Included in the inventory balance above are finished goods written down to fair value less costs to sell		
The carrying value of these goods is	**833**	683

6. 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 provision for impairment. A 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 terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that a trade receivable has been impaired. The provision is the difference between the asset's carrying value and the present value of expected future cash flows, discounted at the effective original interest rate. The carrying amount of an asset is reduced through the use of an allowance account, and the amount of the provision is recognised in the income statement, within administrative expenses. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement. When the trade receivable is 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 expense in the income statement.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

6. TRADE AND OTHER RECEIVABLES *continued*

Rm	2017	Restated 2016
Trade receivables	2 876	2 913
Less: allowance for impairment of receivables	(272)	(191)
Net trade receivables	2 604	2 722
Prepayments	142	114
Receivables from emerging farmers	119	120
Value added tax	93	92
Insurance	48	–
Interest	23	–
Receivables from related parties	9	2
Other receivables	130	98
	3 168	3 148
Less: Non-current portion of receivables from emerging farmers	(72)	(64)
	3 096	3 084

The value of impairment loss, included in the allowance for impairment, recognised during the year is R81 million (2016: R59 million). This impairment loss has been included within administrative expenses in the income statement.

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. The allowance for impairment of receivables, relating to emerging farmers during the year is R18 million (2016: R8 million).

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

	2017	Restated 2016
Rand	1 090	1 376
US dollar	1 212	1 084
Euro	99	112
Other	203	150
	2 604	2 722

The fair values of trade receivables approximate their book values.

7. 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 are treated as treasury shares until the shares are cancelled or re-issued. The consideration paid is deducted from equity attributable to the company's equity holders. Where such shares are subsequently sold or re-issued, 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	2017	2016
Authorised:		
Stated capital		
75 000 000 (2016: 75 000 000) ordinary shares of no par value		
Issued and fully paid up:		
Stated capital		
68 293 352 (2016: 68 293 352) ordinary shares of no par value	**1 500**	1 500

	Number of shares	Stated capital	Treasury shares Number of shares	Treasury shares Capital value	Net total
	'000	Rm	'000	Rm	Rm
The movement in capital is analysed as follows:					
Balance at 31 March 2015	68 293	1 500	(822)	(70)	1 430
Treasury shares purchased	–	–	(302)	(51)	(51)
Treasury shares sold	–	–	4	–	–
Balance at 31 March 2016	68 293	1 500	(1 120)	(121)	1 379
Treasury shares sold	–	–	75	1	1
Balance at 31 March 2017	**68 293**	**1 500**	**(1 045)**	**(120)**	**1 380**

Refer to note 25 for disclosures in respect of the Omnia Share Incentive Schemes.

8. OTHER RESERVES

ACCOUNTING POLICIES

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 fair value of share options issued to employees is accounted for in the share-based payment reserve over the vesting period.

The foreign currency translation reserve relates to exchange differences arising 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 gain on treasury shares sold.

Rm	Share-based payment reserve	Foreign currency translation reserve	Other reserves	Total
At 31 March 2015	101	906	21	1 028
Share-based payment – value of services provided	10	–	–	10
Increase in foreign currency translation reserve	–	682	–	682
Change in functional currency of subsidiary	–	67	–	67
At 31 March 2016	111	1 655	21	1 787
Share-based payment – value of services provided	2	–	–	2
Decrease in foreign currency translation reserve	–	(425)	–	(425)
Gain on treasury shares sold	–	–	3	3
At 31 March 2017	**113**	**1 230**	**24**	**1 367**

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

Deferred income tax 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.

Deferred taxation is calculated on all temporary differences under the balance sheet method using a principal tax rate of 28% (2016: 28%) or the tax rate applicable to the relevant foreign country.

9. DEFERRED INCOME TAXES *continued*

Rm	2017	2016
Deferred income tax assets	**(9)**	(8)
Deferred income tax liabilities	**580**	565
	571	557
Gross movement in the deferred income tax assets account:		
Opening balance at beginning of the year	**(8)**	(7)
Income statement charge (refer note 16)	**(1)**	(1)
Closing balance at end of the year	**(9)**	(8)
Gross movement in the deferred income tax liabilities account:		
Opening balance at beginning of the year	**565**	502
Prior year charge (refer note 16)	**(2)**	1
Current year charge (refer note 16)	**17**	62
Closing balance at end of the year	**580**	565
The deferred taxation balance is attributable to the following items:		
Capital allowances	**660**	645
Provisions and prepayments	**(93)**	(89)
Taxation losses	**4**	1
	571	557

10. DEBT

ACCOUNTING POLICIES

Debt is recognised initially at the fair value of proceeds received, net of transaction costs incurred, when the Group becomes party to the contractual provisions. Debt is 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 debt 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 draw down occurs.

Debt is 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	2017	2016
Secured	1	2
Unsecured	171	80
	172	82
Portion repayable within one year transferred to current liabilities	(19)	(45)
	153	37
Non-current debt is repayable as follows		
2018	–	3
2019	9	5
2020	32	16
2021	50	7
2022	56	6
Repayable thereafter	6	–
	153	37

At 31 March R1 million (2016: R1 million) of debt was denominated in currencies other than South African rand.

Details of debt	Years of redemption	Closing interest rates 2017	2016	2017	2016
		%	%	Rm	Rm
Secured					
Mortgage bond	2027	9.8	9.5	1	1
Finance for computer hardware	2017	–	10.0	–	1
Unsecured					
Finance for Sakhile2, tranche 1	2017	–	10.1	–	11
Finance for Sakhile2, tranche 2	2018	11.2	10.4	11	17
Finance for Sakhile2, tranche 3	2020	10.6	9.7	14	17
Finance for computer hardware	2020	7.6	7.6	13	16
Finance for chlorine packaging plant	2017	–	8.0	–	18
Finance for wireless network	2022	8.5	–	21	–
Landbank facility for funding emerging farmers	2022	–	–	111	–
Loan from minority shareholder in Advanced Initiating Systems (Pty) Limited		–	–	1	1
				172	82
Portion repayable within one year				(19)	(45)
				153	37

Long-term debt bears interest at rates linked to either the prime overdraft rate or the three month Johannesburg Interbank Agreed Rate (Jibar).

Average monthly payments amounted to R4 million (2016: R5 million).

The fair value of debt equals the carrying amount.

The Group complies with the relevant debt covenants.

11. TRADE PAYABLES AND OTHER LIABILITIES

ACCOUNTING POLICIES

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

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method.

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. Grants related to low interest rate loans are initially recognised as deferred income and then used to reduce an otherwise market related interest rate.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed either to terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

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 for environmental restoration, restructuring costs and legal claims 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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Long-term provisions are determined by discounting the expected future cash flows using a pre-tax discount rate to their present value. The increase in discounted long-term provisions because of the passage of time is recognised as a finance expense in the income statement. These estimates are reviewed at least annually considering changed circumstances, legislation and technology.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

The determination of long-term provisions, in particular environmental provisions, remains a key area where management's judgement is required. Estimating the future cost of these obligations is complex and requires management to make estimates and judgements because most of the obligations will only be fulfilled in the future and contracts and laws are 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, independent experts are used in calculating these provisions.

It is envisaged that, based on the current information available, any additional liability in excess of the amounts provided will not have a material adverse effect on the Group's financial position, liquidity or cash flow.

