



OMNIA

OMNIA HOLDINGS LIMITED

TRUSTED PERFORMANCE
INNOVATIVE SOLUTIONS
BETTER WORLD

2018

GROUP ANNUAL
FINANCIAL STATEMENTS

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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.

FORWARD-LOOKING INFORMATION

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

FINANCIAL OVERVIEW



REVENUE
INCREASED BY
7%
TO R17.4 BILLION



OPERATING PROFIT
INCREASED BY
11%
TO R1 156 MILLION



PROFIT AFTER TAX
INCREASED BY
12%
TO R664 MILLION



HEADLINE EARNINGS
PER SHARE
INCREASED BY
12%
TO 991 CENTS

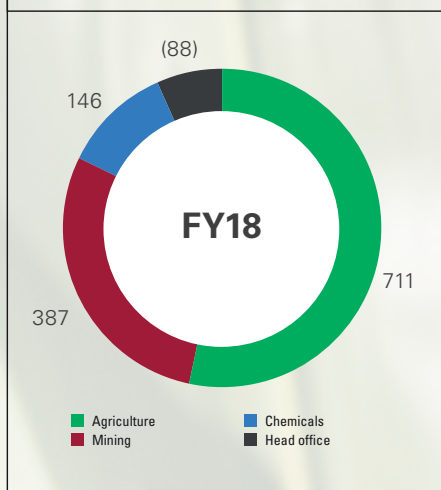


TOTAL DIVIDEND OF
350 CPS

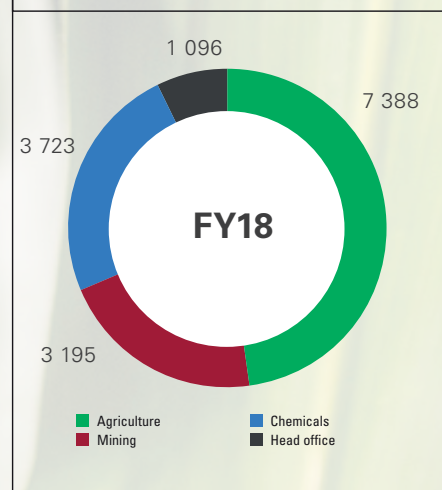


NET DEBT AT YEAR
END OF
R2 542 MILLION

OPERATING PROFIT



TOTAL ASSETS



PERFORMANCE

Group profit for the year of R664 million was up 12% on the prior year under challenging trading conditions. Despite headwinds in various parts of the business, the performance in the Agriculture division was encouraging, the Chemicals division was flat overall despite the weak South African economy and the Mining division was lower based on margin pressures and a substantial provision for a potential bad debt in Angola.

Agriculture RSA, excluding once offs as set out below, was up 15% largely due to growth in the speciality lines, increased production efficiencies and successful currency hedging strategies.

Agriculture International returned a solid performance for the year with operating profits up 44% on the back of strong growth in Australia and Brazil, coupled with an exceptional performance in Zimbabwe where the change in political leadership and renewed focus on the agriculture sector which coupled with significant inflation, boosted margins in the retail business. Agriculture Trading recovered from a loss in the prior year to a profit in the current year due to an improved business model with better working capital management and focus on trading margin, albeit not at desired levels.

Mining RSA operating profit was up 20% despite the uncertainty in the local mining industry. Mining International was down 32% due to the large write off described below and set-up costs. Excluding these adjustments, the results would be flat year-on-year.

Chemicals RSA was sharply lower by 53%, due to the economic stagnation for the last six months of the year leading up to and after the government conference in December and the impact of the storm in the Durban port in October that created a significant backlog in supply chain activities and congestion in the port facility for a few months thereafter. Chemicals International reported a four-fold increase in profits due largely to the demand for specialised product and service solutions from the offshore oil and gas sector and significantly higher demand for agrochemicals in Zimbabwe, following the change in government's approach to the agriculture sector.

The overall operating profit margin was 6.7% for the year, up from 6.4% in the prior year. Following the adjustment of the once off items in the current year's results, as set out below, that affect the various segments but net off overall, the current year operating profit margin remains unchanged at 6.7%:

- R201 million income in respect of the legal dispute with the main supplier of phosphoric acid, whose appeal to the High Court was dismissed in November 2017. This resulted in the reversal of the R101 million liability previously held on balance sheet and the write up of R100 million for the fair value of the amount previously classified as a contingent asset and not recognised (Agriculture RSA)
- R64 million bad debt provision for a single large debtor in Angola with the recoverability of the full amount continuing (Mining International)
- R28 million cost was incurred on the two acquisitions recently completed for the Agriculture and Chemicals divisions
- R37 million for Mining International consisting of R23 million in respect of restructuring and set-up costs for new territories (USA and Canada) and R14 million for the mark to market revaluation for the 35% option held in Advanced Initiating Systems (AIS), the Australian arm of BME
- R43 million additional environmental rehabilitation provisions in Agriculture RSA
- R30 million administrative penalty for Agriculture RSA, to settle the long running dispute with the Competition Commission regarding the Nutri-flo matter dating back to 2003

A total of R102 million of foreign exchange gains reported as part of other income was achieved through the currency hedging programme that was well placed to benefit from the strengthening of the rand with the change in political leadership in the government which was offset by the resultant decrease in margin specifically in Agriculture RSA.

Key corporate activity in the financial year was as follows:

- Acquired 100% of LDR Precision Technical Field Services (LDR) for R12 million, effective 1 August 2017, now part of the newly established entity called Axioteq
- Completed the acquisition of a 90% interest in Umongo Petroleum for R780 million as announced on 11 May 2017, effective 1 December 2017 with a net cash impact of R566 million. The remainder of the purchase price is contingent on future performance
- Acquired the remaining 35% interest in AIS for A\$4.4 million (R45 million), effective 1 January 2018

FINANCIAL OVERVIEW (CONTINUED)

- On 1 March 2018, announced the acquisition of 100% interest in the Oro Agri group of companies for US\$100 million, with the transaction completed on 1 May 2018
- Commenced construction of the R630 million Nitrophosphate plant at Sasolburg, to reduce the dependency on Omnia’s single supplier of phosphoric acid and to increase the economic and environmental benefit, and to further increase the Agriculture division’s margin by 1.0% to 1.5%, with completion scheduled by 31 March 2019 (excluding Oro Agri effect on the margin)

Subsequent to year-end, finalised the R800 million (including capitalised interest costs) 6.5-year long-term finance facility for the Nitrophosphate plant.

Further progress on the implementation of the Microsoft Dynamics ERP platform (Dynamics AX) that was rolled out in three major business units.

BALANCE SHEET

- Net working capital increased due largely to inclusion of Umongo Petroleum, assisting customers with longer payment terms and additional strategic inventory on hand. Inventory also affected by lower sales at the end of the financial year due to lack of rainfall in some areas and higher than normal rainfall and changes to mining plans at two major customers in Zambia that affected Mining International’s revenue
- R2 542 million net debt at the end of the year, excluding the Oro Agri deal which closed post year-end
- 34% net debt:equity gearing ratio at year-end
- Global Credit Rating issued in August 2017 was A- (Long Term), A1- (Short Term) with a stable outlook

OPERATIONAL

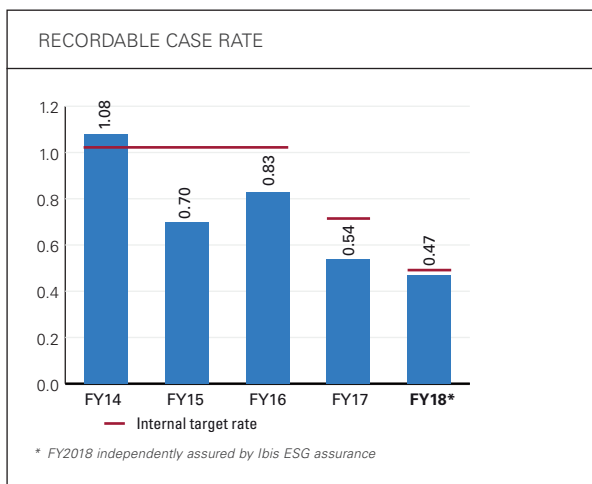
- Level 3 BBBEE for FY2017 and the rating for FY2018 to be completed shortly
- 6 690 AXXIST™ electronic detonators used by BME in a single world record opencast blast in Zambia

REPORTABLE CASE RATE

Improved to 0.47 (2017: 0.54) and Omnia regrettably report the loss of the lives of two colleagues in work related incidents.

DIVIDENDS

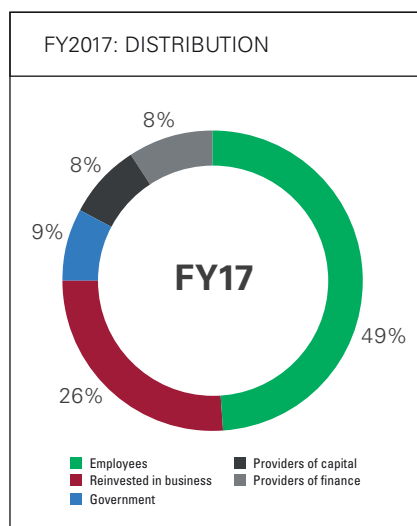
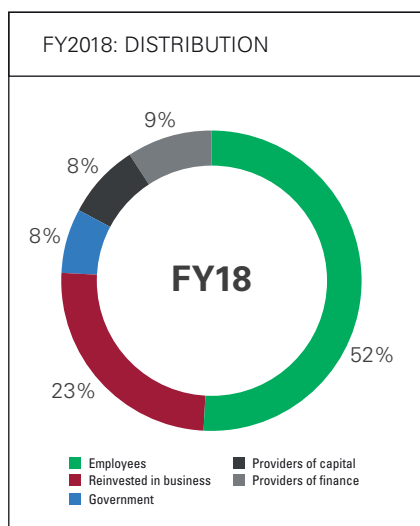
- Final dividend declared of 150 cents per share
- Total dividend for the year of 350 cents per share



ECONOMIC IMPACT

Omnia is part of a greater socio-economic ecosystem and Omnia recognises its dependence on robust relationships with all other stakeholders. Value added indicates the wealth Omnia creates through its activities to the main stakeholder groups being shareholders, employees, debt providers, suppliers and government.

Rm	FY2018	%	FY2017	%
Revenue	17 372	100	16 269	100
Cost of material and services	(13 946)	(80)	(13 279)	(82)
Total value added	3 426	20	2 990	18
Value distributed				
To employees				
Remuneration and benefits	1 780	52	1 470	49
To providers of finance				
Finance cost	312	9	251	8
To providers of capital				
Ordinary dividends to shareholders	262	8	233	8
To government				
Current taxation	133	4	142	5
Foreign taxation	149	4	107	4
To reinvest in business				
Deferred taxation	(60)	(2)	15	<1
Depreciation and amortisation	446	13	412	14
Retained income	404	12	360	12
	3 426	100	2 990	100



Value added ratios	FY2018	FY2017
Number of employees	4 817	4 366
Revenue per employee (R'000)	3 606	3 726
Value created per employee (R'000)	711	685

FIVE-YEAR FINANCIAL OVERVIEW

At 31 March	FY2018 Rm	FY2017 Rm	Restated FY2016 Rm	FY2015 Rm	FY2014 Rm
Income statement					
Revenue	17 372	16 269	16 774	16 835	16 259
Operating profit	1 156	1 040	1 108	1 476	1 416
Finance costs (net)	(270)	(184)	(179)	(145)	(87)
Profit before taxation	886	856	929	1 331	1 329
Taxation	(222)	(264)	(287)	(397)	(337)
Profit for the year	664	592	642	934	992
Non-controlling interest	2	1	(1)	5	4
Profit attributable to owners of Omnia Holdings Limited	666	593	641	939	996
Loss/(profit) on disposal/impairment of property, plant and equipment/intangible assets	7	23	(6)	42	13
Profit on businesses contributed to/sale of associate	–	(7)	–	–	(55)
Insurance proceeds for replacement of property, plant and equipment	(3)	(19)	–	–	(3)
Headline earnings	670	590	635	981	951
Dividends					
Prior year final	124	120	202	193	178
Current year interim	138	113	122	129	123
Total ordinary dividends paid during the year	262	233	324	322	301
Balance sheet					
Capital and reserves attributable to owners of Omnia Holdings Limited	7 488	7 545	7 612	6 653	5 918
Non-controlling interest	(5)	(3)	(10)	(11)	(6)
Non-current liabilities	1 258	251	56	103	120
Deferred income tax liabilities	666	580	565	502	342
Current liabilities	5 995	4 391	4 095	4 657	4 198
Equity and liabilities	15 402	12 764	12 318	11 904	10 572
Non-current fixed assets and other	4 787	4 355	4 124	3 947	3 723
Non-current intangible assets	1 363	645	569	519	537
Deferred income tax assets	31	9	8	7	10
Current assets (net)	9 221	7 755	7 617	7 431	6 302
Assets	15 402	12 764	12 318	11 904	10 572
Net debt/(cash)	2 542	(90)	(228)	820	335

		FY2018 Rm	FY2017 Rm	Restated FY2016 Rm	FY2015 Rm	FY2014 Rm
Cash flows						
Cash (utilised by)/generated from operations		(133)	1 349	2 304	968	1 717
Finance costs and taxation		(634)	(463)	(448)	(502)	(402)
Cash available from operating activities		(767)	886	1 856	466	1 315
Dividends paid		(262)	(233)	(324)	(322)	(301)
Net cash outflow from investing activities		(1 452)	(772)	(469)	(578)	(791)
Net cash inflow/(outflow) from financing activities		863	94	(108)	(144)	(36)
Net (decrease)/increase in cash and cash equivalents		(1 618)	(25)	955	(578)	187
Statistical information						
Earnings, dividends and issued shares						
Basic earnings per share	cents	985	885	953	1 402	1 496
Headline earnings per share	cents	991	881	944	1 465	1 428
Interim dividend per share	cents	200	160	180	190	185
Final dividend per share	cents	150	180	180	300	290
Total dividend per share	cents	350	340	360	490	475
Dividend cover	ratio	2.6	2.6	2.6	2.9	3.1
Net asset value per share	cents	10 845	11 215	11 406	9 844	8 867
Number of shares in issue at year-end	million	68 997	67 248	67 173	67 471	66 678
Number of treasury shares not included above	million	1 049	1 045	1 121	822	572
Staff						
Number of employees at year-end ¹		4 817	4 366	4 105	4 027	3 685
Profitability, liquidity and leverage						
Operating profit as a percentage of revenue	%	6.7	6.4	6.6	8.8	8.7
Effective tax rate	%	25.0	30.8	30.9	29.8	25.4
Return on average equity	%	8.9	7.8	9.8	14.9	18.3
Net debt/(cash) to equity	%	34.0	(1.2)	(3.0)	12.3	5.7
Current ratio		1.5	1.8	1.9	1.6	1.5
Net debt/EBITDA cover		1.6	(0.1)	(0.1)	0.4	0.2
EBITDA finance cost cover		5.9	7.9	9.7	12.6	19.7

¹ Full time employees, including fixed term contracts.

FIVE-YEAR FINANCIAL OVERVIEW (CONTINUED)

		FY2018	FY2017	Restated FY2016	FY2015	FY2014
Share performance						
Market value per share						
• At year-end	SA rand	149.00	162.30	136.50	172.50	211.05
• Highest	SA rand	162.25	185.00	180.52	242.00	221.76
• Lowest	SA rand	129.60	115.01	115.01	167.00	153.62
Value of shares traded during the year	R billion	3 752	4 421	4 910	6 712	5 914
Volume of shares traded during the year	millions	26 019	27 502	32 594	33 320	30 716
Share volumes traded as a percentage of total shares in issue	%	37.7	40.9	47.7	48.8	45.7

		FY2018	FY2017	Restated FY2016	FY2015	FY2014
Segmental information						
Agriculture						
Revenue (external) ¹	Rm	7 965	8 159	8 218	7 287	6 680
Operating profit	Rm	711	436	411	656	431
Operating margin	%	8.9	5.3	5.0	9.0	6.5
Assets	Rm	7 388	7 035	7 107	6 919	5 539
Net working capital	Rm	2 010	1 557	1 953	1 821	765
Mining						
Revenue (external) ¹	Rm	5 080	4 378	4 551	5 351	5 458
Operating profit	Rm	387	454	526	720	829
Operating margin	%	7.6	10.4	11.6	13.5	15.2
Assets	Rm	3 195	2 701	2 842	2 677	2 604
Net working capital	Rm	1 395	967	842	1 090	1 052
Chemicals						
Revenue (external) ¹	Rm	4 327	3 732	4 005	4 197	4 121
Operating profit	Rm	146	143	171	100	156
Operating margin	%	3.4	3.8	4.3	2.4	3.8
Assets	Rm	3 723	2 033	2 369	2 308	2 435
Net working capital	Rm	1 188	597	533	575	570

¹ Based on net revenue – exclude intercompany transactions and other items eliminated on consolidation.

