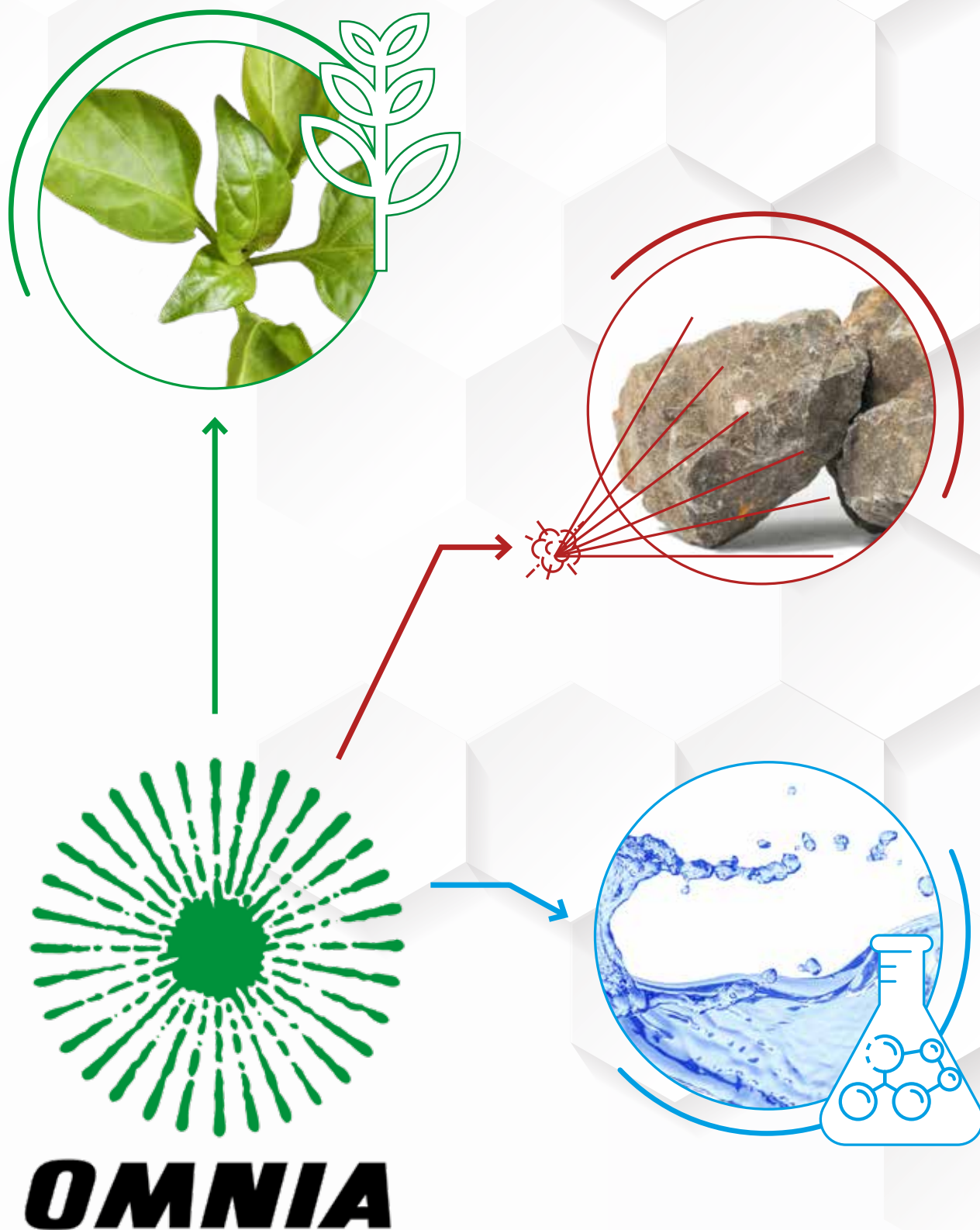




Contents

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS	1
CERTIFICATE BY THE COMPANY SECRETARY	1
DIRECTORS' REPORT	2
AUDIT COMMITTEE REPORT	5
INDEPENDENT AUDITOR'S REPORT	8
OMNIA HOLDINGS LIMITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS	13
OMNIA HOLDINGS LIMITED COMPANY ANNUAL FINANCIAL STATEMENTS	70
SHAREHOLDERS' ANALYSIS	77
SHAREHOLDERS' DIARY	78
CONTACT INFORMATION	79