Rm	2017	2016
Trade payables	**1 992**	1 968
Advances from customers	**476**	586
Accrued expenses	**285**	332
Goods received not invoiced	**175**	370
Bonus accrual	**196**	174
Leave pay accrual	**95**	95
Long term incentive plan liabilities (refer note 25)	**60**	33
Deferred income	**46**	–
Environmental provisions	**24**	–
Value added tax	**13**	24
Taxation	**6**	–
Other payables	**54**	43
	3 422	3 625
Less: Non-current portion	**(98)**	(19)
	3 324	3 606

Deferred income comprises a government grant received from the Land Bank in the form of a low interest rate loan. This loan is utilised by the Group to provide similar funding to emerging farmers. Funding to emerging farmers is required to be pre-approved by the Land Bank and repayments of these loans are ceded back to the Land Bank. (refer note 6 and 23)

The Group has a constructive obligation to the Royal Bafokeng Nation (RBN) relating to the rehabilitation of leased land in Rustenburg. Following an initial engagement with RBN a provision has been raised for the estimated actual cash flows to return the land to its original condition. The environmental obligation includes remediation of land as well as the deconstruction of the existing plant. A risk free rate has been used to discount the estimated cash flows based on the time duration of the obligation, estimated to be 13 years.

12. REVENUE

ACCOUNTING POLICIES

SALES OF PRODUCTS

- The Agriculture division produces and trades in granular, liquid and speciality fertilizers for a broad customer base of farmers, cooperatives and wholesalers throughout southern and East Africa, Australasia and Brazil
- Omnia Specialities supplies a comprehensive range of water-soluble and foliar products, trace elements and organic soil conditioners to the southern African market and through offices in Australia, New Zealand and Brazil and exports products to Europe, Asia and South America
- BME produces and sells electronic delay detonators and shocktube initiating systems and bulk emulsion and blended bulk explosives for opencast mining, has its own range of boosters, and manufactures and sells packaged explosives for underground mining and specialised surface blasting operations
- The Chemicals division's main business, Protea Chemicals, manufactures and distributes speciality, functional and effect chemicals and polymers throughout southern and East Africa

12. REVENUE *continued*

Revenue from sale of products is recognised when all of the following conditions have been satisfied:

- The Group has transferred the risks and rewards of ownership of the goods to the customer
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transactions will flow to the Group
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

SALES OF SERVICES

- BME earns revenue through the sale of services by adding value to its products through its world-class blasting consultancy service, through which industry experts and experienced mining engineers and geologists advise and support customer operations, particularly in using its unique and proprietary BlastMap™ software solutions combined with the accuracy of the AXXIS™ Digital Initiation System
- Protea Mining Chemicals provides a suite of value-added services to complement a wide range of chemicals that it distributes to the mining industry in Africa mainly for the processing of ore. These include Protea Process®, a comprehensive service that covers the design of equipment, logistics and on-site management and make-up of chemicals
- Agriculture Trading has established long-term partnerships with various road and rail transport organisations in Africa, thereby providing logistic services to customers

Revenue from the provision of services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided, when the following conditions have been satisfied:

- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transactions will flow to the Group
- The stage of completion of the transaction at the balance sheet date can be measured reliably
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably

Rm	2017	2016
Sales of products	**15 663**	16 394
Sales of services	**606**	380
	16 269	16 774

13. NET OTHER OPERATING INCOME/(EXPENSES)

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. Trading foreign exchange gains or losses are allocated to net other operating expenses in the income statement.

Rm	2017	2016
Amortisation of intangibles	**(46)**	(40)
Profit on disposal of property, plant and equipment/intangible assets	**(17)**	6
Impairment of property, plant and equipment	**(15)**	–
Insurance claims	**107**	4
Net forex gains/(losses)	**46**	(53)
Profit on disposal of goodwill, intangible and other assets	**7**	–
Environmental provision	**(24)**	–
Other	**64**	71
	122	(12)

In the current year the Group received R80 million for the insurance claim for the breakdown of the NAP2 plant at Sasolburg.

14. OPERATING PROFIT

ACCOUNTING POLICIES

The Group operates defined contribution plans, the assets of which are generally held in separate trustee administered funds. The pension plans are generally 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.

14. OPERATING PROFIT *continued*

Operating profit is stated after charging/(crediting):

Rm	2017	Restated 2016
Remuneration other than to employees for	4	5
– Managerial services	1	2
– Technical services	3	3
Auditors' remuneration	21	15
– Fees for audit	19	15
– Other services	2	–
Depreciation	366	333
Buildings and improvements to leasehold properties	33	28
Plant and machinery		
– Owned	268	240
– Leased	1	1
Furniture, vehicles and equipment		
– Owned	60	62
– Leased	4	2
Rentals under operating leases	125	111
– Land and buildings	100	89
– Plant and machinery	9	6
– Furniture, equipment and vehicles	16	16
Research and development expenditure	14	12
Staff costs	1 470	1 476
– Wages and salaries including cash incentives	1 395	1 416
– Provident fund costs – defined contribution plans	55	51
– Cash-settled share appreciation rights expense	10	(10)
– Social security costs	5	5
– Equity settled share-based payment expense	3	10
– Cash-settled LTIP expense	2	4
Staff costs have been charged to:	1 470	1 476
– Distribution expenses	667	696
– Administrative expenses	445	456
– Cost of sales	358	324

15. NET FINANCE EXPENSES

Rm	2017	Restated 2016
Interest paid		
Short-term debt	**254**	251
Long-term debt	**8**	12
	262	263
Interest capitalised	**(11)**	(24)
Interest received	**(67)**	(60)
	184	179

16. INCOME TAX EXPENSE

ACCOUNTING POLICIES

The tax expense for the period comprises of 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 associates 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. Current 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 Group 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	2017	Restated 2016
South African normal taxation		
– Current year	**137**	154
– Prior year	**5**	(2)
Foreign taxation		
– Current year	**104**	66
– Prior year	**3**	7
	249	225
Deferred taxation		
– Current year	**17**	61
– Prior year	**(2)**	1
Taxation for the year	**264**	287

16. INCOME TAX EXPENSE *continued*

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

Rm	2017	Restated 2016
Profit before taxation	856	929
Tax calculated at 28% (2016: 28%)	240	260
Adjusted for:		
Non-deductible expenses	31	19
Assessable losses not accounted for as deferred tax asset	18	17
Prior year adjustment	6	6
Different tax rates in countries in which the Group operates	(16)	4
Assessable losses utilised	(13)	(12)
Exempt income	(5)	(4)
Special allowances	(2)	(8)
Other	5	5
Tax charge	264	287

The weighted average applicable tax rate was 30.8% (2016: 30.9%).

Included in exempt income is DTI rebates and carbon credit income. Non-deductible expenses comprise of share-based payments, legal fees, consultation fees, trademarks and fines.