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 standards 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 26 June 2018 and are signed on its behalf by:



RB Humphris
Chairman

26 June 2018



AJ de Lange
Group managing director



WG Koonin
Group finance director

CERTIFICATE BY THE ACTING GROUP COMPANY SECRETARY

To the best of my knowledge as acting Group company secretary, I hereby confirm, in terms of section 33 of the Companies Act, 2008, that for the financial year ended 31 March 2018, 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.



A Eaton
Acting Group company secretary

26 June 2018

DIRECTORS' REPORT

(Company registration number: 1967/003680/06)

Dear stakeholder,

The board is pleased to present this report for the year ended 31 March 2018 and will continue to closely consider the strategic direction and the long-term decisions to enhance the value of Omnia and, in so doing, protect the interests of all the stakeholders.

NATURE OF BUSINESS

Omnia listed on the JSE Limited (JSE) in 1980, is incorporated and domiciled in the Republic of South Africa. Omnia is a diversified chemicals Group that supplies chemicals and specialised services and solutions for the agriculture, mining and chemical applications industries. Using technical innovation combined with intellectual capital, Omnia, with the expertise of their 4 817 employees working in 31 countries, adds value for customers at every stage of the supply and service chain. With its vision of leaving a Better World as a footprint, the Group's solutions promote the responsible use of chemicals for health, safety and whether there is a potential environmental impact, with an increasing shift towards cleaner technologies. The subsidiaries of the Group are involved in the development, manufacture, distribution and sale of mining explosives and accessories, fertilizers, speciality fertilizers and chemicals.

FINANCIAL RESULTS

The board confirms that the financial reporting procedures are in place and functioning.

The financial results of the Group are comprehensively dealt with in the summarised financial statements announcement published on SENS and also available on www.omnia.co.za with no further comment deemed necessary.

DIVIDENDS

The board is pleased to announce that it has declared a final dividend of 150 cents per share to shareholders. The total dividend for the full year ended 31 March 2018, including the interim dividend of 200 cents per share, is 350 cents per share.

STATED CAPITAL

Stated capital increased to R1 597 million in the year from R1 500 million in the prior year, due to terms of the Sakhile 2 share scheme. 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 2018, net of treasury shares, was 67 947 559 shares (2017: 67 247 967), representing an increase of 699 592 shares.

CAPITAL EXPENDITURE

Capital expenditure on tangible assets amounted to R721 million (2017: R696 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 R166 million (2017: R121 million), mainly in respect of the implementation of the new Microsoft Dynamics AX ERP systems.

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

The following changes have been made to the composition of the board and company secretary:

- RB Humphris retired as Group managing director on 31 May 2017 and was replaced by AJ de Lange who was appointed as Group managing director on 1 June 2017
- NJ Crosse retired from the board and as non-executive chairman on 31 May 2017 and was replaced by RB Humphris who was appointed as non-executive chairman of the board on 1 June 2017
- CD Appollis resigned as the Group's company secretary effective 30 November 2017
- A Eaton was appointed as the Group's acting company secretary effective 1 February 2018 until 31 July 2018
- HH Hickey retired from the board and as audit committee chairman effective 30 November 2017
- L de Beer was appointed to the board and as audit committee chairman effective 30 November 2017
- D Naidoo resigned from the board and audit committee effective 30 January 2018
- Dr WT Marais retired from the board effective 12 March 2018
- H Marais (alternate director to WT Marais) retired from the board effective 12 March 2018
- T Mokgosi-Mwantembe was appointed as non-executive director effective 1 June 2018
- M Nana was appointed as company secretary effective 1 July 2018

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 26 to the financial statements.

DIRECTORS' SHAREHOLDING

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

Director	31 March 2018				31 March 2017			
	Total	Direct beneficial	Indirect beneficial	Indirect non-beneficial	Total	Direct beneficial	Indirect beneficial	Indirect non-beneficial
FD Butler	6 500	6 500	–	–	6 500	6 500	–	–
NJ Crosse ¹	–	–	–	–	3 558	–	–	3 558
RB Humphris	1 041 133	988 942	44 575	7 616	1 041 133	988 942	44 575	7 616
Dr WT Marais ²	–	–	–	–	2 605 756	443 116	13 489	2 149 151
R Havenstein	785	785	–	–	785	785	–	–
AJ de Lange ³	2 150	2 150	–	–	–	–	–	–
Total	1 050 568	998 377	44 575	7 616	3 657 732	1 439 343	58 064	2 160 325
HP Marais ⁴	–	–	–	–	1 256 762	844 041	13 489	399 232

¹ Retired on 31 May 2017.

² Retired on 12 March 2018.

³ Appointed on 1 June 2017.

⁴ Alternate to Dr WT Marais and retired on 12 March 2018.

There has been no change in directors' shareholdings between 31 March 2018 and the date of approval of the Group annual financial statements.

SUBSIDIARIES, JOINT VENTURES AND JOINT OPERATIONS

Details of the company's principal subsidiaries, joint ventures and joint operations are set out in the financial statements on note 29. The attributable interest of the holding company in the income earned and losses incurred after taxation by its subsidiaries, is set out in note 2 to the company financial statements.

During the year Group acquired 100% of the shareholding in Umongo Petroleum (Pty) Limited and the assets and liabilities of LDR Precision Technical Field Services CC. Refer to note 23 for more information.

GOING CONCERN

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

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

AUDITORS

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

AUDIT COMMITTEE REPORT



Linda de Beer

Audit committee chairman

The audit committee's primary purpose is to provide financial oversight on behalf of the board in compliance with the statutory duties and responsibilities in terms of the Companies Act, JSE Listings Requirements and the King Code.

INTRODUCTION

Omnia has gone through significant change and expansion in recent times and it is evident that its governance and oversight function, as well as finance and lines of defence capacity, risk, compliance, legal and internal audit needed to be fast-tracked to sufficiently support the growing business. This enhanced regime brings about change and disruption which is not always easy for the business to absorb in addition to the operational management's 'day job' to grow the business. However, there is a high level of commitment and the committee is therefore cautiously optimistic that significant strides will continue to be made in the 2019 financial year.

I was appointed to the board on 30 November 2017 and took over as chairman of the audit committee (the committee), from Hester Hickey. As incoming chairman and on behalf of the committee, I would like to extend my thanks to both Hester Hickey and Daisy Naidoo, as previous members of the committee, for their contribution over their term of office.

AUDIT COMMITTEE RESPONSIBILITIES

The committee has adopted an audit committee charter and is responsible for:

- Performing its statutory duties as prescribed by the Companies Act, with specific reference to the audit quality, auditor independence, financial policies and reporting concerns
- Considering the financial performance, financial position, cash flow and treasury management of the Group on a quarterly basis, including the solvency and liquidity of entities in the Group
- Overseeing, assessing and approving the internal and external audit functions with respect to the appointment, work plans, quality of work executed and matters arising from the work performed
- Reviewing the expertise, resources and experience of the finance function in general and the Group finance director
- In conjunction with the Social, Ethics and Risk Committee (SERC), considering the risk governance framework, policies and processes as they relate to financial reporting, fraud, financial compliance, treasury and information technology as well as, internal financial controls

- Overseeing the governance of information and technology, in its support of the business in executing the business strategy and day-to-day operation of the Group
- Overseeing a combined assurance framework and plan, including the quality of and reporting by assurance services within the Group and external assurance providers in order to ensure the integrity of information for internal and stakeholder decision-making as well as the adequacy and effectiveness of internal controls
- Recommending to the board for approval, the interim and annual financial statements as well as the integrated annual report

The committee and everyone of its member's performance is assessed annually.

The committee confirms that it has discharged its responsibilities as mandated by the board as well as its statutory duties in compliance with the Companies Act and the JSE Listings Requirements, considering best practice in corporate governance, as set by King IV.

CURRENT AND FUTURE FOCUS AREAS

As mentioned before, part of the growth and expansion that have resulted from the implementation of the Group's strategic initiatives, calls on us to reconsider and redesign our governance practices, with specific reference to a fit-for-purpose governance framework across a Group operating in multiple jurisdictions.

The committee provided oversight for the introduction of King IV, specifically in terms of the future roadmap to implement an acceptable level of governance practices that will meet the required outcomes set in every one of the 17 principles in King IV. We do not believe that the work here is complete, as further enhancements and the consolidation of underlying practices would assist in improving and streamlining our governance at all levels within the Group. The committee strongly supports measuring the Group against the four corporate governance outcomes in King IV, namely: ethics culture, sustainable value creation, effective control and trust, stakeholder relations and legitimacy, in order for us to justify our social license to operate.

INTERNAL AUDIT

Deloitte was appointed to perform the internal audit function and role of Chief Audit Executive with effect from 1 September 2017. The decision has reinforced the commitment of the board to ensure strong expertise and technical skills to support the growing complexity of the Group at all levels.

This change is part of a journey we have embarked on to improve the overall control environment within the Group and to ensure the independence of this critical function. Although still at an early stage, the extent of value being added is already evident.

INFORMATION AND TECHNOLOGY GOVERNANCE

Information and technology are critical to the future of the business and while Omnia has driven technology innovation in its product offerings to customers for many years, the Group's back office systems and ERP platform did not get the same level of attention. Information and technology forms an integral part of the Group and is a key element of the future operating model and strategy.

In 2019, the committee will take information and technology governance in the Group to the next level, as it needs to also focus on other important aspects insofar as risk management, service delivery and harnessing opportunities in these areas are concerned.

AUDIT COMMITTEE REPORT (CONTINUED)

KEY AUDIT MATTERS REPORTED BY PWC

LEGAL CLAIM

After the restatement made to the 31 March 2016 results, which was linked to the Group's long-standing pricing dispute with the main supplier of phosphoric acid that was subject to litigation, the committee has continued to monitor the legal developments of this matter.

During the current financial year, the uncertainty that existed at 31 March 2017 was removed when a High Court ruling was received in Omnia's favour that dismissed the supplier's appeal. There were two elements to the dispute as follows:

- For the period November 2015 to November 2016, Omnia paid a lower amount (as ruled by the Competition Tribunal) to the supplier for the supply of phosphoric acid, amounting to R101 million (excluding VAT) which the supplier believed was due and payable. Following the ruling, the supplier no longer has a basis in law to claim the additional amount and therefore the amount previously accounted for as a liability, is no longer owing and reversed back to the Income Statement
- Over a period of time, Omnia overpaid the supplier for the supply of phosphoric acid based on the supplier's incorrect pricing practice. As at 31 March 2018, Omnia had overpaid R303 million (including VAT). In the previous financial year, the 2016 financial results were restated and the amount due to Omnia at 31 March 2016 was reported as a contingent asset of R83 million. However, the ruling, as mentioned before, confirmed this as an amount due to Omnia which should be recognised as a debtor. The assessment of the recoverability of this debtor required a high degree of judgement, taking into account the credit, going concern and recoverability risks. The fair value was assessed as R100 million and this amount was recognised as a receivable and reflected as income in the Income Statement. This, however, does not diminish our claim or the legal process to recover the full value

The committee is satisfied that the fair value, as recognised, adequately addressed the commercial, liquidity and credit risk elements of the recoverability of this debtor, considering the potential prospect of assistance from the supplier shareholder, namely the Industrial Development Corporation, should the company be unable to settle the debt in full. The receivable has a face value of R303 million and Omnia will continue to pursue the full recovery thereof.

RECOVERABILITY OF TRADE AND OTHER RECEIVABLES (WITH REFERENCE TO CREDIT RISK MANAGEMENT)

The committee is concerned about the current level of impairments in the emerging farmers and mining businesses. Attention was given to ensure that the impairments of these debtors adequately addressed the losses incurred as at 31 March 2018. In the 2019 financial year, further attention will be given to improving the internal controls in order to further mitigate this risk.

BUSINESS COMBINATION – UMONGO PETROLEUM

During the year, the transaction to acquire 90% of Umongo Petroleum was closed and the financial results consolidated into the Group from 1 December 2017. This transaction was complex and the deal team worked tirelessly to conclude what we believe will be a value adding addition to Omnia going forward.

The complexity continued from an accounting perspective and the committee spent time considering the accounting treatment of the call option held by Omnia over the remaining 10% minority interest. The Group concluded that this was a cash settled share-based payment and accounted for as an employee benefit by accruing the cost through profit and loss over the period of the option. The Group elected not to recognise the minority interest as the expense is already accounted for as an employee benefit.

Attention was also given to the identification of the intangible assets embedded in the purchase price, the largest being Umongo Petroleum's distribution contracts with Chevron Products (base oils) and Chevron Oronite (additives). The committee is satisfied with the identified intangible assets, their estimated useful lives and the remaining goodwill.

MICROSOFT DYNAMICS AX ERP SYSTEM IMPLEMENTATION


Careful consideration was given by the committee to the timing of the implementation of the Microsoft Dynamics AX ERP system (Dynamics AX) in relation to the timing of the Group's year-end and the controls in place to ensure the accurate take-on of opening balances and future functionality of the new system. The necessary processes are being followed to ensure a successful pre- and post-implementation functioning of the system, including the use of internal resources, as well as various external service and assurance providers.

During the year under review, we undertook the successful implementation of Dynamics AX at three major business units, namely BME South Africa, Protea Chemicals and Protea Mining Chemicals. This brings the total number of entities within the Group operating on the new platform to 15, and typical of any implementation issues arising from a project of this size, were experienced but dealt with timeously. The work identified certain aspects of the system that needed to be enhanced to support the financial accounting for certain specific transaction types. The timing of the annual audit in conjunction with work undertaken by other assurance providers, was opportune insofar that it assisted the committee and management to identify any other areas that required attention. Based on this feedback, management will be focused on implementing the recommendations in the 2019 financial year.

Following the various teams' successful delivery thus far, the Group will continue with the remediation and enhancement phase of the project. In addition, we are now planning the implementation of the remaining large business units over the next 24 months, including the planning for the rollout of Dynamics AX for the two acquisitions which have been completed – namely Oro Agri and Umongo Petroleum.

COMPOSITION AND ATTENDANCE TO MEETINGS

The committee members comprised independent non-executive directors. The chairman of the SERC also attends the meeting by invitation.

 Refer to www.omnia.co.za for detailed qualifications and experience of committee members.

Key members of management, the Chief Audit Executive, Internal Audit and External Audit attend meetings by invitation. The Chairman meets separately with management, the Chief Audit Executive and External Audit prior to each meeting. During the year, closed sessions were also held for committee members only, as well as with management, Internal Audit and External Audit.

AUDIT COMMITTEE REPORT (CONTINUED)

The membership and attendance to committee meetings are reflected below.

	Committee members since	12 May 2017	12 June 2017	19 Sept 2017	13 Nov 2017	5 Feb 2018	Total number of meetings: 5
MEMBER							
Hester Hickey (outgoing chairman)	Retired on 30 Nov 2017	✓	✓	✓	✓	N/A	4/4
Linda de Beer (incoming chairman)	30 Nov 2017	N/A	N/A	N/A	N/A	✓	1/1
Ronald Bowen (Independent non-executive director)	13 April 2017	✓	✓	✓	✓	✓	5/5
Daisy Naidoo (Independent non-executive director)	Resigned on 30 Jan 2018	✓	✓	✓	✓	N/A	4/5
Tina Eboka (Independent non-executive director)	14 Mar 2018	N/A	N/A	N/A	N/A	N/A	0/0
BY INVITATION							
Frank Butler (chairman of SERC)	–	✓	✓	✓	✓	✓	5/5
Wayne Koonin (Group finance director)	–	✓	✓	✓	✓	✓	5/5

✓ – Attended.