Statement of responsibility by the board of directors

for the year ended 31 March 2020

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

The consolidated and company annual financial statements for the year ended 31 March 2020 are presented on pages 13 to 76 and have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the Companies Act of South Africa. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements, including judgements involving estimations. The going concern basis has been adopted in preparing the consolidated annual financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

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

The consolidated and company annual financial statements have been audited by PricewaterhouseCoopers Inc (PwC). The independent auditor was granted unrestricted access to all financial records and related data, including minutes of meetings of shareholders, the board and committees of the board. The directors believe that all representations made to the independent auditor during its audit were valid and appropriate. The report of the auditor is presented on pages 8 to 12.

The directors' report and the annual financial statements were approved by the board on 7 July 2020 and are signed on its behalf by:



R Havenstein
Chair



T Gobalsamy
Chief executive officer



S Serfontein
Finance director

7 July 2020

Certificate by the company secretary

for the year ended 31 March 2020

In terms of section 88(2)(e) of the Companies Act of 2008, as amended, I confirm that, to the best of my knowledge, Omnia Holdings Limited has lodged with the Companies and Intellectual Property Commission for the financial year ended 31 March 2020, all such returns and notices as are required of a public company in terms of the Companies Act of 2008, as amended, and that all such returns and notices are true, correct and up to date.



M Nana
Company secretary

7 July 2020

Directors' report

for the year ended 31 March 2020

The board of directors present their report which forms part of the consolidated and company annual financial statements of Omnia Holdings Limited (Omnia or the Group) for the year ended 31 March 2020. The annual financial statements set out fully the financial position, results of operations and cash flows for the company and the Group for the financial year ended 31 March 2020. The consolidated and company annual financial statements for the year ended 31 March 2020 were prepared by the Group finance staff of Omnia and supervised by Stephan Serfontein, the finance director.

BUSINESS PROFILE

Omnia Holdings Limited is incorporated and domiciled in the Republic of South Africa and listed on the JSE Limited (JSE) in 1980. Omnia is a diversified chemicals group that supplies chemicals and specialised services and solutions for the agriculture, mining and chemical application industries. Using technical innovation combined with intellectual capital, the Group, with the expertise of its 4 426 employees working in 45 countries, adds value for customers at each 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 by reducing the impact on the environment and encouraging shifts towards cleaner technologies. The subsidiaries of the Group are involved in the development, manufacture, distribution and sale of fertilizers, speciality fertilizers, unique agriculture biological (AgriBio) products, mining explosives and accessories, and chemicals. More details can be found in note 2.1 of the consolidated annual financial statements.

FINANCIAL RESULTS

The Group generated a profit of R129 million for the year ended 31 March 2020 compared to a loss of R407 million for the comparative period. Group operating profit was R789 million for the year ended 31 March 2020 compared to R24 million for the comparative period.

The increase in operating profit can be attributed to the following key factors:



The **Agriculture** division experienced a difficult year in South Africa and internationally but showed strong growth in the AgriBio sector. Improved agronomic conditions and timely rain across southern Africa supported reasonable fertilizer sales volumes, while the weakening Rand/US Dollar exchange rate and an improved ammonia-to-urea ratio supported margins. These factors were unfortunately offset by increased margin pressure due to sustained low international commodity prices (both fertilizers and grain commodities) and above inflationary cost increases. Reduced sales to the Mining division, following the extended electricity shortage in December 2019, also negatively impacted production recoveries. Decisive management action to improve efficiencies across the business has been taken and this will continue in the next financial year. Growth in the AgriBio sector was supported by increased humate export sales from Australia and a strong performance from Oro Agri. Agriculture was classified an essential service across all territories in which Omnia operates, and other than occasional supply chain delays, the COVID-19 impact on the division has not been significant. Hyperinflation in Zimbabwe continues to impact earnings, and operations have been rationalised to cope with the negative impact of liquidity constraints and hyperinflation. Operating profit for the division increased to R593 million for the year (2019: R370 million).