17. EARNINGS PER SHARE AND DIVIDENDS PER SHARE

ACCOUNTING POLICIES

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

	2017	Restated 2016
Basic earnings per share:		
Profit attributable to the owners of Omnia Holdings Limited (Rm)	593	641
Divided by the weighted number of shares in issue: ('000)		
(excluding treasury shares)	66 997	67 277
Basic earnings per share (cents)	885	953

	2017		Restated 2016	
	Gross pre-tax	Net	Gross pre-tax	Net
Rm				
Headline earnings per share:				
Profit attributable to the owners of Omnia Holdings Limited		593		641
Adjusted for:				
Loss/(profit) on disposal/impairment of property, plant and equipment	32	23	(6)	(6)
Profit on disposal of patents	(7)	(7)	–	–
Insurance proceeds for replacement of property, plant and equipment	(26)	(19)	–	–
		590		635
Divided by the weighted number of shares in issue: ('000) (excluding treasury shares)		66 997		67 277
Headline earnings per share (cents)		881		944

The diluted weighted average number of ordinary shares is calculated as follows:

	2017	Restated 2016
Rm		
Weighted average number of ordinary shares in issue ('000)	66 997	67 277
Adjustments for:		
Share options in respect of the Share Incentive Scheme ('000)	31	62
Shares in respect of Sakhile1 ('000)	3 066	2 578
Shares in respect of Sakhile 2 ('000)	1 245	1 059
Shares in respect of Long Term Incentive plan ('000)	737	–
	72 076	70 976
Profit attributable to the owners of Omnia Holdings Limited (Rm)	593	641
Diluted earnings per share (cents)	823	903
Headline earnings (Rm)	590	635
Diluted headline earnings per share (cents)	819	895
Dividends per share		
Final dividend per share declared and paid during the year (cents) in respect of the prior year	180	300
Interim dividend declared and paid in respect of current year (cents)	160	180

18. COMMITMENTS

Rm	2017	2016
Capital commitments		
Capital expenditure approved by the directors but not contracted for	**301**	293
Capital expenditure approved and contracted for but no delivery has taken place	**190**	68
	491	361

Funds to meet these commitments will be provided from cash flow from operations and existing general borrowing facilities. This expenditure relates to intangible assets and property, plant and equipment.

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

Rm	2017	2016
Not later than one year	**59**	49
Later than one year and not later than five years	**92**	93
Later than 5 years	**10**	5
	161	147

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 14.

19. CONTINGENT ASSETS AND LIABILITIES

ACCOUNTING POLICIES

Contingent assets and liabilities are not recognised.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

The Group has 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 over charging customers and set a rate at which customers should be charged in the future. During the 2016 financial year, the supplier increased its prices above this 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 is set to take place in August 2017. At 31 March 2017, the Group had a contingent asset of approximately R220 million in respect of the recoverable amount where the Group paid the supplier the higher price on an interim basis pending the outcome of the legal proceedings. This asset is not considered virtually certain due to the pending appeal and accordingly was not recognised. Given the uncertainty surrounding the appeal it is possible that the Group may be exposed to additional increased pricing for the period of March 2014 to August 2014.

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.

ACCOUNTING POLICIES *continued*

PRODUCT WARRANTIES

The Group provides product warranties with respect to certain products sold to customers in the ordinary course of business. These warranties typically provide that products sold will conform to specifications. The Group generally does not establish a liability for product warranty based on a percentage of turnover or other formula. The Group accrues a warranty liability on a transaction-specific basis depending on the individual facts and circumstances related to each sale. Both the liability and the annual expense related to product warranties are immaterial to the consolidated financial statements.

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.

ENVIRONMENTAL PROVISIONS

The Group is currently assessing the need and possible quantification of environmental provisions relating to its various sites. These investigations as well as possible legislative changes may give rise to environmental provisions in the future.

20. CASH GENERATED FROM OPERATIONS

Rm	2017	Restated 2016
Profit before taxation	**856**	929
Adjusted for:		
Foreign currency movements	**(232)**	320
Movement in derivative financial instruments	**(162)**	104
Decrease in inventory	**516**	234
(Increase)/decrease in trade and other receivables	**(135)**	199
Increase in trade and other payables	**(170)**	(92)
Depreciation	**366**	333
Amortisation	**46**	40
Net finance costs	**184**	177
Loss/(profit) on disposal of property, plant and equipment	**23**	(6)
Profit on disposal of goodwill, intangible and other assets	**(7)**	–
Share-based payment expense	**2**	10
Environmental provision	**24**	–
Impairment of property, plant and equipment	**15**	–
Other	**23**	56
	1 349	2 304

21. INCOME TAXES PAID

Rm	2017	Restated 2016
Income tax asset at beginning of year	**44**	27
Charged to the income statement	**(264)**	(287)
Foreign currency movement	**4**	(3)
Movement in deferred taxation	**15**	62
Income tax asset at end of year	**(67)**	(44)
	(268)	(245)

22. 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	2017	Restated 2016
Bank balances and cash	**1 302**	572
Bank overdrafts	**(1 040)**	(262)
	262	310
The effective interest rate on borrowings was 8.4% (2016: 7.6%)		
The carrying amount of the Group's bank overdrafts are denominated in the following currencies:		
Rand	**(716)**	(107)
US dollar	**(118)**	(140)
Other currencies	**(206)**	(15)
	(1 040)	(262)

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

23. FINANCIAL RISK MANAGEMENT

ACCOUNTING POLICIES

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price 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 carried out by a central treasury department (Group treasury) 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 board provides written principles for the overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

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 fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets on initial recognition.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents on the balance sheet.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the right to receive cash flows from the investments has expired or has been transferred and the Group has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss category are presented in the income statement within net other operating expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of net other operating expenses when the Group's right to receive payment is established.

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.

23. FINANCIAL RISK MANAGEMENT *continued*

Financial instruments by category	Loans and receivables	Assets at fair value through profit and loss	Total
Rm			
31 March 2017			
ASSETS			
Derivative financial instruments	–	55	55
Trade and other receivables excluding prepayments and VAT	2 946	–	2 946
Total	2 946	55	3 001

	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total
Rm			
LIABILITIES			
Debt	–	1 212	1 212
Derivative financial instruments	8	–	8
Trade and other payables excluding non-financial liabilities	–	3 422	3 422
Total	8	4 634	4 642

	Loans and receivables	Assets at fair value through profit and loss	Total
Rm			
31 March 2016 – restated			
ASSETS			
Derivative financial instruments	–	67	67
Trade and other receivables excluding prepayments and VAT	2 942	–	2 942
Total	2 942	67	3 009

	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total
Rm			
LIABILITIES			
Debt	–	344	344
Derivative financial instruments	182	–	182
Trade and other payables excluding non-financial liabilities	–	3 014	3 014
Total	182	3 358	3 540

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, from cash and cash equivalents and from 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. The Group limits the amount of credit exposure to any one financial institution. In addition, the Group has insurance cover over certain of its receivables.

The Group has no significant concentration of credit risk, due to its wide spread of customers. The Group has policies to ensure that sales of products and services are made to customers with an appropriate credit history. Where the credit risk is perceived to be higher than this risk threshold, insurance cover is put in place. Individual risk limits are set based on internal and external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored. 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.

Trade receivables that are less than one month past due are not considered impaired. As of 31 March 2017, trade receivables of R977 million (2016: R941 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default, or for whom credit insurance is in place.

	2017		2016	
Exposure to credit risk	**Gross**	**Impairment**	**Gross**	**Impairment**
Rm				
The aging of trade receivables at the reporting date was:				
Fully performing	**1 626**	**–**	1 781	–
Past due 31 – 60 days	**438**	**(4)**	332	(9)
Past due 61 – 90 days	**123**	**(2)**	261	(1)
Past due 91 – 120 days	**129**	**(5)**	80	(1)
More than 120 days	**560**	**(261)**	459	(180)
	2 876	**(272)**	2 913	(191)

The movement in the provision for impairment in respect of trade receivables during the year was as follows:

Rm	**2017**	**2016**
At 1 April	**(191)**	(154)
Allowance for receivable impairment	**(99)**	(47)
Unused amounts reversed	**2**	5
Foreign currency movement	**16**	5
At 31 March	**(272)**	(191)

As of 31 March trade receivables of R272 million (2016: R191 million) were impaired and provided for.