N/A – Not a member of committee.

ANNUAL CONFIRMATIONS

ANNUAL FINANCIAL STATEMENTS AND INTEGRATED ANNUAL REPORT

The committee is satisfied that the Group's financial reporting procedures are operating appropriately. The committee reviewed and considered the annual financial statements and the 2018 integrated annual report and has recommended it for approval by the board, subject to final editing.

GOING CONCERN AND SOLVENCY AND LIQUIDITY ASSESSMENT

The committee reviewed the quarterly solvency and liquidity assessments, as required by the Companies Act, and six-monthly going concern assessments, as performed by management before recommending these to the board for approval.

INDEPENDENCE AND RE-APPOINTMENT OF SUITABLE EXTERNAL AUDITOR

The committee considered the performance, audit quality and independence of the External Auditor. We recognised that PwC has been the auditor of Omnia for many years and the committee supports the principle of fresh eyes, as proposed through mandatory audit firm rotation. However, timing of such a decision is of the utmost importance in order to ensure stability and most importantly the reliability of reporting in the interest of investors. Therefore the timing of auditor rotation requires a fine balance that needs to be struck. Despite the committee being cognisant of the tenure of PwC as the Group's auditors, we are also aware of the risk and disruption of changing auditors at a time where the Group is going through significant change and growth. The committee will give the matter of audit firm rotation in-depth consideration in due course, to comply with the 2023 deadline in this regard.

The committee has requested from PwC the information detailed in paragraph 22.15(h) of the Listings Requirements as it is required to do annually for every re-appointment.

In respect of the forthcoming financial year, the committee supports and recommends the reappointment of PricewaterhouseCoopers Inc. (PwC) and Ms Tanya Rae as lead audit partner. Ms Rae was appointed as lead audit partner to Omnia with effect from the 2016 financial year.

The committee has approved a non-audit services policy and has a firm hand in overseeing non-audit services performed by PwC.

EVALUATION OF THE EXPERTISE AND ADEQUACY OF THE GROUP FINANCE DIRECTOR AND THE FINANCE FUNCTION

The committee considered and satisfied itself of the appropriateness of the expertise and adequacy of resources within the Group's finance function and of the Group finance director. However, with the expansion of the Group and growing complexity of the business environment, the committee is of the view that there might be the need for additional finance capacity at a business unit level, which is a matter of priority to be addressed and may impact the overall finance function of the Group. In addition to potential additional finance resources required, there is also a need to focus more carefully on the change management requirements that are typical of such a process in order to improve the overall adoption of the new system.

EFFECTIVENESS OF INTERNAL CONTROLS

The committee is satisfied that the building blocks, especially with the introduction of an outsourced internal audit function, are in place to strengthen the control environment at Omnia. The committee is also satisfied that the internal financial controls are effective in that it identified material errors and other concerns, for correction in order to support the accuracy of financial reporting.

The rapid growth and internationalisation of the Group, however, requires different skill levels by employees, and additional training. Based on a full evaluation of the controls prior to the change in system, various deficiencies in the control environment were identified and we are therefore not completely satisfied yet with adequacy and effectiveness of the control environment. However, this would, to a large extent, be addressed by completing the rollout of the new Dynamics AX ERP system in the rest of the business, and embedding the new controls where it has been rolled out.

The highest priority of the committee for FY2019 is to ensure the further improvement in the control environment at Omnia. An adequate and effective control environment is critical to support the revised strategy of the Group.



Linda de Beer

Audit committee chairman

26 June 2018

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 2018, 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 (IFRS) 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 26 to 82, comprise:

- the Group and company balance sheets as at 31 March 2018
- 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 (ISA). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

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

Independence

We are independent of the Group in accordance with 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



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

Materiality

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMNIA HOLDINGS LIMITED (CONTINUED)

Overall Group materiality	R38 million.
How we determined it	5% of consolidated profit before tax reduced for income of R156 million recognised in the year ended 31 March 2018 relating to prior years following the conclusion of a protracted legal dispute with a supplier (note 7) and increased by R30 million relating to an administrative penalty on a complaint that was referred to the Competition Commission in November 2003 (note 12).
Rationale for the materiality benchmark applied	We chose consolidated profit before tax (normalised for significant non-recurring transactions) 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 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. The Group'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 analytical review scope components considered the financial results of each component against the overall group materiality. We also considered the risk of material misstatement posed by each component in the context of the consolidated financial statements, both individually and in aggregate.

Where the work was performed by component auditors, we as Group auditor determined the level of involvement we needed to have in the audit work at those functions to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole. The Group engagement team visits the significant component teams on a rotational basis and has update calls with the component auditors regularly. In addition, the Group engagement team reviewed the audit work on high risk areas of the significant components. In order to obtain audit evidence in respect of components not part of the full scope audit, 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 judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter

How our audit addressed the key audit matter

Legal claims

This key audit matter relates to the audit of the consolidated financial statements.

The Agriculture RSA segment of the Group has been engaged in a protracted legal dispute with a supplier relating to the pricing of a key raw material in the manufacture of fertilizers. Whilst Omnia had 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. This appeal was dismissed by the full bench of the high court on 6 November 2017. No further legal recourse is available to the supplier (refer to note 7).

The legal process with regards to the price dispute has concluded and the original Competition Tribunal Order as confirmed by the High Court stands.

Management have engaged independent legal counsel on this matter and they concur with management's views on the matter.

At 31 March 2017, the Group disclosed a contingent asset in the financial statements which was management's best estimate of the possible asset expected to be recognised should the Group be successful in this matter. As a consequence of the conclusion of the legal process, the contingent asset (being the excess over the tribunal price which was paid by the Group) disclosed as at 31 March 2017 is no longer contingent and meets the recognition criteria of a financial receivable.

Management's best estimate of the fair value of this receivable as at 31 March 2018 is R100 million. The valuation of financial receivables is not a precise science and the conclusions arrived at in many cases will be somewhat subjective and dependent on the exercise of judgement. There is therefore no indisputable single value and valuations are often expressed as falling within a likely range.

This is a matter of significance to our audit because of the judgements and assumptions required to determine the fair value of the receivable recognised.

In response to this matter, our audit procedures included:

- Holding meetings with the Group's in-house legal counsel to understand their legal views on the matter; and
- Obtaining written legal confirmation of litigious claims and written legal opinion from the Group's external legal counsel to understand the findings of the courts and assess the representations of management and the Group's independent legal counsel.

We made use of our internal legal expertise to interpret the legal opinion received from the Group's external legal counsel and to form an independent assessment of the accounting impact of the dismissal of the suppliers' appeal by the full bench of the High Court. We made use of our actuarial expertise to independently calculate the fair value of the amount recoverable from the supplier. We compared the range of values to management's calculated fair value. No material exceptions were noted.

We also made use of our technical accounting expertise to consider the appropriate accounting for this matter. Based on the evidence obtained, we accepted management's assessment that:

- the dismissal of the appeal by the full bench of the High Court is evidence that the Tribunal Order and High Court order in the Group's favour are definitive and that the legal process with regards to the price dispute has concluded; and
- the fair value of the amount recoverable from the supplier is R100 million.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMNIA HOLDINGS LIMITED (CONTINUED)

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

This key audit matter relates to the audit of the consolidated financial statements.

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 7: Trade and other receivables and note 25: 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 abovementioned 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 ageing emerging farmer receivables and other past due trade receivables; and
- The elevated credit risk applicable to individual emerging farmers and certain trade receivables.

Emerging farmers

To consider whether management's estimation methodology was reasonable, 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;
- Evaluated in particular management's impairment assessment for receivables due from inactive emerging farmers by inspecting payment history, ageing, etc.;
- Inspected viability assessments performed by independent agronomists to consider management's impairment assessments; and
- Assessed the adequacy of insurance by inspecting insurance contracts in place to cover emerging farmer exposures and collateral (in the way of notarial bonds over movable property and cessions over crops) held by the Group over the outstanding debt of emerging farmers.

Trade receivables past due

We also obtained management's impairment assessment for trade receivables past due. To assess management's assessment that no provision was required and the appropriateness of management's assumptions of credit risk and the distinct impairment provision percentage applied against individual trade receivables, we performed the following:

- Tested the ageing of trade receivables using a sample test of invoices and manually recalculating the invoice ageing;
- 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 acknowledgement and planned recovery of outstanding balances;
- Inspected cash settlements received subsequent to year end relating to balances outstanding as at 31 March 2018; and
- 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.

Key audit matter**How our audit addressed the key audit matter****Business combinations – Umongo Petroleum**

This key audit matter relates to the audit of the consolidated financial statements.

During the year, the Group completed the acquisition of Umongo Petroleum (Pty) Limited, as disclosed in note 23. The Group has determined this acquisition to be the acquisition of a business as defined in IFRS 3 *Business Combinations*.

IFRS 3 requires the recognition of identifiable assets, liabilities and contingent consideration liabilities in a business combination at fair value at the date of acquisition, with the excess of the acquisition price over the identified fair values recognised as goodwill.

Independent professional valuers were engaged by the Group to assess the fair value of acquired assets and liabilities and the identification and valuation of intangible assets.

We determined the accounting for this business combination and the related contingent consideration liabilities to be a matter of most significance to the audit due to the magnitude of the recognised assets and liabilities, and due to the significant management judgement that was required in the identification and measurement of identifiable intangible assets, most notably the distribution contracts, and the measurement of the contingent consideration liability. We therefore considered this area to be a matter of most significance to our audit.

We inspected the requirements of the underlying acquisition agreement and made use of our accounting and valuations expertise to evaluate the related inputs, processes and outputs of the transaction. Based on our work performed, we accepted management's conclusion that the transaction qualifies as an acquisition of a business in terms of IFRS 3. We obtained the valuations prepared by the independent valuers engaged by the Group. We assessed the competence, capabilities and objectivity of the valuers by considering the prior experience they have with such valuations and the organisation's reputation in the market. We used our valuation expertise to independently recalculate the fair value of the identifiable intangible assets and to consider the reasonability of the key assumptions in management's valuation including the discount, growth rate and terminal growth rate by cross-checking these assumptions against those of comparable companies using acceptable valuation benchmarking techniques. The reasonability of forecasted cash flows were assessed through the performance of lookback procedures which compared management's budgets to the actual results achieved.

We assessed the Group's determination of the fair value of the recognised intangible assets (customer relationships and distribution contracts) and contingent consideration liability by inspecting the contracts in place with the customers and suppliers and developing our own independent valuation range using acceptable valuation techniques such as the discounted cash flow model. We compared this to management's expert valuation and noted certain differences in respect of customer relationships (relating specifically to the value of Initial Lube-Market). Management updated their valuation for the differences noted. Based on our work performed, the fair values attributable to the intangible assets and the contingent consideration liability were accepted as reasonable.

ERP system implementation

The Group has for the past couple of years been working towards the implementation of a new ERP system (Microsoft Dynamics AX). The ERP was implemented at a number of the Group's significant business units during the current financial year (specifically BME SA, Protea Mining Chemicals SA and Protea Chemicals SA).

We considered this to be a matter of most significance to our audit because the implementation of a new ERP system represents a risk of material misstatement in the consolidated financial statements, due to the risk that the financial data may not be accurately and completely transferred from the old to the new system.

The implementation further leads to a change in several of the Group's controls and processing activities pervasively related to financial reporting. This can, in the implementation phase, increase the risk of material misstatements not being detected by the Group's controls.

We held discussions with management in order to assess the overall risk of material misstatement in the consolidated financial statements due to the implementation, and considered the effect of the implementation on this year's audit plan. To address the assessed risk of material misstatement, we made several changes to the audit plan compared to previous years. The changes were a response to addressing the risk of the transferred financial data between the two systems not being accurate and complete and updating our substantive testing plan to take into consideration the system change.

For each significant business unit within the Group that implemented the new ERP system, we utilised our systems expertise to test the accuracy and completeness of the financial data transferred by agreeing the outgoing balance from the old ERP system to the incoming balance in the new ERP system. We did not note any material exceptions.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OMNIA HOLDINGS LIMITED (CONTINUED)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Group Annual Financial Statements, which includes the directors' report, report of the audit committee and certificate by the Group company secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the integrated annual report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate annual financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Omnia Holdings Limited for 40 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: T Rae

Registered Auditor

Johannesburg

26 June 2018

GROUP BALANCE SHEET

AT 31 MARCH 2018

	Notes	2018 Rm	2017 Rm
ASSETS			
Non-current assets		6 181	5 009
Property, plant and equipment	3	4 588	4 283
Goodwill and intangible assets	4	1 363	614
Investments accounted for using the equity method	5	71	31
Trade and other receivables	7	128	72
Deferred tax assets	10	31	9
Current assets		9 221	7 755
Inventories	6	4 190	3 229
Trade and other receivables	7	3 686	3 096
Derivative financial instruments	25	103	55
Income tax assets		131	73
Cash and cash equivalents	24	1 111	1 302
Total assets		15 402	12 764
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to the owners of Omnia Holdings Limited		7 488	7 545
Stated capital	8	1 597	1 500
Treasury shares	8	(123)	(120)
Other reserves	9	812	1 367
Retained earnings		5 202	4 798
Non-controlling interests		(5)	(3)
Total equity		7 483	7 542
LIABILITIES			
Non-current liabilities		1 924	831
Deferred tax liabilities	10	666	580
Trade payables and other liabilities	12	190	98
Debt	11	1 068	153
Current liabilities		5 995	4 391
Trade payables and other liabilities	12	3 378	3 324
Derivative financial instruments	25	32	8
Debt	11	15	19
Bank overdrafts	24	2 570	1 040
Total liabilities		7 919	5 222
Total equity and liabilities		15 402	12 764

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 Rm	2017 Rm
Revenue	13	17 372	16 269
Cost of sales		(13 462)	(12 802)
Gross profit		3 910	3 467
Distribution expenses		(1 815)	(1 551)
Administrative expenses		(1 233)	(998)
Other operating income	14	461	218
Other operating expenses	14	(213)	(102)
Share of net profit of equity accounted investments	5	46	6
Operating profit	15	1 156	1 040
Net finance expenses	16	(270)	(184)
Profit before income tax		886	856
Income tax expenses	17	(222)	(264)
Profit for the year		664	592
Attributable to:			
Owners of Omnia Holdings Limited		666	593
Non-controlling interests		(2)	(1)
		664	592
Earnings per share from profit attributable to equity holders of Omnia Holdings Limited during the year			
Basic earnings per share (cents)	18	985	885
Diluted earnings per share (cents)	18	927	823

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 Rm	2017 Rm
Profit for the year		664	592
Other comprehensive income, net of tax that will be recycled to the income statement			
Currency translation differences	9	(491)	(425)
Total comprehensive income for the year		173	167
Attributable to:			
Owners of Omnia Holdings Limited		175	168
Non-controlling interests		(2)	(1)
Total comprehensive income for the year		173	167

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Attributable to the owners of Omnia Holdings Limited				Non- controlling interest Rm	Total Rm
	Stated capital Rm	Treasury shares Rm	Other reserves Rm	Retained earnings Rm		
At 31 March 2016	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
Recognised income and expenses for the year						
Profit for the year	–	–	–	666	(2)	664
Currency translation difference	–	–	(491)	–	–	(491)
Transactions with shareholders						
Ordinary shares issued	97	–	(97)	–	–	–
Ordinary dividends paid	–	–	–	(262)	–	(262)
Movement in treasury shares	–	(3)	4	–	–	1
Share-based payment – value of services provided	–	–	29	–	–	29
At 31 March 2018	1 597	(123)	812	5 202	(5)	7 483
Notes	8	8	9			

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 Rm	2017 Rm
Net cash (outflow)/inflow from operating activities		(767)	886
Cash (utilised by)/generated from operations	21	(133)	1 349
Interest paid	16	(335)	(262)
Interest received	16	42	67
Income taxes paid	22	(341)	(268)
Net cash outflow from investing activities		(1 452)	(772)
Purchase of property, plant and equipment	3	(721)	(696)
Proceeds on disposal of property, plant and equipment	3	13	38
Proceeds on disposal of goodwill and intangible assets	4	–	7
Additions to goodwill and intangible assets	4	(166)	(121)
Acquisition of businesses	23	(578)	–
Net cash inflow/(outflow) from financing activities		601	(139)
Movement in treasury shares		(3)	4
Repayment of debt	11	(29)	(43)
Debt raised	11	940	133
Minority shareholder buyout		(45)	–
Dividends paid		(262)	(233)
Net decrease in cash and cash equivalents		(1 618)	(25)
Net cash and cash equivalents at beginning of year		262	310
Exchange rate movements		(103)	(23)
Net cash and cash equivalents at end of year	24	(1 459)	262

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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 Australia, 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 2018 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 ADOPTION OF NEW AND REVISED STANDARDS

Standards, amendments and interpretations effective in 2018.