The **Mining** division delivered a mixed performance in the year. In South Africa, the mining sector had a difficult year, being significantly affected by load shedding, which caused several mines to close or significantly reduce production for the majority of December 2019 and January 2020. Lower sales volumes and the lower ammonia price, partly offset by a weakening Rand/US Dollar exchange rate, has contributed to the margin pressure. Outside South Africa, the division performed very well due to an increase in volumes sold in Zambia and Mali, as well as the weaker Rand increasing international revenue. Protea Mining Chemicals reflected improved profitability mainly from new sales into the copper and precious metals markets. Overall operating profit for the division increased to R356 million (2019: R169 million).



The **Chemicals** division returned to profitability, mainly due to the benefits of the restructuring process concluded in the prior year and improved margins relating to optimised product mixes sold, despite lower sales volumes. Operating profit for Umongo Petroleum was down due to unrealised foreign exchange losses. Operating profit for the division increased to R173 million (2019: R10 million).

Adjustments for once-off items in the current year are set out below:

- Impairment of Umongo Petroleum goodwill to the value of R105 million
- Debt restructure costs of R24 million
- Retrenchment costs across the Group to the value of R22 million
- EcoGypsum™ closure costs of R6 million
- Monetary gain on hyperinflation of R22 million
- Net gain on legal settlement of R14 million

The Group's financial position strengthened significantly during the year. The execution and delivery against the turnaround strategy, the successful oversubscribed R2 billion rights issue and the subsequent restructuring of the Group's debt profile concluded in December 2019, contributed to the successful capital restructure. As at 31 March 2020, total assets increased by 9% to R18 088 million (2019: R16 647 million) and net debt reduced to R1 880 million (2019: R4 403 million). As at 31 March 2020, covenant requirements were comfortably met, and the Group had access to R3.7 billion undrawn facilities.

Net working capital reduced to R3 907 million (2019: R4 264 million). The improvement in working capital relates to a change in the inventory purchasing profile in Agriculture RSA, lower average inventory holding across the Group and better management of payables. Foreign debtor balances across all divisions reflected an increase due to the sharp deterioration in the Rand/US Dollar exchange rate at year-end. In addition to this, March is typically peak season in Agriculture Biological and as result, debtor balances will increase in line with the increase in revenue.

DIVIDENDS

No interim or final dividend was declared to shareholders (2019: 75 cents per share).

SHARE CAPITAL

Share capital increased to R3 404 million (2019: R1 481 million). During September 2019, the company completed a rights issue, whereby 100 000 000 new ordinary shares were issued at a subscription price of R20 per share for a total consideration of R2 billion. Transaction costs of R70 million relating to the rights issue were capitalised to share capital and deducted from the proceeds received. The net proceeds were used to repay a portion of the bridge loan facility. The total number of shares in issue as at 31 March 2020, net of treasury shares, was 167 717 178 shares (2019: 68 005 178 shares).

Refer to pages 77 to 78 of the annual financial statements for the shareholders' analysis.

BORROWINGS

In June 2019, the Group secured a R5 billion bridge loan facility and indirect facilities of R1.8 billion from its principal lenders in South Africa. Proceeds from the drawdown were used to settle all existing local borrowings at that date. As part of the debt restructure, a rights offer of R2 billion was successfully concluded in September 2019, with the net proceeds used to repay a portion of the bridge loan facility.

In December 2019, the Group restructured its loan facilities and secured loan facilities from its principal lenders as follows:

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

Proceeds from the drawdown were used to settle the remaining balance on the bridge loan facility which was effectively cancelled in December 2019.

CAPITAL EXPENDITURE

Capital expenditure of R514 million (2019: R1 120 million) was incurred. The comparative period included cash outflows from the construction of the nitrophosphate plant and the acquisition of Oro Agri.

DIRECTORS AND COMPANY SECRETARY

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

- G Cavaleros was appointed as an independent non-executive director effective 5 August 2019
- A de Lange resigned as Group managing director effective 20 August 2019
- T Gobalsamy was appointed as chief executive officer effective 21 August 2019 (previously finance director)
- R Humphris retired as chair effective 6 June 2019 and retired from the board effective 27 September 2019
- R Havenstein was elected as chair effective 6 June 2019
- Z Swanepoel was appointed as an independent non-executive director effective 1 October 2019
- S Serfontein was appointed as finance director effective 1 March 2020