The creation and release of provisions for impaired receivables has been included in administrative expenses in the income statement. Amounts charged to the provision accounts are generally written off, when there is no expectation of recovering additional cash. Unwinding of discounts, where applicable, is included in finance costs in the income statement.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

23. FINANCIAL RISK MANAGEMENT *continued*

Receivables from emerging farmers represent loans granted by the Agriculture division to developing small commercial farmers. These loans incur interest at 5% (2016: 4%) and are repayable on a season by season basis. The credit risk relating to each emerging farmer, together with insurance in place, has been taken into consideration in determining the allowance for impairment on these receivables. The Land Bank has provided a facility for these loans at a government grant interest rate of 0%. The Land Bank needs to pre-approve all loans and shares in a portion of the credit risk. Refer to notes 6 and 10 for further details.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under credit lines.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management monitors rolling forecasts of the Group's liquidity reserves (comprising undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external requirements; and maintaining debt financing plans.

Exposure to liquidity risk	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Rm					
At 31 March 2017					
Cash and cash equivalents	**(1 302)**	**–**	**–**	**–**	**(1 302)**
Trade receivables	**(3 007)**	**–**	**–**	**–**	**(3 007)**
Emerging farmers	**(49)**	**(48)**	**(22)**	**–**	**(119)**
Debt	**26**	**36**	**111**	**–**	**173**
Bank overdraft	**1 040**	**–**	**–**	**–**	**1 040**
Trade and other payables	**3 373**	**14**	**5**	**–**	**3 392**
Forward exchange contracts	**(107)**	**–**	**–**	**–**	**(107)**
Net liquidity position	**(26)**	**2**	**94**		**70**

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Rm					
At 31 March 2016 – restated					
Cash and cash equivalents	(572)	–	–	–	(572)
Trade receivables	(3 183)	–	–	–	(3 183)
Emerging farmers	(78)	(42)	–	–	(120)
Debt	45	26	10	1	82
Bank overdraft	262	–	–	–	262
Trade and other payables	3 608	14	5	–	3 627
Forward exchange contracts	115	–	–	–	115
Net liquidity position	197	(2)	15	1	211

In terms of the company's memorandum of incorporation, the Group's borrowing powers are limited to 250% of the ordinary shareholders' interest.

Rm	2017	2016
Borrowing capacity in terms of the memorandum of incorporation	18 854	19 155
Total net cash	90	228
Unutilised borrowing capacity	18 944	19 383
The Group has the following undrawn borrowing facilities:		
Floating rate:		
– Expiring within one year	3 068	2 149
	3 068	2 149

FAIR VALUE MEASUREMENT

	2017			
Rm	Level 1	Level 2	Level 3	Total
Financial assets/(liabilities) at fair value through profit or loss				
Long-term incentive plan liabilities	–	–	(60)	(60)
Net trading derivatives	–	47	–	47
Total	–	47	(60)	(13)

	2016			
Rm	Level 1	Level 2	Level 3	Total
Financial assets/(liabilities) at fair value through profit or loss				
Long term incentive plan liabilities	–	–	(33)	(33)
Net trading derivatives	–	(115)	–	(115)
Total	–	(115)	(33)	(148)

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, whilst a weakening of the underlying exchange rate at the reporting date would result in an increase in the fair value of the trading derivatives.

Level 3 – Sensitivity
A 10% increase in the earnings projections of the Group or relevant subsidiary would have decreased profit and loss by R6 million, whilst a 10% decrease in the earnings projections at the reporting date would have had an equal but opposite effect.

23. FINANCIAL RISK MANAGEMENT *continued*

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

CURRENCY RISK

The Group is exposed to foreign exchange risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group companies, primarily with respect to the US dollar. In addition, the Group operates internationally and is exposed to foreign exchange risk arising from the net investment in countries where the functional currency is not South African rand.

The Group's policy is to consider the net position between commitments for imports and receivables resulting from exports. The Group companies are required to economically hedge their net foreign exchange risk exposure with Group treasury, who in turn enters into various hedging contracts with financial institutions. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts, transacted with Group treasury.

At the reporting date, if the rand had weakened by 10% (2016: 10%) with all other variables held constant, post-tax profit for the year would have been R58 million (2016: R60 million) higher, mainly as a result of foreign exchange gains on translation of foreign denominated trade receivables and cash and cash equivalents offset by foreign exchange losses on translation of foreign denominated trade payables and borrowings. A 10% strengthening of the rand at 31 March would have had the equal but opposite effect on the basis that all other variables remain constant.

INTEREST RATE RISK

The Group's income and operating cash flows 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 (2016: 100 basis points) in the average interest rates for the reporting period would have increased profit or loss by R1 million (2016: R1 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 RISK MANAGEMENT

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.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowings less cash and cash equivalents. Equity is shown as such in the balance sheet.

The Group's future strategy is to maintain the gearing ratio within 30 to 40 percent. The Group also has specific financial covenants in place with various financial institutions to govern its debt. The gearing ratios at 31 March were as follows:

Rm	2017	2016
Net (cash)/debt	(90)	(228)
Equity	7 542	7 574
Gearing ratio (%)	(1)	(3)

The Group anticipates increasing this ratio with the acquisition of Umongo Petroleum (Pty) Ltd (refer to note 26), additional capital expenditure and other possible transactions.

24. 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.

Rm	2017	2016
Sales of goods		
Acol Chemicals – joint venture	28	9
Interest received		
Richards Bay Ammonia Partnership – joint operation	2	2
Trade receivables		
Acol Chemicals – joint venture	4	2
Richards Bay Ammonia Partnership – joint operation	5	–
Key management compensation		
Salaries and other short-term employee benefits	75	76
Post-employment benefits	2	2
Expenses for long-term incentive plans	(2)	(3)
Paid by subsidiaries	75	75
Share options outstanding ('000)	–	25
Share appreciation rights outstanding ('000)	117	190
Allocated trust units ('000)	235	235
Top three earners' compensation (Rm)	21	19

24. RELATED PARTY TRANSACTIONS *continued*

DIRECTORS EMOLUMENTS

	Fees	Salary/ remune-ration	Bonus accrual^	Retirement-funding	Medical aid	Car allowances	Other#	Total 2017	Total 2016
R									
Executive									
RB Humphris	–	3 199 768	6 000 000	287 979	54 201	225 842	2 023 380	11 791 170	11 375 731
WG Koonin	–	4 704 197	3 000 000	–	54 680	215 492	–	7 974 369	7 313 320
Non-executive									
NA Binedell*****	126 000	–	–	–	–	–	–	126 000	–
RC Bowen	403 632	–	–	–	–	–	–	403 632	303 132
FD Butler	631 132	–	–	–	–	–	–	631 132	550 132
NJ Crosse*	2 949 450	–	–	–	–	–	–	2 949 450	2 879 225
TNM Eboka	322 632	–	–	–	–	–	–	322 632	57 816
NKH Fitz-Gibbon**	–	–	–	–	–	–	–	–	36 500
R Havenstein	526 632	–	–	–	–	–	–	526 632	381 132
HH Hickey	514 632	–	–	–	–	–	–	514 632	516 132
Prof SS Loubser***	293 000	–	–	–	–	–	–	293 000	443 132
HP Marais	18 816	–	–	–	–	–	–	18 816	36 500
Dr WT Marais	384 816	–	–	–	–	–	–	384 816	266 632
SW Mncwango	361 632	–	–	–	–	–	–	361 632	245 316
D Naidoo	562 632	–	–	–	–	–	–	562 632	510 132
KP Shongwe****	–	–	–	–	–	–	–	–	36 500
Total	7 095 006	7 903 965	9 000 000	287 979	108 881	441 334	2 023 380	26 860 545	24 951 332