The following IFRS or IFRIC interpretations are effective for the first time for the financial year beginning on or after 1 April 2017 and have not had a material impact on the Group:

- Amendment to IAS 7 *Cash Flow Statements*
- Amendment to IAS 12 *Income Tax*
- Amendment to IFRS 12 *Disclosure of Interests in Other Entities* – Clarification of the scope of the disclosure requirements in IFRS 12

The following new standards, amendments and interpretations were issued but are not yet effective for the financial year beginning 1 April 2017 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*
- 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 2017 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. The Group's financial assets include trade and other receivables, derivatives and cash and cash equivalents which will be subject to IFRS 9. The expected credit loss model in IFRS 9 will have an impact on trade and other receivables and cash and cash equivalents as they are to be carried at amortised cost. Derivatives are carried at fair value through profit or loss. Financial liabilities are currently carried at amortised cost with no requirements to changes to their recognition or presentation under IFRS 9.

We have evaluated the possible impact of the adoption of IFRS 9 in terms of the expected credit loss model and we do not expect the adoption to have a significant impact on total assets or the results of the Group.

The Group has elected the transitional relief and will make an adjustment to opening retained earnings.

The standard is effective for the Group from the 2019 financial year.

- IFRS 15 *Revenue from Contracts with Customers* replaces the existing standards IAS 11 *Construction Contracts*, IAS 18 *Revenue* and all other revenue-related interpretations and applies to all revenue arising from contracts with customers. The standard creates a five-step model that requires the Group to exercise judgement when considering the terms of customer contract(s) and all relevant facts and circumstances.

The requirements need to be applied consistently to contracts with similar characteristics and in similar circumstances. Under the new standard, the Group will recognise revenue at an amount that reflects the consideration to which it expects to be entitled in exchange for transferring goods or services to a customer. There is a change from transfer of risks and rewards to satisfaction of performance obligations, when the customer has control of the asset or the service is consumed.

The Group performed an assessment to:

- Identify gaps between IFRS 15 and the current application, and to establish implementation efforts
- Analyse the Group's performance obligations to its customers and whether they are distinct and should be seen as separate performance obligations
- Identify when revenue is to be recognised and whether it should be over time, point in time or both
- Understand the types of variable considerations in the Group's current contracts and whether reliable estimates can be made from these

Based on this assessment the Group has identified the following key considerations and findings:

- The duration of the Group's contracts with its customers vary from short- to long-term
- Certain contracts have multiple performance obligations for which revenue is recognised at both a point in time and over time in line with IFRS 15
- The types of variable considerations identified in the Group's contracts includes: rebates, discounts, business discounts for exclusivity of supply, penalties for late deliveries and sub-par services and fluctuations of the published indices for the chemicals used in the products. Management currently estimates the amount of variable consideration to recognise that is not expected to reverse in the future

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL INFORMATION (continued)

1.2 ADOPTION OF NEW AND REVISED STANDARDS (continued)

The following practical expedients will be adopted by the Group:

- Not adjusting the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less
- Recognising the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less
- Non-disclosure of performance obligations not satisfied at year end provided the performance obligation is part of a contract that has an original expected duration of one year or less; and
- Recognising revenue from the satisfaction of performance obligations as a result of having a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date (for example, a service contract in which an entity bills a fixed amount for each hour of service provided)

Any adjustments required to align current accounting practices to IFRS 15 is not expected to be significant to the Group, over the reporting period.

The Group has elected the modified retrospective as the transitional approach to be adopted.

The standard is effective for the Group from the 2019 financial year.

- 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. Refer to note 19 for an indication of the value of right of use assets and corresponding liabilities that may be capitalised under IFRS 16. The Group does not expect the quantum of expenses to change, however, expenses will move from operating leases to depreciation. 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 have assessed as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice. Management have assessed the impact of this on the Group financial statements to be immaterial. The effective date is for annual periods beginning on or after 1 January 2018.
- IFRIC 23 *Uncertainty Over Income Tax Treatments*. This IFRIC addresses the accounting for income taxes when tax treatments involve uncertainty that affect the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. Where a degree of uncertainty exists regarding the tax treatment of certain transactions, it is the Group's approach to apply the most prudent tax treatment in determining the taxable profit/loss of the relevant entities so as to ensure a greater probability that a taxation authority will accept the tax treatment applied. Uncertain tax treatments are generally considered separately and the probability that taxation authorities will accept uncertain tax treatments within the Group is considered and reviewed on an annual basis. The interpretation is effective for annual periods beginning on or after 1 January 2019.

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

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

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

Mining International: This segment relates to the BME and Mining Protea Chemicals businesses 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 this business. The newly acquired Umongo Petroleum is part of this segment. Umongo Petroleum is a supplier of lubricant additives, base oils, process oils and chemicals.

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

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

	Gross revenue Rm	Inter-segmental Rm	Net revenue Rm	Operating profit Rm	Profit before taxation Rm
Year ended 31 March 2018					
Agriculture RSA	5 526	(1 283)	4 243	420	256
Agriculture International	2 509	–	2 509	275	271
Agriculture Trading	1 213	–	1 213	16	9
Total Agriculture	9 248	(1 283)	7 965	711	536
Mining RSA	2 267	(10)	2 257	183	193
Mining International	2 823	–	2 823	204	201
Total Mining	5 090	(10)	5 080	387	394
Chemicals RSA	3 925	(55)	3 870	58	3
Chemicals International	457	–	457	88	85
Total Chemicals	4 382	(55)	4 327	146	88
Head Office and elimination	–	–	–	(88)	(132)
Total	18 720	(1 348)	17 372	1 156	886
	Gross revenue Rm	Inter-segmental Rm	Net revenue Rm	Operating profit Rm	Profit before taxation Rm
Year ended 31 March 2017*					
Agriculture RSA	5 657	(1 214)	4 443	255	105
Agriculture International	2 385	–	2 385	191	165
Agriculture Trading	1 331	–	1 331	(10)	(14)
Total Agriculture	9 373	(1 214)	8 159	436	256
Mining RSA	1 780	(5)	1 775	152	163
Mining International	2 603	–	2 603	302	300
Total Mining	4 383	(5)	4 378	454	463
Chemicals RSA	3 552	(80)	3 472	123	77
Chemicals International	260	–	260	20	7
Total Chemicals	3 812	(80)	3 732	143	84
Head Office and elimination	–	–	–	7	53
Total	17 568	(1 299)	16 269	1 040	856

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

2. SEGMENT INFORMATION (continued)

	Assets Rm	Net working capital Rm	Inventories Rm	Trade and other receivables Rm	Trade and other liabilities Rm
Year ended 31 March 2018					
Agriculture RSA	5 461	1 056	1 442	724	(1 110)
Agriculture International	1 637	791	579	549	(337)
Agriculture Trading	290	163	181	79	(97)
Total Agriculture	7 388	2 010	2 202	1 352	(1 544)
Mining RSA	1 593	503	432	400	(329)
Mining International	1 602	892	502	567	(178)
Total Mining	3 195	1 395	934	967	(507)
Chemicals RSA	3 577	1 036	1 032	1 034	(1 030)
Chemicals International	146	152	22	162	(32)
Total Chemicals	3 723	1 188	1 054	1 196	(1 062)
Head Office and elimination	1 096	(94)	–	171	(265)
Total	15 402	4 498	4 190	3 686	(3 378)

	Assets Rm	Net working capital Rm	Inventories Rm	Trade and other receivables Rm	Trade and other liabilities Rm
Year ended 31 March 2017*					
Agriculture RSA	4 796	518	1 162	739	(1 383)
Agriculture International	1 894	837	433	627	(223)
Agriculture Trading	345	202	140	147	(85)
Total Agriculture	7 035	1 557	1 735	1 513	(1 691)
Mining RSA	1 369	302	343	298	(339)
Mining International	1 332	665	496	470	(301)
Total Mining	2 701	967	839	768	(640)
Chemicals RSA	1 972	519	616	662	(759)
Chemicals International	61	78	39	122	(83)
Total Chemicals	2 033	597	655	784	(842)
Head Office and elimination	995	(120)	–	31	(151)
Total	12 764	3 001	3 229	3 096	(3 324)

* The segment report for the year ended 31 March 2017 was restated to show head office and elimination separately in line with internal reporting.

3. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICIES

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

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

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

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

Depreciation is calculated to write off the cost of property, plant and equipment, including assets under finance leases to their residual value, over their estimated useful lives on a straight-line basis. 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

3. PROPERTY, PLANT AND EQUIPMENT (continued)

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.

	Freehold land and buildings Rm	Plant and machinery Rm	Furniture, equipment and vehicles Rm	Leased assets Rm	Total Rm
At 31 March 2018					
Cost	956	5 238	532	85	6 811
Accumulated depreciation	(191)	(1 638)	(353)	(41)	(2 223)
	765	3 600	179	44	4 588
Year ended 31 March 2018					
Opening net carrying value	711	3 353	171	48	4 283
Additions	90	531	76	1	698
Interest capitalised	3	20	–	–	23
Disposals	–	(19)	(4)	–	(23)
Acquisition of business (refer to note 23.2)	11	1	2	–	14
Effect of foreign currency movement	(16)	(2)	(5)	–	(23)
Depreciation charge	(34)	(284)	(61)	(5)	(384)
Closing net carrying value	765	3 600	179	44	4 588
	Freehold land and buildings Rm	Plant and machinery Rm	Furniture, equipment and vehicles Rm	Leased assets Rm	Total Rm
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 carrying value	620	3 245	158	37	4 060
Additions	112	440	116	17	685
Interest capitalised	4	7	–	–	11
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 carrying value	711	3 353	171	48	4 283
At 1 April 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

Depreciation expense of R206 million (2017: R188 million) has been charged to cost of sales, R147 million (2017: R135 million) to distribution expenses and R31 million (2017: R43 million) to administrative expenses.

The value of capital work-in-progress included in property, plant and equipment amounts to R744 million (2017: R550 million).

	2018	2017
	Rm	Rm
Opening balance at 1 April	550	413
Additions	620	503
Freehold land and buildings	70	84
Plant and machinery	485	372
Furniture, equipment and vehicles	65	47
Interest capitalised	23	11
Transfers to	(449)	(377)
Freehold land and buildings	(81)	(39)
Plant and machinery	(288)	(305)
Furniture, equipment and vehicles	(80)	(33)
Closing balance	744	550

During the year, the Group capitalised borrowing costs amounting to R23 million (2017: R11 million) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of the Group's general borrowings of 8.3% (2017: 8.4%).

The board is of the opinion that the recoverable amount of each class of property, plant and equipment 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 AND INTANGIBLE ASSETS

ACCOUNTING POLICIES

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

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

The estimated useful lives of intangible assets are as follows:

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

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

4. GOODWILL AND INTANGIBLE ASSETS (continued)

ACCOUNTING POLICIES (continued)

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 (CGUs). 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

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of CGUs are determined based on value-in-use calculations. These calculations require the use of estimates.

Annually, at the balance sheet date, an estimate is made of the remaining useful lives of intangible assets. Adjustments are made prospectively to the amortisation charge to reflect any change in the useful lives. Intangible 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.

During the year the Group acquired Umongo Petroleum, refer below for the estimates and judgements made in allocating the purchase price between identified intangible assets and goodwill.

	Goodwill Rm	Trademarks, patents and distribution contracts Rm	Software Rm	Brands Rm	Customer relationships Rm	Total Rm
At 31 March 2018						
Cost	525	712	474	24	22	1 757
Accumulated amortisation	–	(259)	(133)	(1)	(1)	(394)
	525	453	341	23	21	1 363
Year ended 31 March 2018						
Opening net carrying value	333	75	206	–	–	614
Additions	192	407	166	24	22	811
Amortisation charge	–	(29)	(31)	(1)	(1)	(62)
Closing net carrying value	525	453	341	23	21	1 363
At 31 March 2017						
Cost	333	308	309	–	–	950
Accumulated amortisation	–	(233)	(103)	–	–	(336)
	333	75	206	–	–	614
Year ended 31 March 2017						
Opening net carrying value	333	90	120	–	–	543
Additions	–	–	117	–	–	117
Amortisation charge	–	(15)	(31)	–	–	(46)
Closing net carrying value	333	75	206	–	–	614

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

The amortisation expense is included in other operating expenses.

UMONGO PETROLEUM ACQUISITION

During the year the Group acquired 90% of the ordinary shares in Umongo Petroleum (Pty) Limited.

The following identifiable intangible assets was recognised due to the acquisition:

	2018 Rm
Umongo Petroleum brand	23
Orbichem brand	1
Customer relationships	22
Specialities	16
Finished products	6
Distribution contracts	396
Chevron	393
BASF SE	2
Evonik	1
Identified intangible assets (refer to note 23)	442

Valuation of brands

The Umongo Petroleum and Orbichem brands were valued using the income approach. A royalty rate of 0.3% was determined based on average royalty rates of peer companies. The after tax royalty rate was used together with management's estimated sales cash flows, this was then discounted at a risk adjusted rate of 19% (WACC of 17% and 2% premium added) to determine the discounted cash flows over the estimated useful life of 15 years. The sum of the discounted cash flows was recognised as the estimated fair value of the brands.

Valuation of customer relationships

Customer relationships relating to speciality and finished products were valued. The excess earnings method was used to determine the value of customer-based assets and was based on management projections. An after tax projected operating margin was used together with estimated sales cash flows, from which the required rate of return on all assets (tangible and intangible) was deducted. This was discounted at a risk adjusted rate of 19% (WACC of 17% and a 2% premium) to determine the fair value of the customer relationships. These relationships have an estimated useful life of 10 years.

Valuation of distribution contracts

Umongo Petroleum's distribution agreements have been identified and valued separately. The BASF SE and Evonik distribution contracts relate to the supply of additives while the Chevron distribution contracts relate to the supply of oils. The excess earnings method was used to determine the value attributable to the contracts using profit projections prepared by management. These contracts have an estimated useful life of 10 years. Umongo Petroleum has been a distributor for Chevron Oronite since 1998 and the agreement is renewed every five years. Based on the strong relationship with Oronite, Umongo Petroleum was awarded an additional distribution territory with a five-year term with an option to renew. The agreement with Chevron base oils was entered into in October 2016 and has been amended to extend the agreement with another five years, making it a 10-year agreement, this agreement is also being extended into other regions.

An after tax projected operating margin was used together with the estimated sales cash flows, from which the required rate of return on all other assets (tangible and intangible) was deducted. This was discounted at a risk adjusted rate of 18% (WACC of 17% and a 1% premium) to determine the value of the distribution contracts.

Rate of return for the required fixed assets, net working capital, brand and workforce is based on the after tax borrowing rate to finance such assets, i.e. the rate at which fixed asset instalment sales are financed. The required return on working capital was based on the prime rate at the valuation date. The rate of return on the workforce was based on the relative risk compared to goodwill and other assets.

R192 million goodwill was recognised as part of the acquisition (refer to note 23.1).