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

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

	31 March 2020				31 March 2019			
	Total	Direct beneficial	Indirect beneficial	Indirect non-beneficial	Total	Direct beneficial	Indirect beneficial	Indirect non-beneficial
R Havenstein	1 922	1 922	–	–	785	785	–	–
F Butler	15 913	15 913	–	–	6 500	6 500	–	–
N Binedell	16 000	16 000	–	–	–	–	–	–
Z Swanepoel ¹	10 000	10 000	–	–	–	–	–	–
T Gobalsamy ²	288 000	288 000	–	–	–	–	–	–
R Humphris ³	1 516 511	1 427 383	89 128	–	957 810	905 619	44 575	7 616
A de Lange ⁴	–	–	–	–	2 150	2 150	–	–
Total	1 848 346	1 759 218	89 128	–	967 245	915 054	44 575	7 616

There were no changes in directors' shareholdings between 31 March 2020 and the date of approval of the annual financial statements.

¹ Appointed as an independent non-executive director on 1 October 2019.

² Appointed as chief executive officer on 21 August 2019.

³ Retired as non-executive director on 27 September 2019.

⁴ Resigned as Group managing director on 20 August 2019.

Directors' report continued

for the year ended 31 March 2020

SUBSIDIARIES, JOINT VENTURES AND JOINT OPERATIONS

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

GOING CONCERN

In determining the appropriate basis of preparation of the annual financial statements, the board of directors is required to consider whether the Group can continue to operate for the foreseeable future. At the date of approving these annual financial statements, the directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements including possible prolonged periods of reduced operations due to COVID-19. This assessment is supported by the Group's reduced net debt position following the successful conclusion of the rights offer and finalisation of the new debt facility package. The directors conclude that the going concern assumption is an appropriate basis of preparation for these annual financial statements.

EVENTS AFTER THE REPORTING PERIOD

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

AUDITOR

The audit committee has recommended to the board that PwC continues as the external auditor of the company for the year ending 31 March 2021 in accordance with section 90(1) of the Companies Act.

Audit committee report

for the year ended 31 March 2020

The audit committee of Omnia Group is pleased to present its report for the financial year ended 31 March 2020, in line with the Companies Act No 71 of 2008, as amended (Companies Act), the JSE Listings Requirements, the King IV Report on Corporate Governance™* for South Africa 2016 (King IV), and other applicable regulatory requirements.

The detailed duties of the audit committee are set out in its charter, which is available on Omnia's website at <https://www.omnia.co.za/investors-and-media/charters>. In summary, the committee's role is to provide independent oversight of the effectiveness of Omnia's internal financial control environment, its assurance functions and services, and the integrity of the annual financial statements and related reporting.

The governance of risk at Omnia is delegated to the social, ethics and risk committee. However, the audit committee oversees the governance of financial and other risks that affect the integrity of financial reporting by Omnia.

COMPOSITION AND MEETING ATTENDANCE

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

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

Member	Appointed	Attendance	Regular invitees
Linda de Beer (chair)	30 November 2017	4/4	Chair of social, ethics and risk committee
Tina Eboka	14 March 2018	3/4	Chief executive officer
Ronnie Bowen	13 April 2017	4/4	Finance director
George Cavaleros	5 August 2019	2/2	Chief audit executive
			External auditor
			Group executive: Safety, sustainability and risk
			Executive: General counsel

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

KEY FOCUS AREAS FOR THE YEAR ENDED 31 MARCH 2020

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

- Strengthening the internal controls environment
- Enhancing the general finance, tax and treasury skills within the finance function
- Ethics reporting structures and matters
- Ensuring the accuracy of reporting and implementation of all new IFRS requirements, with specific reference to hyperinflation (which became relevant due to the hyperinflationary environment in Zimbabwe) and IFRS 16 in respect of leases

DISCHARGE OF DUTIES FOR THE 2020 FINANCIAL YEAR

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

Recommendation of the annual financial statements to the board for approval

The committee reviewed the accounting policies, significant accounting matters as well as the going concern assessment applicable to the annual financial statements of the Group for the year ended 31 March 2020 and ensured that these annual financial statements and the related results announcements were in compliance with the provisions of the Companies Act, IFRS and the JSE Listings Requirements. The annual financial statements and results announcement were recommended to the board for approval. Refer to note 1.4 of the annual financial statements for a detailed analysis of the going concern assumption.