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

* *Fees for services as non-executive chairman*
** *Resigned as non-executive director on 22 June 2015*
*** *Resigned as non-executive director on 1 December 2016*
**** *Resigned as non-executive director on 17 July 2015*
***** *Appointed as non-executive director on 24 February 2017*
^ *The annual bonus accrued in March 2017 was paid out in April 2017*
\# *Share options and share appreciation rights exercised*

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

LONGTERM SHARE INCENTIVE PLAN

RB Humphris
52 000 allocated trust units

WG Koonin
40 000 allocated trust units

These unit trusts will only be transferred after the end of the five year period, which is March 2019, 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 EMOLUMENTS

	Salary/ remune ration	Bonus accrual^	Retirement- funding	Medical aid	Car allowances	Other#	Total 2017	Total 2016
R								
GC Brimacombe*	–	–	–	–	–	–	–	6 026 157
AJ de Lange	1 752 227	3 000 000	169 558	63 249	247 283	507 150	5 739 467	6 397 698
FJ Hay**	–	–	–	–	–	–	–	1 419 929
MT Kearns***	1 575 000	1 700 000	141 750	–	168 418	235 410	3 820 578	–
JB Keenan	5 946 098	3 200 000	–	19 763	123 385	–	9 289 246	6 976 887
JJG Vermaak	1 737 762	3 300 000	156 398	67 915	250 520	550 328	6 062 923	5 152 718
Total	11 011 087	11 200 000	467 706	150 927	789 606	1 292 888	24 912 214	25 973 389

Share options and share appreciation rights exercised

^ *The annual bonus accrued in March 2017 was paid out in April 2017*

* *Resigned 31 March 2016*

** *Resigned 31 May 2015*

*** *Appointed 1 April 2016*

25. SHARE INCENTIVE SCHEME

ACCOUNTING POLICIES

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

For equity-settled share-based payments the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted on grant date, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable costs are credited to stated capital when the options are exercised and new shares are issued.

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

OMNIA SHARE INCENTIVE SCHEME – EQUITY-SETTLED

Share options are granted by the Omnia Share Incentive Scheme, at the discretion of the remuneration committee, to employees of the Group. The option offer is made at the ruling price on the JSE Limited on the day prior to the date of award. Share options remain open for acceptance for a ten-year period from the date of issue with the earliest possible delivery being 20% of the issued amount after two years of the date of issue. Thereafter delivery may be taken cumulatively at a rate of 20% per annum for the next two years with the remaining 40% being capable of delivery on the fifth anniversary. Resignation prior to entitlement on this percentage basis terminates an employee's rights to take delivery.

25. SHARE INCENTIVE SCHEME *continued*

Movements in terms of the share incentive scheme are as follows:

	31 March 2017		31 March 2016	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
		(R)		(R)
Outstanding at 1 April	109 844	64.51	113 946	64.29
Forfeited	(4 102)	66.22	–	–
Exercised	(74 979)	66.22	(4 102)	58.51
Outstanding at 31 March	30 763	69.25	109 844	64.51
Available to be implemented at 31 March	30 763		109 844	

The weighted average fair value for share options granted was calculated using the Black Scholes option pricing model.

The share price as at 31 March 2017 was R162.30.

The remaining contractual life of the options is one year.

Share option allocations outstanding and currently available to be implemented at 31 March 2017 by exercise price:

	Exercise price	Number outstanding at 31 March 2017	Options outstanding Weighted average remaining contractual life	Exercisable at 31 March 2017
	(R)		(years)	
	60.00	15 000	1.00	15 000
	78.50	15 000	1.00	15 000
Capitalisation shares in respect of the above		763		763
		30 763		30 763

SHARE APPRECIATION RIGHTS SCHEME – CASH-SETTLED

Share appreciation rights (SAR) are granted by the Group, at the discretion of the remuneration committee, to employees of the Group. The SAR is granted at the ruling price on the JSE Limited on the day prior to the award. SAR's remain open for acceptance for a ten-year period from the date of granting with the earliest possible delivery being 20% of the grant amount after two years of the date of grant. Thereafter delivery may be taken cumulatively at a rate of 20% per annum for the next two years with the remaining 40% being capable of delivery on the fifth anniversary. Resignation prior to entitlement on this percentage basis terminates an employee's rights to take delivery.

Movements in terms of the SAR plan are as follows:

	31 March 2017		31 March 2016	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price
		(R)		(R)
Outstanding at 1 April	531 360	94.57	809 680	94.44
Exercised	(197 020)	94.00	(216 220)	94.25
Forfeited	(45 940)	94.00	(62 100)	94.00
Outstanding at 31 March	288 400	94.38	531 360	94.57

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

The SARs have a range of exercise prices from R94.00 to R118.75.

The remaining contractual life of the SARs is one year.

The share-based payment charge associated with the SARs amounted to a charge of R10 million (2016: income of R10 million).

LONG-TERM SHARE INCENTIVE PLAN – EQUITY-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 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 8% for Tranche 1 and 6% for Tranche 2 compound real growth in earnings per share and an average real return on equity of 11% for both Tranches. The qualifying employees' upfront allocation is weighted 80% to earnings per share and 20% to real return on equity target.

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. The termination of employment prior to vesting will result in a cancellation of the employee's participation in the plan.

The fair value of the trust units granted are the economic equivalent of awarding an Omnia share at zero strike. 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.

737 344 trust units were allocated during the current financial year (Tranche 2).

The share-based payment charge associated with the Long-term Share Incentive Plan amounted to an income of R2 million (R2016: R4 million).

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. Employees will 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 date of allocation provided that they have been working for the Group during that period. The Sakhile 1 shares will 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 scheme has fully vested in FY2015 and therefore no further expenses are charged to the income statement.

The number of shares that Omnia Holdings Limited will issue to the participants in Sakhile 1 is dependent on the 90 day VWAP of the Omnia Holdings Limited share price on 1 April 2019. As such, it is difficult to accurately calculate the final dilutive impact of Sakhile 1 on Omnia Holdings Limited.

25. SHARE INCENTIVE SCHEME *continued*

In an attempt to provide some guidance and on the assumption that Omnia's share price on 1 April 2019 is R193.49, then approximately 3.7 million Omnia Holdings Limited shares will be issued to ordinary shareholders of Sakhile 1 in three equal tranches of 1.2 million shares each in a period after 1 April 2019, 2020 and 2021.

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. Employees will 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. Each allocation of shares must be held by the shareholder in Tranche 1 for seven years from the allocation date in order to benefit from the shareholding, i.e. around January 2017. Omnia Holdings has a call option to acquire at any time within 18 months after January 2017 the shareholder's shares in Sakhile 2.

In April 2011, Sakhile 2 Tranche 2 commenced by acquiring a further 1% in Omnia Group (Pty) Limited. Each allocation of shares must be held by the shareholder in Tranche 2 for seven years from allocation date in order to benefit from the shareholding, i.e. around April 2018. The process for the participants to realise their shares is the same as that of Tranche 1.

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 allocation date in order to benefit from the shareholding, i.e. around March 2020. The process for the participant to realise their shares is the same as that of Tranche 1 and 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 R5m (2016: R7 million).

The number of shares that Omnia Holdings Limited will issue to the participants in Sakhile 2 for Tranche 1, 2 and 3 is dependent on the 30 day VWAP of the Omnia Holdings Limited share price at the date of the vetting 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 between R171.67 and R219.11 and an average of R191.61, then approximately 1 335 745 Omnia Holdings shares would be issued as follows:

Tranche 1 – approximately 670 262 shares during FY2018

Tranche 2 – approximately 391 946 shares during FY2019 to FY2021

Tranche 3 – approximately 273 537 shares during FY2022 to FY2024

For further details on the share incentive schemes refer to the remuneration report on page 74.