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

4. GOODWILL AND INTANGIBLE ASSETS (continued)

IMPAIRMENT TESTS FOR GOODWILL

Goodwill is allocated to the Group's CGUs that are identified according to business segments. Goodwill represents the CGU's ability to generate future cash flows, which is a direct result of various factors, including the quality of the workforce acquired, possible future synergies and customer and supplier relationships.

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

Cash-generating units	2018 Rm	2017 Rm
Agriculture segment*		
Omnia Specialities Australia	3	3
Mining segment*	6	6
Chemicals segment		
Protea Chemicals	324	324
Umongo Petroleum	192	–
	525	333

* Immaterial to the Group.

PROTEA CHEMICALS

Key assumptions used for value-in-use calculations

	2018 %	2017 %
Average annual revenue and other income growth	8.7	6.7
Average gross margin percentage	14.1	14.3
Average annual increase in expenses	6.1	5.3
Average annual increase in fixed costs	6.1	5.5
Average pre-tax discount rate	11.9	10.6

Management determined the budgeted gross margin based on past performance and expectations of the market environment. The annual growth rates are determined based on the budget for the forthcoming financial year and in some instances adjusted downwards and extrapolated. The discount rates used are pre-tax and reflect specific risks relating to Protea Chemicals. The recoverable amount of Protea Chemicals is determined based on value-in-use calculations. No impairment charge to goodwill was required based on management's value-in-use calculations.

Effect of changes in assumptions used

The recoverable amount of Protea Chemicals would equal its carrying amount if the key assumptions were to change as follows:

	2018		2017	
	% From	% To	% From	% To
Average annual revenue and other income growth	8.7	2.4	6.7	5.1
Average gross margin percentage	14.1	12.0	14.3	13.2
Average annual increase in expenses	6.1	14.5	5.3	8.7
Average annual increase in fixed costs	6.1	14.5	5.5	8.6
Average pre-tax discount rate	11.9	24.3	10.6	13.0

UMONGO PETROLEUM

Key assumptions used for value-in-use calculations:

	2018 %
Average annual revenue and other income growth	9.7
Average gross margin percentage	10.2
Average annual increase in expenses	9.4
Average annual increase in fixed costs	9.4
Average pre-tax discount rate	11.7

Management determined the budgeted gross margin based on past performance and expectations of the market environment. The annual growth rates are determined based on the budget for the forthcoming financial year and is extrapolated. The discount rates used are pre-tax and reflect specific risks relating to Umongo Petroleum. The recoverable amount of Umongo Petroleum is determined based on value-in-use calculations. No impairment charge to goodwill was required based on management's value-in-use calculations.

Effect of changes in assumptions used

The recoverable amounts of the CGUs would equal its carrying amount if the key assumptions were to change as follows:

	From %	To %
Average annual revenue and other income growth	9.7	5.5
Average gross margin percentage	10.2	6.5
Average annual increase in expenses	9.4	32.1
Average annual increase in fixed costs	9.4	32.1
Average pre-tax discount rate	11.7	17.8

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

ACCOUNTING POLICIES

Nature of investment in joint venture

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

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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

	2018 Rm	2017 Rm
The amounts recognised in the balance sheet are as follows:		
Joint ventures	71	31
	71	31
The amounts recognised in the income statement are as follows:		
Joint ventures	46	6
	46	6
Movement in investment in joint ventures		
At 1 April	31	26
Forex movement	(6)	(1)
Share of profit	46	6
At 31 March	71	31

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

	2018 Rm	2017 Rm
Summarised balance sheet		
Cash and cash equivalents	150	61
Other current assets	92	99
Total current assets	242	160
Liabilities	(28)	(3)
Other current liabilities	(72)	(96)
Total current liabilities	(100)	(99)
Non-current		
Assets	3	2
Liabilities	(3)	(1)
Net assets	142	62
Summarised income statement		
Revenue	538	461
Depreciation expenses	(1)	(1)
Interest expense	1	(2)
Profit from operations	124	17
Income tax expense	(33)	(5)
Profit for the year	91	12
Reconciliation of summarised financial information		
Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture.		
Opening net assets 1 April	62	52
Forex movement	(11)	(2)
Profit for the period	91	12
Closing net assets	142	62
Interest in joint venture @ 50% – carrying value	71	31

6. INVENTORIES

ACCOUNTING POLICY

Inventory is stated at the lower of cost or net realisable value. Dependent on the nature of the inventory, cost is determined on a first-in, first-out (FIFO) 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.

	2018 Rm	2017 Rm
Raw materials	1 167	946
Finished goods	2 894	2 155
Consumables	129	128
	4 190	3 229
Inventory written-down during the current period	59	10
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	830	833

7. TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICIES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less 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 should be 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 debtors' 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 expenses 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

7. TRADE AND OTHER RECEIVABLES (continued)

In the prior year, the Group disclosed a contingent asset of R220 million linked to a dispute with a supplier of raw materials. During the current year the uncertainty surrounding the legal proceedings was eliminated with a High Court ruling in the Group's favour. The total amount due to the Group is R303 million, a receivable of R100 million was recognised during the year, being the fair value of the receivable after considering the performance and liquidity of the counterparty as well as its credit risk. The R100 million was apportioned between cost of sales (R45 million) and other operating income (R55 million) based on the portion of the receivable that related to the current year's over charge. (Refer to note 20).

At 31 March 2018 the receivable balance was assessed for impairment.

The collectability of the Group's emerging farmers loan book was reassessed for impairment following a deterioration in the quality of this ageing book. An estimate was made as to the amounts that will be received by Omnia considering the poor economic environment and the value of the underlying security, where applicable.

Interest is charged on loans to emerging farmers at an 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 within one to three years. The allowance for impairment of receivables, relating to emerging farmers during the year was R43 million (2017: R17 million).

Trade and other receivables are analysed as follows:

	2018 Rm	2017 Rm
Total trade receivables (refer to note 25)	3 384	2 995
Trade receivables	3 276	2 876
Emerging farmers	108	119
Less: allowance for impairment of receivables (refer to note 25)	(342)	(272)
Trade receivables	(299)	(255)
Emerging farmers	(43)	(17)
Net trade receivables	3 042	2 723
Value added tax	283	93
Prepayments	85	142
Receivables from related parties (refer to note 26)	58	9
Insurance	16	48
Interest	-	23
Other receivables	330	130
Total trade and other receivables	3 814	3 168
Less: Non-current portion	(128)	(72)
Trade receivables, emerging farmers and other	(151)	(72)
Allowance for impairment	23	-
Total current receivables	3 686	3 096

Emerging farmers	2018 Rm	2017 Rm
Active	31	80
Inactive	77	39
	108	119

The value of impairment loss, included in the allowance for impairment, recognised during the year is R90 million (2017: R81 million). This impairment loss has been included within administrative expenses in the income statement.

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

	2018 Rm	2017 Rm
Rand	1 676	1 209
US dollar	1 151	1 212
Euro	3	99
Other	212	203
	3 042	2 723

The fair values of trade receivables approximate their book values.

8. STATED CAPITAL

ACCOUNTING POLICIES

Ordinary shares are classified as equity.

Where the company, its share incentive schemes or its subsidiaries purchase the company's equity share capital, the consideration paid, including any attributable transaction costs are treated as treasury shares until the shares are cancelled or 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.

	2018 Rm	2017 Rm
Authorised:		
Stated capital		
75 000 000 (2016: 75 000 000) ordinary shares of no par value		
Issued and fully paid up:		
Stated capital		
68 996 832 (2017: 68 293 352) ordinary shares of no par value	1 597	1 500

The movement in capital is analysed as follows:

	Number of shares '000	Stated capital Rm	Treasury shares		Net total Rm
			Number of shares '000	Capital value Rm	
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
Ordinary shares issued*	704	97	–	–	97
Treasury shares acquired	–	–	(4)	(3)	(3)
Balance at 31 March 2018	68 997	1 597	(1 049)	(123)	1 474

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

9. 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.

	Share-based payment reserve Rm	Foreign currency translation reserve Rm	Other reserves Rm	Total Rm
At 31 March 2016	111	1 655	21	1 787
Share-based payment – value of services provided	2	–	–	2
Increase in foreign currency translation reserve	–	(425)	–	(425)
Gain on treasury shares sold	–	–	3	3
At 31 March 2017	113	1 230	24	1 367
Share-based payment – value of services provided	29	–	–	29
Share-based payment – ordinary shares issued	(97)	–	–	(97)
Increase in foreign currency translation reserve	–	(491)	–	(491)
Gain on treasury shares sold	–	–	4	4
At 31 March 2018	45	739	28	812

10. DEFERRED 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.

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

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

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

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

Deferred taxation is calculated on all temporary differences under the balance sheet method using a principal tax rate of 28% (2017: 28%) or the tax rate applicable to the relevant foreign country.

	2018 Rm	2017 Rm
Deferred tax assets	(31)	(9)
Deferred tax liabilities	666	580
	635	571
Gross movement in the deferred tax assets account:		
Opening balance at beginning of the year	(9)	(8)
Income statement charge (refer to note 17)	(22)	(1)
Closing balance at end of the year	(31)	(9)
Gross movement in the deferred tax liabilities account:		
Opening balance at beginning of the year	580	565
Acquisition of business (refer to note 23)	124	–
Current year charge (refer to note 17)	(38)	17
Prior year charge	–	(2)
Closing balance at end of the year	666	580
The deferred tax balance is attributable to the following items:		
Capital allowances	668	660
Provisions and prepayments	(168)	(93)
Taxation losses	15	4
Intangible assets	120	–
	635	571

11. DEBT

ACCOUNTING POLICIES

Debt is initially recognised 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

11. DEBT (continued)

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.

	2018 Rm	2017 Rm
Secured	1	1
Unsecured	1 082	171
	1 083	172
Portion repayable within one year transferred to current liabilities	(15)	(19)
	1 068	153
Non-current debt is repayable as follows:		
2019	–	9
2020	157	32
2021	207	50
2022	158	56
2023	456	6
Repayable thereafter	90	–
	1 068	153

DETAILS OF DEBT

	Years of redemption	Closing interest rates		2018 Rm	2017 Rm
		2018 %	2017 %		
Secured					
Mortgage bond	2027	8.2	9.8	1	1
Unsecured					
Finance for Sakhile 2, tranche 2	2018	–	11.2	–	11
Finance for Sakhile 2, tranche 3	2020	10.3	10.6	10	14
Finance for computer hardware	2020	7.6	7.6	10	13
Finance for wireless network	2022	8.1	8.5	17	21
Land Bank facility for funding emerging farmers	2022	1.8	–	125	111
Working capital loan	2023	9.3	–	400	–
Finance for Nitrophosphate plant	2022	9.0	–	520	–
Loan from minority shareholder in Advanced Initiating Systems (Pty) Limited		–	–	–	1
				1 083	172
Portion repayable within one year				(15)	(19)
				1 068	153

During the year the following debt was raised:

- Working capital loan – This loan from the MMI Group was drawn on 29 March 2018. This was a pure form of debt to fund working capital. The loan is for a four-year period, with the principal amount payable at the end of four years.
- Finance for Nitrophosphate plant – This loan was obtained for the purposes of financing the construction of Nitrophosphate plant. The loan is for a 6.5-year period and has an 18-month holiday period. Repayment begins in September 2019.

Average monthly payments amounted to R2 million (2017: R4 million).

The fair value of debt equals the carrying amount.

The Group complies with the relevant debt covenants.

Reconciliation of liabilities from financing activities:	2018	2017
	Rm	Rm
At 1 April	172	82
Cash flows	911	90
Repayment	(29)	(43)
New loans	940	133
At 31 March	1 083	172

12. 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. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. If a grant becomes repayable, it should be treated as a change in estimate. Where the original grant related to income, the repayment should be applied first against any related unamortised deferred credit and any excess should be dealt with as an expense. Where the original grant related to an asset, the repayment should be treated as increasing the carrying amount of the asset or reducing the deferred income balance. The cumulative depreciation which would have been charged had the grant not been received should be charged as an expense.

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

12. TRADE PAYABLES AND OTHER LIABILITIES (continued)

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 due to 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.

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 12 years.

- An environmental impact assessment was carried out and an environmental assessment has commenced and an estimated cost to rehabilitate current damage was estimated
- The rehabilitation applies to areas without hard surfaces as these are susceptible to seepage
- A rate per hectare of R18.66 was applied
- A discount rate of 8.5% per annum was used

The Sasolburg site is owned by the Group and is the main manufacturing site of Agriculture RSA, the Group does not anticipate leaving the site in the short- to medium-term. The Sasolburg site is located around other large industries which have a historical environmental footprint, particularly contributing to water and atmospheric pollution, and fall within the Vaal Triangle Airshed Priority Area.

- An environmental impact assessment was carried out and an estimated cost to rehabilitate current damage was estimated
- An estimated cost for ground water rehabilitation was made based on currently available information and management judgement, this will be updated annually as more information and certainty materialises
- Contaminated land-rehabilitation applies to areas without hard surfaces as these are susceptible to seepage, a rate per hectare of R18.66 was applied
- Costs to remove infrastructure are expected to be less than the proceeds on disposal, the dams and sulphate of potash (SOP) plant will require specific and specialised rehabilitation which has been provided for
- A discount rate of 8.5% per annum was used

Refer to note 20 for other sites operated by the Group.

	2018 Rm	2017 Rm
Trade payables	1 967	1 992
Advances from customers	343	476
Accrued expenses	339	285
Goods received not invoiced	252	175
Contingent consideration (refer to note 23.1)	162	–
Bonus accrual	146	196
Leave pay accrual	103	95
Provisions	67	24
Deferred income	33	46
Administration penalty (Competition Commission)	30	–
Employee benefit and share-based payments liabilities	20	60
Amounts due to revenue authorities	14	6
Value added tax	5	13
Other payables	87	54
	3 568	3 422
Less: non-current portion*	(190)	(98)
	3 378	3 324

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

Rehabilitation provision can be analysed as follows:

At 1 April	24	–
Additions	43	24
Utilised during the year	(2)	–
Unwinding of discount	2	–
At 31 March	67	24

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 notes 7 and 11).

The Group concluded a settlement agreement with the Competition Commission in relation to the complaint regarding the supply of fertilizer that was referred by Nutri-Flo CC to the Commission in November 2003. In the agreement, the Group admits that Nitrochem (Pty) Ltd contravened section 4(1)(b) of the Competition Act No. 89 of 1998, as alleged in the Nutri-Flo complaint, and *inter alia*, the Group agrees to pay an administrative penalty of R30 million. This agreement is still subject to confirmation by the Competition Tribunal.

The Group concluded the transaction with the minority shareholder in Advanced Initiating Systems (Pty) Limited and R45 million was paid to the shareholder.

13. 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, co-operatives and wholesalers throughout South Africa, southern and east Africa, Australia and Brazil
- BME produces and sells electronic delay detonators and shocktube initiating systems and bulk emulsion and blended bulk explosives for opencast mining. This division has its own range of boosters and manufactures and sells packaged explosives for underground mining and specialised surface blasting operations in South Africa, Africa and Australia
- Protea Mining Chemicals supplies a high quality broad range of chemicals that are used in various process applications within the mining sector, including the manufacturing of explosives
- Protea Chemicals manufactures and distributes speciality, functional and effect chemicals and polymers throughout South Africa, southern and east Africa while the newly acquired Umongo Petroleum sells lubricant additives, base oils, process oils and chemicals in South Africa and the rest of Africa

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

13. 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

Rendering of services

- BME earns revenue through the rendering 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 and electronic detonators, as well as non-electronic detonators
- 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, on-site management and formulation of specific chemicals to enhance the processing at mine plants
- Protea Chemicals has developed its solutions-based strategy on the back of its integrated commodity, specialty and bulk trading chemicals portfolios. Through providing technically supported products and services from local and Africa wide warehousing, the division achieves on time – in full deliveries to the customers. Through the divisions branded Protea Process™ offering, which includes the management of the supply of chemicals, technical support as well as innovative supply chain solutions, provides customers with added benefits to assist their growth, into their targeted markets. Protea Chemicals works closely with more than 100 internationally recognised suppliers and extends their product offering to its customers throughout the targeted market
- Agriculture Trading has established long-term partnerships with various road and rail transport organisations in Africa, thereby providing logistic services to customers
- Within the Agriculture division Axioteq™ aims to maximise the value of data through its DigiAg™ platform and in the process provide the support for the strengthening of the various service offerings in the Agriculture markets and the development of fully fledged, commercialised solutions, across geographical boundaries. In addition Axioteq™ focuses on creating a platform from which Omnia Nutriology™ can capitalise on opportunities to improve the productivity and efficiency of Omnia's people on farms by assisting in converting knowledge and information to new solutions and value for customers

Revenue from the rendering 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

	2018 Rm	2017 Rm
Sales of products	16 719	15 663
Rendering of services	653	606
	17 372	16 269

14. 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. Non-monetary assets and liabilities denominated in foreign currencies are translated to the ZAR rate of exchange ruling on the later of acquisition or revaluation dates. Gains or losses on translation are credited or charged against profit or loss.

	2018 Rm	2017 Rm
Income		
Net forex gains on derivatives	200	46
Reversal of liabilities*	141	–
Recreation of debtor (refer to note 20)	55	–
Insurance claims	12	107
Profit on disposal of goodwill and intangible assets	–	7
Other	53	58
	461	218
Expenses		
Net forex loss on revaluation of assets and liabilities	(98)	–
Amortisation of intangible assets (refer to note 4)	(62)	(46)
Loss on disposal of property, plant and equipment/intangible assets	(10)	(17)
Impairment of property, plant and equipment	–	(15)
Environmental provision	(43)	(24)
	(213)	(102)

* Includes R101 million relating to the Group's main phosphoric acid supplier as described in note 20.

15. OPERATING PROFIT

ACCOUNTING POLICIES

The Group operates defined contribution plans, the assets of which are held in separate trustee administered funds. The pension plans are funded by payments from employees and by the Group companies, taking into account the 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.

Research and development costs are charged to the income statement. Development costs are capitalised only after technical and commercial feasibility of the asset for sale or use have been established.

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

15. OPERATING PROFIT (continued)

	2018 Rm	2017 Rm
Operating profit is stated after charging:		
Auditors' remuneration	27	21
– Fees for audit	25	19
– Other services	2	2
Depreciation (refer to note 2)	384	366
Buildings and improvements to leasehold properties	34	33
Plant and machinery		
– Owned	284	268
– Leased	1	1
Furniture, vehicles and equipment		
– Owned	61	60
– Leased	4	4
Rentals under operating leases	146	125
– Land and buildings	117	100
– Furniture, equipment and vehicles	15	16
– Plant and machinery	14	9
Research and development expenditure	18	14
Staff costs	1 780	1 470
– Wages and salaries including cash incentives	1 654	1 395
– Provident fund costs – defined contribution plans	60	55
– Equity settled share-based payment expense	29	3
– Cash-settled LTIP expense	9	2
– Employee services cost linked to business combination	20	–
– Cash-settled share appreciation rights expense	–	10
– Social security costs	8	5
Staff costs have been charged to:	1 780	1 470
– Distribution expenses	854	667
– Administrative expenses	520	445
– Cost of sales	406	358
Administration penalty (Competition Commission) (refer to note 12)	30	–
Provision for doubtful debts (refer to notes 7 and 25)	90	81
Refer to note 26 for directors' remuneration		

16. NET FINANCE EXPENSES

	2018 Rm	2017 Rm
Interest paid		
Short-term debt	289	254
Long-term debt	19	8
Interest paid on acquisition prices	27	–
	335	262
Interest capitalised (refer to note 2)	(23)	(11)
	312	251
Interest received	(42)	(67)
	270	184

17. 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 company on dividends paid to its shareholders (who do not qualify for an exemption from dividends tax) and payable at the reporting date to the relevant tax authority is included in trade and other payables in the balance sheet.

	2018 Rm	2017 Rm
South African normal taxation		
– Current year	133	137
– Prior year	–	5
Foreign taxation		
– Current year	149	104
– Prior year	–	3
Total normal tax	282	249
Deferred taxation		
– Current year	(60)	17
– Prior year	–	(2)
Total deferred tax (refer to note 10)	(60)	15
Taxation for the year	222	264
Tax rate reconciliation:		
The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:		
Profit before taxation	886	856
Tax calculated at 28% (2017: 28%)	248	240
Adjusted for:		
Non-deductible expenses	53	31
Assessable losses not accounted for as deferred tax asset	6	18
Annual finalisation adjustment	(33)	6
Different tax rates in countries in which the Group operates	(36)	(16)
Assessable losses utilised	(2)	(13)
Exempt income	–	(5)
Special allowances	(8)	(2)
Other	(6)	5
Tax charge	222	264

The weighted average applicable tax rate 25.1% 30.8%

Included in exempt income is dti rebates and carbon credit income allowances under S12I and S12H learnerships. Non-deductible expenses comprise of share-based payments, legal fees, consultation fees, trademarks, fines and amortisation of intangible assets.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

18. 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 Omnia Holdings Ltd 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 below is compared with the number of shares that would have been issued assuming the exercise of the share options.

Basic earnings	2018	2017
Profit attributable to the owners of Omnia Holdings Limited (Rm)	666	593
Divided by the weighted number of shares in issue: ('000) (excluding treasury shares)	67 607	66 997
Basic earnings per share (cents)	985	885

Headline earnings	2018		2017	
	Gross pre-tax Rm	Net Rm	Gross pre-tax Rm	Net Rm
Profit attributable to the owners of Omnia Holdings Limited		666		593
Adjusted for:				
Loss on disposal/impairment of property, plant and equipment	10	7	32	23
Profit on disposal of goodwill and intangible assets	–	–	(7)	(7)
Insurance proceeds for replacement of property, plant and equipment	(4)	(3)	(26)	(19)
Headline earnings		670		590
Divided by the weighted number of shares in issue: ('000) (excluding treasury shares)		67 607		66 997
Headline earnings per share (cents)		991		881

Diluted earnings	2018	2017
Weighted average number of ordinary shares in issue ('000)	67 607	66 997
Adjusted for:		
Share options in respect of the Share Incentive Scheme ('000)	–	31
Shares in respect of Sakhile 1 ('000)	2 917	3 066
Shares in respect of Sakhile 2 ('000)	587	1 245
Shares in respect of Long-Term Incentive Plan ('000)	737	737
Diluted weighted average number of ordinary shares ('000)	71 848	72 076
Diluted earnings per share (cents)	927	823
Diluted headline earnings per share (cents)	933	819
Dividends per share		
Final dividend per share declared and paid during the year (cents) in respect of the prior year	180	180
Interim dividend declared and paid in respect of the current year (cents)	200	160

19. COMMITMENTS

	2018 Rm	2017 Rm
Capital commitments – intangible assets and property, plant and equipment		
Capital expenditure approved by the board but not contracted for	409	301
Capital expenditure approved and contracted for but no delivery has taken place	403	190
	812	491
Funds to meet these commitments will be provided from cash flow from operations and existing general borrowing facilities. Except for the Nitrophosphate plant where specific debt has been raised. (Refer to note 11)		
Operating lease commitments		
The future minimum lease payments under non-cancellable operating leases are as follows:		
Not later than one year	105	59
Later than one year and not later than five years	164	92
Later than five years	3	10
	272	161

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 15.

20. CONTINGENT ASSETS AND LIABILITIES

ACCOUNTING POLICIES

A contingent liability is a possible obligation that arises from past events and its existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of the outflow is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

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

Contingent assets and liabilities are not recognised.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Supplier litigation

At 31 March 2017, the Group had a dispute with a supplier in terms of the price of the supply of raw materials. In 2010, the Commission Tribunal ruled that the supplier had been overcharging customers and set a rate at which customers should be charged in the future. During the 2015 financial year, the supplier increased its prices above the agreed rate despite a High Court ruling confirming the Tribunal's decisions. In March 2016, the supplier was granted leave to appeal by the High Court which took place in August 2017. 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 was not considered virtually certain due to the pending appeal and accordingly was not recognised at 31 March 2017.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

20. CONTINGENT ASSETS AND LIABILITIES (continued)

Subsequently, the appeal failed and the court process has now ended. In terms of the accounting treatment, the two elements that are dealt with in the current year results are as follows:

- A balance sheet liability reversal of R101 million (excluding VAT) – This amount relates to the shortfall in payment by the Group to the supplier in terms of the court order for the period November 2015 to October 2016. As a result of the outcome of the appeal, the Group no longer has a constructive obligation to pay the supplier this amount and accordingly, the liability is reversed
- Receivable recognition of R100 million (excluding VAT) – This amount relates to the overpayment by the Group to the supplier for the period August 2014 to November 2015 and October 2016 to March 2018 during which time the court ruling was suspended. In order for the Group to receive phosphoric acid delivery during this period, the supplier insisted on being paid at the higher price. As the court process has ended, the supplier owes the Group. The debtor was recognised at fair value during the current year. (Refer to note 14)

All legal costs incurred in respect of this litigation have been expensed.

Legal proceedings

The Group is currently involved in various legal proceedings and is in consultation with its legal counsel, assessing the potential outcome of these proceedings on an ongoing basis. As proceedings progress, management makes provision in respect of legal proceedings where appropriate. Litigations, current or pending, are not likely to have a material adverse effect on the Group.

Guarantees

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

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.

Refer to note 12 for environmental provisions raised.

21. CASH GENERATED FROM OPERATIONS

	2018 Rm	2017 Rm
Profit before taxation	886	856
Adjusted for:		
Forex impact in income statement	(103)	(232)
Movement in derivative financial instruments	(24)	(162)
(Increase)/decrease in inventory	(800)	516
(Increase) in trade and other receivables	(503)	(135)
(Decrease) in trade and other payables	(345)	(170)
Depreciation	384	366
Amortisation	62	46
Net finance costs	270	184
Loss on disposal of property, plant and equipment	10	23
Profit on disposal of goodwill, intangible and other assets	–	(7)
Share-based payment expense	29	2
Environmental provision	43	24
Share of profit from joint venture	(46)	6
Impairment of property, plant and equipment	–	15
Other	4	17
	(133)	1 349

22. INCOME TAXES PAID

	2018 Rm	2017 Rm
Income tax asset at beginning of year	67	44
Charged to the income statement	(222)	(264)
Foreign currency movement	(9)	4
Movement in deferred taxation	64	15
Deferred tax raised on intangibles acquired through a business combination (refer to note 23)	(124)	–
Income tax asset at end of year	(117)	(67)
	(341)	(268)

23. ACQUISITION OF BUSINESS

UMONGO PETROLEUM

During the year Omnia Group (Pty) Limited, a subsidiary of Omnia Holdings Limited, acquired 90% of the ordinary shares in Umongo Petroleum (Pty) Limited (Umongo Petroleum). The remaining 10% of Umongo Petroleum will continue to be held by Autumn Storm Investments 294 (Pty) Limited (Autumn Storm), an entity which the current Chief Executive Officer (CEO) of Umongo Petroleum is a shareholder. Orbichem (Pty) Limited is a 100% wholly-owned subsidiary of Umongo Petroleum which was also acquired on acquisition of Umongo Petroleum. Omnia has a call option for the remaining 10% of the ordinary shares held by Autumn Storm in Umongo Petroleum, simultaneously Omnia granted to Autumn Storm a put option over the 10% ordinary shares. The put and pull option are accounted for as a single instrument as the value of the instruments are directly linked to the employment of the current CEO at Umongo Petroleum, this is accounted for as a cash-settled share-based payment and at initial recognition the value of the put option liability is recognised at present value of the expected payments required to settle the obligation resulting from the current CEO of Umongo Petroleum's service and reassessed at each reporting date. The change in the present value of the liability is recognised in profit and loss as a current service cost with corresponding credit in liability.

The consideration payable by Omnia in respect of the acquisition includes retention amounts payable to Autumn Storm and Lubricant Additives Solutions and Technology Limited (Lubricant). Included in the consideration payable is an earn out amount to be paid to Autumn and Lubricant over a three-year period and is contingent on Umongo Petroleum achieving various milestones set out in the agreement.

The contingent consideration of R162 million recognised on acquisition includes the following: retention of R14 million, additional Autumn storm retention of R2 million, initial competition retention of R24 million and an earn out of R122 million. The retention amounts are fixed amounts and can only be reduced by items warranted by the sellers. The earn out amount can range between Rnil million and R122 million based on the milestones. This earn out has been recognised at the maximum amount as the Group expects to pay the full earn out at the end of the three-year period. All contingent consideration is payable including interest.

Non-controlling interest has not been recognised as the remaining 10% held by Autumn Storm is controlled by the current CEO of Umongo Petroleum. He is required to remain in the employment of Umongo Petroleum until 2022 in order to receive the full value for the 10% shareholding when Omnia exercises the call option. The value of the 10% shareholding is recognised as a cash settled share-based payment through the income statement over 51 months (December 2017 to February 2022). Therefore, the Group has effectively bought 100% of Umongo Petroleum. A charge of R6 million is included in administrative expenses.

Transaction-related costs incurred have been recognised under administrative expenses in the income statement for an amount of R17 million (2017: R2 million).

The closing date and the effective accounting date was 1 December 2017.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

23. ACQUISITION OF BUSINESS (continued)

23.1 Goodwill was recognised as a result of the acquisition as follows:	2018 Rm
Initial payment (including interest)	621
Add: payment advance	21
Less: interest	(25)
Add: Contingent consideration (refer to note 12)	162
Retention	14
Additional Autumn Storm retention	2
Initial Competition Commission retention	24
Earn out amount	122
Fair value of consideration transferred	779
Fair value of identifiable net assets (refer to note 23.2)	(269)
Excess paid above net tangible assets	510
Identified intangible assets (refer to note 4)	(442)
Excess paid above net tangible and identified intangible assets	68
Estimated deferred tax on intangible assets	124
Goodwill	192

Goodwill is made up of synergies from consolidating Umongo Petroleum within the Group and the workforce acquired that does not qualify for separate recognition.

23.2 The major classes of assets and liabilities assumed at the acquisition date are:	2018 Rm
Property, plant and equipment (refer to note 3)	14
Inventories	294
Cash and cash equivalents	30
Trade and other receivables	295
Trade and other payables	(362)
Taxation payable	(2)
	269
23.3 Purchase consideration – cash outflow	
Fair value of consideration transferred	779
Contingent consideration	(162)
Amount due	(21)
	596
Cash and cash equivalents acquired	(30)
Cash outflow on acquisition	566

AXIOTEQ

During the year Omnia Group (Pty) Limited, a subsidiary of Omnia Holdings Ltd, acquired the net assets and liabilities of LDR Precision Technical Field Services CC (LDR) for a purchase price of R12 million, excluding bonuses and retainers. This new business has been named Axioteq. The closing date and effective accounting date of the transaction was 1 August 2017.

LDR is a precision farming specialist that offers a worldwide range of high quality technical, retail, technology and aerial services to the agricultural market.

A consulting agreement has been entered into between the sellers and Omnia, where the sellers will provide services to Axioteq. These contractors are remunerated by way of a retainer (total sum of R1 million per annum) and annual bonuses (maximum amount payable of R20 million over the three years). The bonuses payable are contingent on the sellers remaining in the employment of Omnia. To this end they will be treated as remuneration in terms of IAS 19, and expensed through the income statement earnings on an annual basis.

For segment reporting the operating results will form part of the Agriculture RSA division.

The purchase price was allocated as follows:	2018 Rm
Purchase price consideration	11
Identifiable tangible assets*	(1)
Identifiable intangible assets – supplier relationships (refer to note 3)	(10)
Goodwill	–

* Immaterial to the Group.

Value of supplier relationships

The supplier relationships relate to a contract with CNH Industrial (CNHI) who are global leaders in the capital goods sector, which designs, produces and sells agricultural equipment. LDR had an existing business relationship with CNHI as their main supplier and one of the suspensive conditions of the agreement is for Omnia to conclude a contract with CNHI on terms and conditions acceptable to Omnia.

These relationships were valued using the excess earnings method and based on management's projections.

24. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Cash and cash equivalents include cash on hand, deposit on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities on the balance sheet. The cash and cash equivalents can be converted to cash without a change in value.