26. POST BALANCE SHEET EVENTS

ACQUISITION OF UMONGO PETROLEUM (PTY) LIMITED

On the 11 May 2017 the Group announced that its subsidiary Omnia Group (Pty) Ltd entered into a sale of shares agreement to acquire 90% of the ordinary shares of Umongo Petroleum (Pty) Ltd. Umongo is a leading distributor of additives, base oils and other related petroleum, oil and lubricant products in South Africa and sub-Saharan Africa. Following the implementation of the transaction, Umongo will become a subsidiary of Omnia and report under the Chemicals division in the consolidated results.

The maximum aggregate acquisition consideration is R780 million, apportioned between an upfront cash payment of R618.5 million, an earn-out cash payment of up to a maximum aggregate amount of R121.5 million and a retention amount of R40 million. The remaining 10% shareholding in Umongo will continue to be held by Autumn Storm, an entity in which the current Chief Executive Officer, is a shareholder. In terms of the agreement, Omnia will retain a call option and Autumn Storm a put option over the remaining 10% shareholding in Umongo. The call/put option will be exercisable five years after the closing date of the transaction.

Omnia will fund the acquisition consideration through its existing general borrowing facilities.

This transaction is subject to the fulfilment and/or waiver of a number of conditions precedent which are customary in a transaction of this nature, including amongst others:

- Umongo obtaining the written consent from third parties, including various Chevron Group entities and Ergon, with respect to change of control consent for material contracts
- Umongo entering into replacement distribution agreements with certain suppliers
- The approval of the transaction by various competition law authorities, including the South African Competition Authorities in terms of the Competition Act, 1998 (Act 89 of 1998), as amended from time to time

The closing date for the transaction will be the last day of the month in which the last of the outstanding conditions precedent are fulfilled or waived. The effective date for the transaction is 1 March 2017.

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 share for those shareholders not subject to local dividends tax.

27. SUBSIDIARIES, JOINT VENTURES AND JOINT OPERATIONS

ACCOUNTING POLICIES

Group financial statements include those of Omnia Holdings Limited, its subsidiaries and joint arrangements.

SUBSIDIARIES

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 over 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.

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

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by Group.

The Group treats transactions with non-controlling interest as transactions with equity owners of the Group. For purchases from non-controlling interest, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

JOINT ARRANGEMENTS

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 there are joint ventures and joint operations. Joint ventures are accounted for using the equity method and joint operations are proportionally consolidated.

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, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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.

FUNCTIONAL AND PRESENTATION CURRENCY

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

Financial statements 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 differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments are taken 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.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

The functional currency of each of the Group's entities is determined based on the currency of the primary economic environment in which the entity operates. Judgement is required in determining an entity's functional currency based on individual facts and circumstances.

	Country of incorporation	Issued capital	Effective holding 2017	Effective holding 2016
		Rm	%	%
At 31 March 2017				
Extention of company	South Africa			
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) Ltd	Namibia	–	100	100
Innofert (Proprietary) Limited	South Africa	–	100	100
Omnia Swaziland Limited	Swaziland	–	100	100
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 Cote D'ivore Sarl	Cote D'ivore Sarl	–	100	100
Bulk Mining Explosives Ghana (Pty) Limited	Ghana	–	100	100
Bulk Mining Explosives Guinea Sarl	Guinea	–	100	100
Bulk Mining Explosives USA	USA	–	100	100
Bulk Mining Explosives Australia	Australia	–	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

	Country of incorporation	Issued capital	Effective holding 2017	Effective holding 2016
		Rm	%	%
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 Sarl	Sierra Leone	–	100	100
Bulk Mining Explosives Burkina Faso Limited	Burkina Faso	–	100	100
Bulk Mining Explosives DRC SPRL	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	60
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
Advanced Initiating Systems (Pty) Limited	Australia	–	100	65
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	–	33	27
Sakhile Initiative 2 Limited	South Africa	–	25	18
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 2017

Rm	Notes	2017	2016
ASSETS			
Non-current assets			
Investments in subsidiaries	2	**766**	763
Current assets		**909**	904
Trade and other receivables		**1**	–
Income tax asset		**–**	1
Loans to subsidiaries	3	**908**	903
Total assets		**1 675**	1 667
EQUITY AND LIABILITIES			
EQUITY			
Stated capital		**1 500**	1 500
Treasury shares		**(120)**	(121)
Other reserves	4	**134**	129
Retained earnings		**23**	21
Total equity		**1 537**	1 529
LIABILITIES			
Current liabilities		**138**	138
Trade and other payables		**2**	1
Loans from subsidiaries	3	**136**	137
Total liabilities		**138**	138
Total equity and liabilities		**1 675**	1 667

The Omnia Share Incentive Scheme and Omnia Management Share Trust are included in the Omnia Holdings Limited annual financial statements

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

Rm	2017	2016
Dividends received	232	293
Profit before tax	232	293
Income tax expense	(1)	–
Profit for the year	231	293
Attributable to:		
Equity holders of the company	231	293
	231	293

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

Rm	2017	2016
Profit for the year	231	293
Other comprehensive income, net of tax		
Currency difference	–	–
Total comprehensive income for the year	231	293
Attributable to:		
Equity holders of the company	231	293
Total comprehensive income for the year	231	293

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Attributable to the equity holders of the company				
	Stated capital	Treasury shares	Other reserves	Retained earnings	Total
Rm					
At 31 March 2015	1 500	(70)	119	52	1 601
Recognised income and expense for the year					
Net profit for the year ended 31 March 2016	–	–	–	293	293
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	**1 500**	**(121)**	**129**	**21**	**1 529**
Recognised income and expense for the year					
Net profit for the year ended 31 March 2017	**–**	**–**	**–**	**231**	**231**
Transactions with shareholders					
Ordinary dividends paid	**–**	**–**	**–**	**(229)**	**(229)**
Movement in treasury shares	**–**	**1**	**3**	**–**	**4**
Share-based payment – value of services provided	**–**	**–**	**2**	**–**	**2**
At 31 March 2017	**1 500**	**(120)**	**134**	**23**	**1 537**

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

Rm	Note	2017	2016
Cash generated from operations	5	**232**	293
Taxation paid		**–**	(2)
Cash available from operating activities		**232**	291
Loans (granted to)/repaid by subsidiaries		**(7)**	84
Net cash (outflow)/inflow from investing activities		**(7)**	84
Sales/(purchase) of treasury shares		**4**	(51)
Dividends paid		**(229)**	(324)
Net cash outflow from financing activities		**(225)**	(375)
Net decrease in cash and cash equivalents		**–**	–
Net cash and cash equivalents at beginning of year		**–**	–
Net cash and cash equivalents at end of year		**–**	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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).

2. INVESTMENTS IN SUBSIDIARIES

ACCOUNTING POLICIES

The grant by the company of options over its equity instruments to the employees of 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	2017	2016
Shares at cost in unlisted subsidiaries	**766**	763

Investments increased due to the movement in the share-based payment contribution of subsidiaries of R3 million.

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

Profits	**708**	743
Losses	**(116)**	(129)
	592	614

Details of the company's investment in subsidiaries are given on pages 171 – 172.