	2018 Rm	2017 Rm
Bank balances and cash	1 111	1 302
Bank overdrafts	(2 570)	(1 040)
	(1 459)	262
The average effective interest rate on bank overdrafts was 8.3% (2017: 8.4%)		
The carrying amount of the Group's bank overdrafts are denominated in the following currencies:		
Rand	(2 508)	(716)
US dollar	(14)	(118)
Other currencies	(48)	(206)
	(2 570)	(1 040)

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

25. FINANCIAL RISK MANAGEMENT

ACCOUNTING POLICIES

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

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the board. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's divisions.

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 income 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 income 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.

FINANCIAL INSTRUMENTS BY CATEGORY

31 March 2018	Loans and receivables Rm	Assets at fair value through profit and loss Rm	Total Rm
Assets			
Derivative financial instruments	–	103	103
Trade and other receivables excluding prepayments and VAT	3 446	–	3 446
Total	3 446	103	3 549

	Liabilities at fair value through profit and loss Rm	Other financial liabilities at amortised cost Rm	Total Rm
Liabilities			
Employee benefit and share-based payment liabilities	20	–	20
Debt	–	3 653	3 653
Derivative financial instruments	32	–	32
Trade and other payables excluding non-financial liabilities	–	3 568	3 568
Total	52	7 221	7 273

	Loans and receivables Rm	Assets at fair value through profit and loss Rm	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 Rm	Other financial liabilities at amortised cost Rm	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

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 has no significant concentration of credit risk, due to its wide spread of customers. Where the credit risk is perceived to be higher than the Group's 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.

The creation and release of allowances for impaired receivables has been included in administrative expenses in the income statement. Amounts charged to the allowance 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

25. FINANCIAL RISK MANAGEMENT (continued)

EXPOSURE TO CREDIT RISK

The Group is exposed to credit risk on trade and other receivables and receivables from emerging farmers.

The ageing at the reporting date was:	2018		2017	
	Gross Rm	Impairment Rm	Gross Rm	Impairment Rm
Fully performing	1 859	–	1 626	–
Past due 31 – 60 days	430	–	434	–
Past due 61 – 90 days	181	–	121	–
Past due 91 – 120 days	129	–	124	–
More than 120 days	371	–	299	–
Fully performing emerging farmers	39	–	48	–
Past due 31 – 60 days and impaired	4	(4)	4	(4)
Past due 61 – 90 days and impaired	9	(9)	2	(2)
Past due 91 – 120 days and impaired	2	(2)	5	(5)
More than 120 days and impaired	291	(284)	261	(244)
Non-performing emerging farmers	69	(43)	71	(17)
	3 384	(342)	2 995	(272)

Receivables from emerging farmers represent loans granted by the Agriculture division to developing small scale commercial farmers. These loans incur interest at 5% (2017: 5%) 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 1.8%. The Land Bank needs to pre-approve all loans and shares in a portion of the credit risk. Refer to notes 7 and 11 for further details.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:	2018	2017
	Rm	Rm
At 1 April	(272)	(191)
Increase in allowance for impairment	(114)	(99)
Receivables written off during the year as uncollectable	11	–
Unused amounts reversed	13	2
Foreign currency movement	20	16
At 31 March	(342)	(272)
Past due unimpaired		
Gross	1 111	978
– Insurance cover	(193)	(186)
– Recoverable	(918)	(792)
	–	–
Past due and impaired		
Gross	375	343
– Security	(6)	(6)
– Insurance cover	(22)	(49)
– Recoverable	(5)	(16)
– Impairment	(342)	(272)
	–	–

LIQUIDITY RISK

Liquidity risk is the risk that Omnia is unable to secure the right quantity of funds at the right time and in the right place resulting in the loss of shareholder value. This is supported by cash management which is the art of having the correct amount of funds in the appropriate form at the right time at the most optimal cost.

Borrowing facilities are managed centrally. Cash flow forecasting for all local and international entities are prepared monthly on a rolling three-month basis. These are invested in suitable instruments to protect the underlying value of the cash and exchange rate implications. Other foreign cash surpluses are repatriated on an ongoing basis, unless country liquidity shortages exist in which case funds are invested in suitable instruments.

The Group has a balanced portfolio of borrowing arrangements and unsecured facilities which is diversified between banks and institutional investors with tenors of between 6.5 years. Working capital is funded by a combination of committed 364-day general banking facilities and long-term working capital facilities of three to five years. Project funding is provided for the term of 6.5 years.

EXPOSURE TO LIQUIDITY RISK

	Less than one year Rm	Between one and two years Rm	Between two and five years Rm	Over five years Rm	Discounting effect Rm	Total Rm
At 31 March 2018						
Cash and cash equivalents	1 111	–	–	–	–	1 111
Trade receivables	3 586	141	–	–	(41)	3 686
Emerging farmers	31	36	46	–	(5)	108
Debt	(76)	(154)	(1 125)	(263)	535	(1 083)
Forward exchange contracts	(70)	–	–	–	–	(70)
Bank overdraft	(2 570)	–	–	–	–	(2 570)
Trade and other payables	(3 378)	(74)	(69)	(63)	16	(3 568)
Net liquidity position*	(1 366)	(51)	(1 148)	(326)	546	(2 386)

* Additional long-term debt of R550 million and long-term working capital of R800 million were drawn after year-end to cover the liquidity exposure.

At 31 March 2017						
Cash and cash equivalents	1 302	–	–	–	–	1 302
Trade receivables	3 007	–	–	–	–	3 007
Emerging farmers	49	48	22	–	–	119
Forward exchange contracts	107	–	–	–	–	107
Debt	(26)	(36)	(111)	–	–	(173)
Bank overdraft	(1 040)	–	–	–	–	(1 040)
Trade and other payables	(3 373)	(14)	(5)	–	–	(3 392)
Net liquidity position	26	(2)	(94)	–	–	(70)

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

25. FINANCIAL RISK MANAGEMENT (continued)

FAIR VALUE MEASUREMENT

The following items are carried at fair value in terms of IAS 39:

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
At 31 March 2018				
Financial assets/(liabilities) at fair value through profit or loss				
Net trading derivatives	–	71	–	71
Total	–	71	–	71
At 31 March 2017				
Financial assets/(liabilities) at fair value through profit or loss				
Net trading derivatives	–	47	–	47
Total	–	47	–	47

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.

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

Foreign exchange risk is the risk of loss of shareholder value due to adverse fluctuations in the rate of exchange which causes a reduction in the profitability or cash flow of the Group. The nature of Omnia's business model is such that it attracts foreign exchange risk as a result of ownership of foreign based subsidiaries whose operating and functional currencies are not South African rand (rand), Omnia's main trading assets are predominantly sold in rand but are priced sourced and traded internationally in currencies other than rand, and Omnia is required to report its financial statements in rand.

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

The Group differentiates between transactional and economic foreign exchange risk which are actively managed on a portfolio basis. The consolidated net portfolio value of the transactional risk resulting from the local business operations is up to US\$65 million at any point of time. The economic foreign exchange risk is dynamically managed with specific strategies to address the risks in the Group's inventory. These strategies may have cumulative inventory at risk up to US\$140 million at any point of time. Sufficient facilities exist with the banks to effect these hedging strategies. The Group does not apply hedge accounting in terms of IFRS.

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

Rm income/(expense)	2018 Change		2017 Change	
	-10%	+10%	-10%	+10%
Items denominated in US dollar				
Net trade receivables	(115)	115	(121)	121
Trade payables	107	(107)	103	(103)
Cash and cash equivalents	1	(1)	12	(12)
Total movement through the income statement	(6)	6	(6)	6
Foreign currency translation reserve*	(81)	81	(137)	137
Total movement through equity	(81)	81	(137)	137
Derivatives – through the income statement	165	(165)	47	(47)

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

INTEREST RATE RISK

The Group's income and 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 (2017: 100 basis points) in the average interest rates for the reporting period would have decreased profit or loss by R37 million (2017: increased by 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 to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group monitors capital on the basis of the gearing ratio.

The Group has specific counterparty financial covenants in place with various financial institutions to govern its debt. The gearing ratios at 31 March were as follows:

	2018 Rm	2017 Rm
Net debt	2 542	(90)
Equity	7 483	7 542
Gearing ratio (%)	34	(1)

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

26. RELATED PARTY TRANSACTIONS

	2018 Rm	2017 Rm
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.		
Sales of goods		
Acol Chemicals – joint venture	43	28
Interest received		
Richards Bay Ammonia Partnership – joint operation	2	2
Trade receivables		
Acol Chemicals – joint venture	11	4
Richards Bay Ammonia Partnership – joint operation	47	5

Directors' shareholding

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

Directors' remuneration

Name	Fees R'000	Salary/ remuneration R'000	Bonus accrual [^] R'000	Retirement funding R'000	Medical aid R'000	Car allowances R'000	Other [#] R'000	Total 2018 R'000	Total 2017 R'000
Executive									
RB Humphris ¹	–	630	–	51	9	38	2 875	3 603	11 791
A de Lange ²	–	2 606	5 000	234	61	290	757	8 948	5 739
WG Koonin	–	4 956	4 700	–	67	216	–	9 939	7 974
Non-executive									
NA Binedell	430	–	–	–	–	–	–	430	126
RC Bowen	591	–	–	–	–	–	–	591	404
FD Butler	624	–	–	–	–	–	–	624	631
NJ Crosse ³	492	–	–	–	–	–	–	492	2 949
L de Beer ⁴	251	–	–	–	–	–	–	251	–
TNM Eboka	389	–	–	–	–	–	–	389	323
R Havenstein	634	–	–	–	–	–	–	634	527
HH Hickey	521	–	–	–	–	–	–	521	515
RB Humphris	2 458	–	–	–	–	–	–	2 458	–
Prof SS Loubser	–	–	–	–	–	–	–	–	293
HP Marais	–	–	–	–	–	–	–	–	19
Dr WT Marais	304	–	–	–	–	–	–	304	385
SW Mncwango	314	–	–	–	–	–	–	314	362
D Naidoo ⁵	503	–	–	–	–	–	–	503	563
Total	7 511	8 192	9 700	285	137	544	3 632	30 001	32 601

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

¹ Retired as executive director with effect from 31 May 2017 and appointed as non-executive chairman from 1 June 2017.

² Appointed as Group managing director from 1 June 2017.

³ Retired as non-executive chairman from 31 May 2017.

⁴ Appointed as non-executive director from 30 November 2017.

⁵ Resigned as non-executive director from 30 January 2018.

[^] The annual bonus accrued in March 2018 was paid out in April 2018.

[#] Share options and share appreciation rights exercised as well as leave pay, long service awards and bursaries.

Long-term Share Incentive Plan

AJ de Lange

45 000 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.

Prescribed officers' remuneration

Name	Salary/ remuneration R'000	Bonus accrual [^] R'000	Retirement funding R'000	Medical aid R'000	Car allowances R'000	Other [#] R'000	Total 2018 R'000	Total 2017 ^{^^} R'000
CD Appollis ¹	1 098	–	96	19	112	6 656	7 981	n/a
J de Villiers	1 398	2 600	132	67	326	212	4 735	n/a
M Kearns	1 672	1 600	150	–	251	517	4 190	3 821
J Keenan	6 186	3 300	–	29	–	–	9 515	9 289
K Ramoupi	2 039	1 276	183	33	247	17	3 795	n/a
A Teeruth	1 474	1 800	132	9	217	5 980	9 612	n/a
J Vermaak	1 877	4 920	169	68	256	1 097	8 387	6 063
Total	15 744	15 496	862	225	1 409	14 479	48 215	19 173

[^] The annual bonus accrued in March 2018 was paid out in April 2018.

^{^^} The structure of executive management changed in FY2018 and those employees are now prescribed officers from FY2018.

[#] Share options and share appreciation rights exercised as well as leave pay, long service awards and bursaries.

¹ Resigned 30 November 2017.

Long-term Share Incentive Plan

J de Villiers	22 000	allocated trust units
M Kearns	20 000	allocated trust units
J Keenan	21 000	allocated trust units
K Ramoupi	7 013	allocated trust units
A Teeruth	17 150	allocated trust units
J Vermaak	28 000	allocated trust units

These unit trusts will only be transferred after the end of the five-year period, which is March 2019, dependent on the achievement of targets.

Sakhile 2

K Ramoupi	1 528	shares in Sakhile 2 allocated
A Teeruth	260	shares in Sakhile 2 allocated

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

27. 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.

During the current year all share options and share appreciation rights were exercised and settled.

LONG-TERM SHARE INCENTIVE PLAN – EQUITY-SETTLED AND CASH-SETTLED

The Long-term Share Incentive Plan is a conditional performance-based share plan in that at the commencement of the plan, qualifying employees are awarded allocated trust units (each allocated trust unit is the equivalent of one Omnia 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.

The share-based payment charge associated with the Long-term Share Incentive Plan amounted to an expense of R35 million (2017: income of R2 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.

In an attempt to provide some guidance and on the assumption that Omnia's share price on 1 April 2019 is R155.65, then approximately 2.9 million Omnia Holdings Limited shares will be issued to ordinary shareholders of Sakhile 1 in three equal tranches of 1 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 R5 million (2017: R5 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.

Tranche 1 settled during the year and 703 480 shares were issued to participants at market value.

In an attempt to provide some guidance, based on the assumption that the Omnia Holdings Limited share price at the exercise date of the various tranches would be at an average of R159.91, then approximately 652 347 Omnia Holdings shares would be issued to participants of Tranche 2 and Tranche 3 during FY2019 to FY2024.

28. POST-BALANCE SHEET EVENTS

ACQUISITION OF ORO AGRIS

On 1 March 2018 the Group announced that Omnia, through its wholly-owned subsidiaries K2017443268 (South Africa) (Pty) Limited (NewCo1) and K2017448055 (South Africa) (Pty) Limited (NewCo2), has entered into two separate sale of shares agreements to acquire 100% of the ordinary shares of Oro Agri SEZC Limited (Oro Agri SEZC) and Oro Agri SA (Pty) Limited (Oro Agri SA) for an aggregate maximum consideration of US\$100 million.

NewCo2 has entered into a sale of shares agreement with Oro Agri SEZC to acquire 100% of the ordinary shares of Oro Agri SEZC for a total acquisition consideration of US\$96 million and NewCo1 has entered into a sale of shares agreement to acquire 52.08% of the ordinary shares of Oro Agri SA from Mr MD Pullen (D Pullen) for a total consideration of US\$4 million as part of one interdependent, indivisible and simultaneous transaction. The remaining 47.92% of the shares in Oro Agri SA are held directly and indirectly by Oro Agri SEZC.

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

28. POST-BALANCE SHEET EVENTS (continued)

The purchase consideration is apportioned between:

- An upfront cash payment of US\$54 million on the closing date of the Transaction, US\$4 million paid to D Pullen and US\$50 million to the Oro Agri SEZC shareholders
- A subsequent payment of US\$29 million less any deductions in respect of permitted leakage on the fifth business day following the six-month anniversary of the closing date
- A retention amount of US\$15 million less permitted deductions in relation to warranties and indemnified losses, payable on the 24-month anniversary of the closing date; or where an estimated amount has been retained in respect of a warranty claim or indemnified loss, once the quantum of such claim or loss has been finally determined
- A further amount of US\$2 million paid on the six-month anniversary of the closing date to Oro Agri SA's external legal advisers and held in a trust, in order to fund costs to be incurred in respect of the Transaction

Omnia will fund the Transaction through existing available cash.

Following the implementation of the Transaction, Oro Agri SEZC and Oro Agri SA will become indirect subsidiaries of Omnia and report under the Agriculture segment in the consolidated results.

The key conditions precedent for the conclusion of the transaction are as follows:

- Approval by all regulatory authorities required under law including the approval by the South African Reserve Bank
- The consent to change of control in relation to material contracts and Group loan agreements being obtained post signature of the sale of shares agreements
- Key employees entering into an agreement with Oro Agri, with adequate IP assignment provisions, including moral rights waivers and confidentiality undertakings and restraints
- No material adverse change having occurred

The closing date of the Transaction was 30 April 2018, being the last day of the month in which the fulfilment or waiver of the last of the suspensive conditions occurs.