3. LOANS TO/(FROM) SUBSIDIARIES

Loans to/(from) Group companies comprise of:

Omnia Group Investments Limited	**868**	868
Omnia Group (Pty) Limited	**32**	27
Sakhile Initiative Limited	**8**	8
	908	903
Omnia Group Investments Limited	**(25)**	(25)
Omnia Group (Pty) Limited	**(111)**	(112)
	(136)	(137)

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

Rm	2017	2016
4. OTHER RESERVES		
Share based payment reserve	**113**	111
Gain on treasury shares sold	**21**	18
	134	129
5. CASH GENERATED FROM OPERATIONS		
Profit before tax	**232**	293
Adjustments for:		
Increase/(decrease) in trade and other payables	**1**	(2)
(Increase)/decrease in trade and other receivables	**(1)**	2
	232	293
6. CONTINGENT LIABILITIES		
Utilisation of banking facilities secured by letters of suretyship from the company. No losses are expected from these arrangements.	**1 040**	262
7. RELATED PARTY TRANSACTIONS		
Dividends received from Omnia Group Investments Limited	**232**	293
8. Fore details regarding share capital, related parties and directors' emoluments refer to notes 7 and 24 of the consolidated financial statements.		
9. 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	**4 463**	4 829

INFORMATION FOR SHAREHOLDERS

SHAREHOLDERS ANALYSIS

DISTRIBUTION OF SHAREHOLDERS

	Number of shareholders	% of total shareholders	Number of shares	% of total issued shares
SHAREHOLDER TYPE				
Individuals	3 006	68.7	5 210 489	7.6
Private companies	89	2.0	1 626 123	2.4
Public companies	15	0.3	4 152 808	6.1
Nominees and trusts	368	8.4	10 240 112	15.0
Closed corporations	36	0.8	78 550	0.1
Other corporate bodies	268	6.1	8 591 797	12.6
Banks	22	0.5	1 552 230	2.3
Insurance companies	68	1.6	4 873 347	7.1
Pension funds and medical aid societies	298	6.8	16 434 519	24.1
Collective investment schemes and mutual funds	204	4.8	15 533 377	22.7
Total	**4 374**	**100.0**	**68 293 352**	**100.0**

	Number of shareholders	% of total shareholders	Number of shares	% of total issued shares
NUMBER OF SHARES				
1 – 5 000	3 675	84.0	2 548 626	3.7
5 001 – 10 000	211	4.8	1 521 797	2.2
10 001 – 50 000	315	7.2	7 305 155	10.7
50 001 – 100 000	67	1.5	4 875 728	7.1
100 001 – 1 000 000	98	2.3	7 779 646	11.5
1 000 001 and more	8	0.2	44 262 400	64.8
Total	**4 374**	**100.0**	**68 293 352**	**100.0**
NON-PUBLIC/PUBLIC				
Non-public	**8**	**0.18**	**13 235 786**	**19.4**
Directors	5	0.11	4 914 494	7.2
Share Incentive Scheme	2	0.05	1 045 385	1.5
More than 10% of issued share capital	1	0.02	7 275 907	10.7
Public	**4 366**	**99.82**	**55 057 566**	**80.6**
Total	**4 374**	**100.0**	**68 293 352**	**100.0**

	Shares held at 31 March 2017	% of total issued shares
MAJOR SHAREHOLDERS > 5%		
Coronation Fund Managers	6 212 639	9.10
Foord Asset Managers	11 638 108	17.04
Public Investment Corporation	9 846 218	14.42
Prudential Investment Managers	7 091 070	10.38
Citibank (New York)	4 570 714	6.69
Total	**39 358 749**	**57.63**

SHAREHOLDERS' DIARY

Financial year-end:	31 March 2017
Audited results announcement:	27 June 2017
Integrated annual report:	Released 28 August 2017
Annual general meeting:	29 September 2017
Interim results announcement:	28 November 2017
Dividend paid:	Final FY2017 – July 2017
	Interim FY2018 – January 2018

GLOSSARY OF TERMS AND ACRONYMS

Agronomics	branch of economics that deals specifically with land usage
Agronomist	a person engaged in the scientific study of soil management and crop production, including irrigation and the use of herbicides, pesticides, and fertilizers. Accordingly, an agronomist is a scientist who studies and works in these areas of agriculture
AXXIS™	patented electronic delay detonators
BEE	black economic empowerment
Basic earnings per share	profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year, excluding shares held by the various share-incentive schemes
BlastMapIII™	patented software
BBBEE	broad-based black economic empowerment is a process by which the South African Government is trying to ensure economic equity amongst race groups, governed by the Broad-based Black Economic Empowerment Act, 2003 (Act 53 of 2003)
BME	Bulk Mining Explosives together with Protea Mining Chemicals forms the Mining division within Omnia
(CAIA) Chemical and Allied Industries' Association	South African industry body that promotes responsible behaviour, supports education initiatives and facilitates government engagement on behalf of chemicals companies
CER	certified emission reductions
Companies Act	Companies Act, 2008 (Act No 71 of 2008) applies to all companies in South Africa
COBIT	a leading framework for the governance and management of enterprise information technology
(CPI) Consumer price index	measures changes in the price level of a market basket of consumer goods and services purchased by households
Corporate governance	framework of rules and practices by which a board of directors ensures accountability, fairness and transparency in a company's relationship with all its stakeholders
(CSI) Corporate social investment	an organisation's philanthropic activities; component of an organisation's greater corporate social responsibility
Current ratio	current assets divided by current liabilities
DAP	diammonium phosphate
Debt:Equity	debt:equity ratio is a measure of a company's financial leverage, calculated by dividing its net debt (debt plus bank overdrafts minus cash and cash equivalents) by total equity (including minorities); indicates what proportion of equity and debt the company is using to finance its assets
DRC	Democratic Republic of the Congo
Dividend cover	earnings per share divided by the total dividend per share for the year
EPS	earnings per share is the portion of a company's profit allocated to each outstanding share of common stock; indicator of a company's profitability
EE	employment equity applies to all employers and employees and protects employees and job seekers from unfair discrimination and also provides a framework for implementing affirmative action; regulated by Employment Equity Act, 1998 (Act 55 of 1998)
Enterprise development	the fostering and promotion of entrepreneurship, typically in the form of small businesses
Effective tax rate	tax expense expressed as a percentage of profit before tax
EnviNOx	a catalyst that converts the N_2O and NOx gasses generated during the production of nitric acid into nitrogen, oxygen and water
EBITDA	operating profit before finance cost, depreciation and amortisation
EBITDA finance cost cover	operating profit before finance cost, tax, depreciation and amortisation divided by finance cost
ERP	enterprise resource planning; information technology systems
Eskom	South African electricity public utility
EVA incentive	economic value add incentive
FY	financial year refers to the period from 1 April to 31 March