Due to the fact that the closing date is so close to the date of publication it is impracticable to disclose details of the fair value exercise.

DIVIDENDS

On 21 June 2018 the board has declared a final gross cash dividend of 150 cents (2017: 180 cents) per ordinary share payable from income in respect of the year ended 31 March 2018. Together with the interim dividend of 200 cents (2017: 160 cents) per share, this provides shareholders with a total dividend this financial year of 350 cents (2017: 340 cents) per ordinary share. The number of ordinary shares in issue at the date of this declaration is 68 996 832 (including 1 049 273 treasury shares held by the Group). The gross dividend is subject to local dividends tax of 20% (2017: 20%) for those shareholders to which local dividends tax is applicable. The resultant net dividend amount is 120 cents per share for those shareholders subject to local dividends tax and 150 cents share for those shareholders not subject to local dividends tax.

29. 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 direct 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.

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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

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.

At 31 March 2018	Country of incorporation	Issued capital Rm	Effective holding	
			2018 %	2017 %
Extension of company				
Omnia Holdings Limited Share Incentive Trust	South Africa	–	–	–
Omnia Management Share Trust	South Africa	–	–	–
Direct subsidiary				
Omnia Group Investments Limited	South Africa	6	100	100
Direct holding of Omnia Group Investments Limited				
Omnia Group (Pty) Limited	South Africa	3 958	100	100
Direct holdings of Omnia Group (Pty) Limited				
Omnia Group International Limited	Mauritius	7	100	100
Omnia Fertilizer Limited	South Africa	178	100	100
Bulk Mining Explosives Namibia (Pty) Limited	Namibia	–	100	100
Protea Chemicals Namibia (Pty) Limited	Namibia	–	100	100
Innofert (Proprietary) Limited	South Africa	–	100	100
Omnia Swaziland Limited	Swaziland	–	100	100
Umongo Petroleum (Pty) Limited	South Africa	8	100	–
K2017443268 (South Africa) (Pty) Limited	South Africa	–	100	–
K2017448055 (south Africa) (Pty) Limited	South Africa	–	100	–
Direct holdings of Umongo Petroleum (Pty) Limited				
Orbichem (Pty) Limited	South Africa	–	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 Côte D'Ivoire Sarl	Côte D'Ivoire	–	100	100
Bulk Mining Explosives Ghana (Pty) Limited	Ghana	–	100	100
Bulk Mining Explosives Guinea Sarl	Guinea	–	100	100
Bulk Mining Explosives 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

At 31 March 2018	Country of incorporation	Issued capital Rm	Effective holding	
			2018 %	2017 %
Omnia Group Limited y Cia Ltda (Chile)	Chile	–	100	100
Omnia Angola Limitada	Angola	–	100	100
Omnia Mozambique Limitada	Mozambique	–	100	100
Omnia China Company Limited	China	–	100	100
Bulk Mining Explosives Mali Sarl	Mali	–	100	100
Bulk Mining Explosives Tanzania (Pty) Limited	Tanzania	–	100	100
Bulk Mining Explosives Botswana (Pty) Limited	Botswana	–	100	100
Bulk Mining Explosives Zambia Limited	Zambia	–	100	100
Bulk Mining Explosives Mauritania Sarl	Mauritania	–	100	100
Bulk Mining Explosives Senegal Sarl	Senegal	–	100	100
Bulk Mining Explosives Sierra Leone Limited	Sierra Leone	–	100	100
Bulk Mining Explosives Burkina Faso Limited	Burkina Faso	–	100	100
Bulk Mining Explosives DRC Sarl	Democratic Republic of Congo	–	100	100
Bulk Mining Explosives Mozambique Limitada	Mozambique	–	95	95
Bulk Mining Explosives Indonesia	Indonesia	–	78	78
Protea Polymers East Africa Limited	Mauritius	–	100	100
Protea Chemicals Kenya Limited	Kenya	–	100	100
Omnia Retail Limited (Kenya)	Kenya	–	100	100
Innofert Limited	Mauritius	–	100	100
Direct holding of Omnia International (Australia) (Pty) Limited				
Omnia Specialities (Australia) (Pty) Limited	Australia	3	100	100
Advanced Initiating Systems (Pty) Limited	Australia	–	100	100
Omnia Property (Australia) (Pty) Limited	Australia	–	100	100
Direct holding of Omnia NZ International Limited				
Omnia Specialities NZ Limited	New Zealand	–	100	100
Consolidated structured entities				
Sakhile Initiative Limited	South Africa	–	19	33
Sakhile Initiative 2 Limited	South Africa	–	63	25
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 2018

	Notes	2018 Rm	2017 Rm
ASSETS			
Non-current assets			
Investments in related parties	2	795	766
Current assets			
Trade and other receivables		–	1
Loans to related parties	3	913	908
Cash and cash equivalents		8	–
Total assets		1 716	1 675
EQUITY AND LIABILITIES			
EQUITY			
Stated capital		1 597	1 500
Treasury shares		(123)	(120)
Other reserves	4	70	134
Retained earnings		18	23
Total equity		1 562	1 537
LIABILITIES			
Current liabilities			
Trade and other payables		2	2
Taxation		1	–
Loans from related parties	3	151	136
Total liabilities		154	138
Total equity and liabilities		1 716	1 675

The Omnia Holdings Ltd Share Incentive Scheme and Omnia Management Share Trust are consolidated as part of the Omnia Holdings Limited annual financial statements.

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	2018 Rm	2017 Rm
Revenue*	268	232
Administrative expenses	(10)	–
Profit before tax	258	232
Income tax expense	(2)	(1)
Profit for the year	256	231
Attributable to:		
Equity holders of the company	256	231
	256	231

* Dividends received.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	2018 Rm	2017 Rm
Profit for the year	256	231
Total comprehensive income for the year	256	231
Attributable to:		
Equity holders of the company	256	231
Total comprehensive income for the year	256	231

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Attributable to the equity holders of the company				
	Stated capital Rm	Treasury shares Rm	Other reserves Rm	Retained earnings Rm	Total Rm
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
Transaction 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
Recognised income and expense for the year					
Net profit for the year ended 31 March 2018	–	–	–	256	256
Transaction with shareholders					
Ordinary shares issued	97	–	(97)	–	–
Ordinary dividends paid	–	–	–	(261)	(261)
Movement in treasury shares	–	(3)	4	–	1
Share-based payment – value of services provided	–	–	29	–	29
At 31 March 2018	1 597	(123)	70	18	1 562

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 Rm	2017 Rm
Cash generated from operating activities	5	259	232
Cash flows from investing activities			
Movement in loans to subsidiaries		(5)	(7)
Net cash inflow/(outflow) from investing activities		(5)	(7)
Cash flows from financing activities			
Movement in treasury shares		1	4
Movement in loans to subsidiaries		14	–
Dividends paid		(261)	(229)
Net cash outflow from financing activities		(246)	(225)
Net increase in cash and cash equivalents		8	–
Net cash and cash equivalents at beginning of year		–	–
Net cash and cash equivalents at end of year		8	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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 RELATED PARTIES

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.

	2018 Rm	2017 Rm
Shares at cost in unlisted related parties	795	766

Investments increased due to the movement in the equity-settled share-based payment contribution of subsidiaries of R29 million.

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

Name	Effective %	Number of shares held	Country of incorporation
Omnia Group Investments Limited	100	6 631 500	South Africa
Sakhile Initiative Limited (preference shares)	100	100	South Africa
Nanotron Investments (Pty) Limited	82	81 446	South Africa
Sakhile Initiative 2 Limited	63	43 947	South Africa

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

	2018 Rm	2017 Rm
Profits	736	708
Losses	(72)	(116)
	664	592

Details of the company's investment in related parties are given in note 29 of the Group financial statements.

3. LOANS TO/(FROM) RELATED PARTIES

Loans to/(from) related parties comprise of:

Omnia Group Investments Limited	767	868
Omnia Group (Pty) Limited	31	32
Sakhile Initiative Limited	115	8
	913	908
Omnia Group Investments Limited	(25)	(25)
Omnia Group (Pty) Limited	(126)	(111)
	(151)	(136)

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

	2018 Rm	2017 Rm
4. OTHER RESERVES		
Share-based payment reserve	45	113
Gain on treasury shares sold	25	21
	70	134
5. CASH GENERATED FROM OPERATIONS		
Profit before tax	258	232
Adjustments for:		
Increase in trade and other payables	–	1
Decrease/(Increase) in trade and other receivables	1	(1)
	259	232
	2018 Rm	2017 Rm
6. RELATED PARTY TRANSACTIONS		
Ordinary dividend received from Omnia Group Investments Limited	160	232
Accrued preference dividend from Sakhile Initiative Limited	108	–
7. For details regarding share capital, related parties and directors' emoluments refer to notes 8 and 26 of the consolidated financial statements.		
8. The maximum exposure of the company to credit and liquidity risk arising from the issuance of financial guarantees to Group companies as at 31 March	3 602	4 463
9. For details regarding contingent liabilities refer to note 20 of the consolidated financial statements.		

INFORMATION FOR SHAREHOLDERS

SHAREHOLDERS' ANALYSIS

DISTRIBUTION OF SHAREHOLDERS

	Number of shareholders	% of total shareholders	Number of shares	% of total issued shares
Shareholder type				
Individuals	2 533	69.0	5 092 095	7.4
Private companies	74	2.0	2 640 380	3.8
Public companies	27	0.7	3 751 691	5.4
Nominees and trusts	294	8.0	9 159 482	13.3
Closed corporations	32	0.9	87 790	0.1
Other corporate bodies	279	7.6	9 721 121	14.1
Banks	44	1.2	4 701 732	6.8
Insurance companies	31	0.8	3 171 710	4.6
Pension funds and medical aid societies	176	4.8	14 143 556	20.5
Collective investment schemes and mutual funds	181	4.9	16 527 275	24.0
Total	3 671	100.0	68 996 832	100.0
Number of shares				
1 – 5 000	3 060	83.4	2 213 340	3.2
5 001 – 10 000	177	4.8	1 269 970	1.8
10 001 – 50 000	259	7.1	6 181 572	9.0
50 001 – 100 000	69	1.9	4 817 766	7.0
100 001 – 1 000 000	97	2.6	29 519 813	42.8
1 000 001 and more	9	0.2	24 994 371	36.2
Total	3 671	100.0	68 996 832	100.0
Non-public/public				
Non-public	8	0.22	11 263 742	16.3
Directors	4	0.11	998 377	1.4
Share Incentive Scheme	2	0.05	1 083 417	1.6
More than 10% of issued share capital	1	0.03	9 147 289	13.3
Public	3 663	99.78	57 733 090	83.7
Total	3 671	100.0	68 996 832	100.0

MAJOR SHAREHOLDERS/FUND MANAGERS >5%	Shares held at 31 March 2018	% of total issued shares
Foord Asset Managers	12 085 633	17.5
Public Investment Corporation	9 408 180	13.6
Prudential Investment Managers	7 679 802	11.1
Coronation Fund Managers	5 652 651	8.2
Citibank (New York)	4 703 143	6.8
Total	39 529 409	57.3

SHAREHOLDERS' DIARY

Financial year-end:	31 March 2018
Audited results announcement:	26 June 2018
Integrated annual report:	July 2018
Annual general meeting:	20 September 2018
Interim results announcement:	27 November 2018
Dividend paid:	Final FY2018 – July 2018
Interim FY2019:	January 2019

CONTACT DETAILS

CONTACT INFORMATION

OMNIA HOLDINGS LIMITED
 (a company registered and domiciled
 in the Republic of South Africa)
 Registration number: 1967/003680/06
 JSE code: OMN ISIN: ZAE000005153

REGISTERED OFFICE AND POSTAL ADDRESS

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 Telephone: +27 11 709 8888

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TRANSFER SECRETARIES

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 Telephone: +27 11 797 4000

EXECUTIVE DIRECTORS

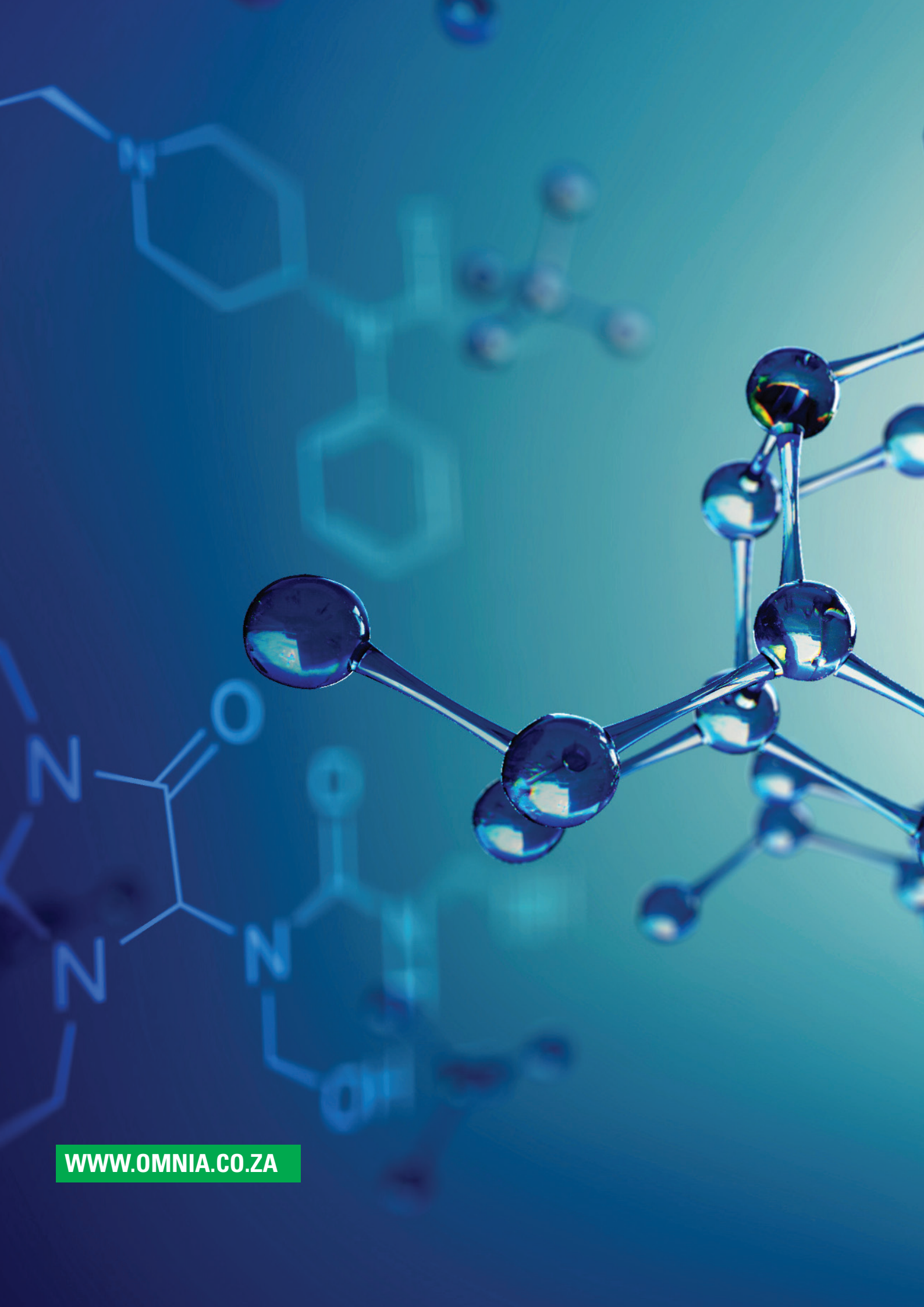
AJ de Lange (Group managing director), WG Koonin
 (Group finance director)

NON-EXECUTIVE DIRECTORS

RB Humphris (Chairman), Prof N Binedell, RC Bowen (British),
 FD Butler, L de Beer, TNM Eboka, R Havenstein,
 SW Mncwango, T Mokgosi-Mwantembe

 Acting Group company secretary: A Eaton





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