GLOSSARY OF TERMS AND ACRONYMS CONTINUED

Food security	the availability of food and access to it; refers to people at all times having physical and economic access to adequate nutritious, safe and culturally appropriate food
Fungimax™	a product offered by the Agriculture division that balances the levels of fungi and bacteria in soil
GHG	greenhouse gas
(GRI) Global Reporting Initiative	is a reporting standard generally accepted to be the leading international standard for reporting social, environmental and economic performance
(HEPS) Headline earnings per share	is the profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year, excluding shares held by the various share incentive schemes
IMS	information management system
(IAR) Integrated Annual Report	provides a reliable, comprehensive and holistic overview of the company, from both a financial and a non-financial perspective, and outlines the impact of the business on the economic, social and environmental spheres within which it operates (triple bottom line)
(IFRS) International Financial Reporting Standards	are principles-based standards, interpretations and the framework adopted by the International Accounting Standards Board
(IIRC) International Integrated Reporting Council	oversees and develops the International Integrated Reporting Framework which is used in the adoption of integrated reports globally; the IIRC adopts 'integrated thinking' as a way of improving the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital
(ISO) International Organisation for Standardisation	world's largest developer and publisher of International Standards and network of the national standards institutes of 164 countries; certification provides a uniform international standard
IT	information technology
(KPI) Key Performance Indicator	is a measurement used in monitoring business performance against the annual operating plan
JSE	JSE Limited (previously the JSE Securities Exchange and the Johannesburg Stock Exchange) is the largest stock exchange in Africa. It is situated at the corner of Maude Street and Gwen Lane in Sandton, Johannesburg, South Africa. JSE Limited is a public company duly incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act, 2012 (Act 19 of 2012), as amended
King III	the abbreviated name for the King Report on Corporate Governance for South Africa published in 2009; relates to corporate governance and a company's triple bottom line
King IV	the abbreviated name for the King Report on Corporate Governance for South Africa published in November 2016; relates to corporate governance and a company's triple bottom line
K-humate	a concentrated soil conditioner produced from humic and fulvic acids
LTIP	long-term incentive plan
MAP	monoammonium phosphate
MHI	major hazard installation
MOI	memorandum of incorporation
NAP2	Sasolberg's nitric acid plant 2
Net asset value per share (NAV)	ordinary shareholders' equity and minority interest divided by the number of shares in issue at year-end, excluding the shares held by the various share incentive schemes
Net debt	interest-bearing liabilities net of cash resources
Net debt to equity percentage	debt expressed as a percentage of total ordinary shareholders' equity plus non-controlling interests
Net debt EBITDA cover	net debt divided by EBITDA
N_2O	nitrous oxide
NOx	nitrogen oxide
Number of shares in issue at year-end	shares in issue less shares held by various share incentive schemes

(OSHA) Occupational Safety and Health Administration	is a federal organisation (part of the Department of Labour) that ensures safe and healthy working conditions by enforcing standards and providing workplace safety training
Omnia/the Group	Omnia Holdings Limited and its subsidiaries
Omnia Fertilizer	the primary business in the Agriculture division
Omnia Specialities	part of the Agriculture division, this provides a range of specialised products and services targeted at creating value for farming customers
OmniBio™	The management of soil biological life starts with an OmniBio™ analysis, which provides the farmer with a crop-specific proposal, focusing on the major biological indicators found in the soil
Omnia Nutriology™	the science of growing – is a concept developed by Omnia that not only concentrates on crops, but includes the development of product ranges, services, relationships and client profitability. Nutriology™ refers to a total crop management process. It is applied throughout the growth stages of the crop. Omnia manages the plant stress to increase yield through soil and foliar applications. Omnia also uses soil, leaf, water and sap analyses to manage the plant during these stages. To bring the Nutriology™ concept to full fruition requires a comprehensive approach, which is made up of the following 12 pillars: production facilities, technology, products, environment and safety, quality, values, research and development, support services, relationships, investment, agronomic services and partners
OmniSAP™	patented technology used to measure crop growth
OmniPrecise™	Omnia's management system based on precision agriculture that helps the farmer map and manage his land to ensure the optimal use of available resources
OmniZone™	an Omnia product that helps farmers to map the yields of their land
One Protea	Chemicals division restructured into a centralised structure
Operating profit as a percentage of revenue	operating profit expressed as a percentage of revenue
Organoboost™	a value-add product in Omnia's Agriculture division that helps to balance enzymes in soil
P_2O_5	phosphoric acid
PGAN	porous granular ammonium nitrate
Potable water	drinking water; pure enough to be consumed with low risk of immediate or long-term harm
Preferential procurement	a government affirmative-action policy that encourages government departments and agencies to buy goods and services from previously disadvantaged individuals or businesses
Protea Chemicals	Omnia's Chemicals division, Protea Chemicals is a well-established manufacturer and distributor of specialty, functional and effect chemicals and polymers
Protea Mining Chemicals	one of the companies in Omnia's Mining division; supplier of an extensive range of specialty and commodity chemicals specifically required by the processing and recovery plants in the mining industry in Africa
Protea Process™	comprehensive service that covers the handling, logistics and on-site formulation of chemicals for Protea Mining Chemicals' customers
(RCR) Recordable case rate	is a safety indicator, is a recordable case in any incident resulting in occupational illness and/or injury which arises out of or during an employee's normal course of duty and the execution of work-related responsibilities and which, as a result, requires medical treatment excluding diagnostics. Medical treatment is defined as treatment above and beyond first aid, administered by a recognised professional medical practitioner such as a medical doctor, paramedic or nurse. RCR is therefore the number of recordable cases per year or 200 000 working/exposure hours
Return on average equity	profit attributable to ordinary shareholders expressed as a percentage of the average opening and closing ordinary shareholders' equity
Responsible Care®	Omnia is a voluntary signatory to the International Council of Chemical Associations (ICCA) that promotes the chemical industry's unique global initiative for continuous improvement in health, safety and environmental performance, together with open and transparent communication with stakeholders run under the auspices of CAIA

GLOSSARY OF TERMS AND ACRONYMS CONTINUED

(ROE) Return on average equity	an adjusted version of the return on equity measure of company profitability, in which shareholders' equity is changed to average shareholders' equity
Sakhile 1/Sakhile Initiative/Sakhile Initiative Limited	established on 1 April 2007 as a broad-based black economic empowerment vehicle for employees residing in South Africa
Sakhile 2/Sakhile Initiative 2/ Sakhile Initiative 2 Limited	established in January 2009 as an investment vehicle to retain senior black employees as well as to attract and retain talented employees of colour
SHEQ	safety, health, environment and quality
SHERQ	safety, health, environment, risk and quality
Stakeholder engagement	process by which a company's stakeholders engage in dialogue to improve its decision-making and accountability toward corporate social responsibility and achieving the triple bottom line
SAICA	South African Institute of Chartered Accountants is a professional accountancy body in South Africa
SENS	Stock Exchange News Service announcements: company announcements such as mergers, take-overs, rights offers, capital issues and cautionaries that are published by the JSE
Sustainability	with regard to the long-term viability of the organisation or relating to, or being a method of, harvesting or using a resource so that the resource is not depleted or permanently damaged
The board	Omnia board of directors
USA	United States of America
Wellness programme	voluntary programme that supports employees' physical and mental condition; part of the health and safety programme

STRATEGIC COMMUNICATIONS
1373/17

CONTACT DETAILS

OMNIA HOLDINGS LIMITED

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

Registration number: 1967/003680/06

JSE code: OMN ISIN: ZAE000005153

REGISTERED OFFICE AND POSTAL ADDRESS

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FORWARD-LOOKING STATEMENTS

Throughout this report there are statements made that are 'forward-looking statements'. Any statements preceded or followed by, or that include the words 'forecasts', 'believes', 'expects', 'intends', 'plans', 'prediction', 'will', 'may', 'should', 'could', 'anticipates', 'estimates', 'seeks', 'continues', or similar expression or the negative thereof, are forward-looking statements. By their nature, forward-looking statements are speculative and allude to known and unknown risks, opportunities, macro-economic issues and any factors that could cause the actual results, performance or achievements of the company 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 Omnia's view at the date of publication of this report. Omnia 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. These forward looking statements are further qualified by the risk factors described throughout the commentary in this report.

REPORT FEEDBACK

We welcome your feedback on this report, in order to improve our reporting going forward. For further information, this full report and related documents can be downloaded from the web link: **www.omnia.co.za**. You can also contact Omnia at info@omnia.co.za or Ms. Celeste Appollis (company secretary) on +27 11 709 8888.

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