The audit committee, in the finalisation of the annual financial statements, also considered matters, including those emanating from the JSE's proactive monitoring process in respect of accounting policies and financial reporting as well as numerous other matters communicated by the JSE over the past few months in respect of reporting and disclosure, with specific reference to its requests in respect of COVID-19 disclosures. The committee is satisfied that appropriate financial reporting procedures exist and are operational in all entities in the Group in order to effectively prepare, and report on, the annual financial statements.

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

Audit committee report continued

for the year ended 31 March 2020

Key audit matters (KAMs)

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

KAM	Committee response to matter
Impairment of non-financial assets (applicable to the consolidated financial statements)	The key areas where impairment indicators needed to be carefully considered were intangible assets and goodwill across the business in general, and specifically with reference to our recent acquisitions in Oro Agri and Umongo Petroleum, as well as the plants in our fertilizer business, most pertinently the nitrophosphate 1 and 2 facilities. The committee considered the assumptions and judgements by management in light of the business plans, strategy and budget for the future against the backdrop of the board's understanding of the internal and external factors that drive these businesses, as well as the uncertainty overlaid by the COVID-19 pandemic. We are comfortable that significant rigour and conservatism were applied in these processes.

External audit quality and independence

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

Furthermore, the committee ensured that the scope of non-audit services rendered in respect of Omnia's non-audit services policy did not impair auditor independence. The policy is available at the company's registered office. Fees for audit-related services incurred during the year amounted to R37 million and non-audit services R1 million (FY2019: R41 million and R3 million respectively).

The matter of mandatory audit firm rotation was considered. In 2019 the audit committee undertook to rotate PwC after the 2020 audit. However, in light of the significant challenges that the business faced during this 2020 reporting period, due to the COVID-19 lockdown, the cyber-attack, as reported in more detail below, and a change in the chief audit executive, and the audit committee needed to reconsider this commitment. Of paramount importance is to ensure that there is stability in the larger assurance environment and capacity in the finance team to absorb changes. To this end, the committee concluded that it is in the best interest of Omnia to delay auditor rotation for a year and to recommend PwC and Tanya Rae for one more year's appointment to the shareholders at the upcoming 2020 annual general meeting (AGM). The board and audit committee will re-evaluate the matter to deal with mandatory audit firm rotation and audit tenure concerns in good time for the 2023 deadline, with the best interest of the Group as the overarching criterion.

Internal audit and internal financial controls

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

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

Internal audit provided a written assessment regarding the Group's system of internal controls and confirmed that, while improvements were evident in the control environment, based on the results of the work undertaken, these were adequate and partially effective.

Despite this assessment of the adequacy and effectiveness of internal financial controls, the audit committee believes that the effectiveness of controls needs to be improved. Adequate controls are in place, especially in the Microsoft Dynamics AX system. However, these are not yet sufficiently and consistently applied in some parts of the business. Work to strengthen internal controls continues, but we are comfortable that strides are made and that the new finance director is leading and focusing the team in enhancing the adequacy and effectiveness of the control environment.

The audit committee satisfied itself that the internal audit function is independent and had the necessary resources, standing and authority to discharge its duties. The audit committee would like to thank Rushdi Solomons for his significant role in establishing the outsourced internal audit function at Omnia and for working tirelessly to enhance the culture and control environment. Rushdi has resigned from Deloitte and this role has been taken over by Pramesh Bhana.

Cyber-attack

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

Similar to COVID-19, this was an event of a magnitude and nature not previously experienced by Omnia and was kept on the radar of the board in respect of oversight. In so far as the committee is concerned, the restoring of data, especially financial data, was a key concern and area of focus. As data was recovered, it was important for the committee to confirm that such data was verified and reconciled in order to ensure accuracy and validity.

Furthermore, the committee considered the adequacy and effectiveness of compensating controls, mostly manual in nature, put in place in the restoration phase, in order to ensure that the company was not further exposed, and to safeguard the integrity of financial information over the year-end period. To this end, the assistance of internal audit was sought, who reported back to the committee in this regard. The committee also considered the corrective action and strengthening of general controls in the IT environment, with specific reference to information security and access. This will be an ongoing focus of the committee.

The impact of the cyber-attack and the loss of data was a key consideration for the committee in understanding the impact on the year-end reporting and audit timelines. Regular discussions were held to ensure that timelines were met, but without the risk of compromising the accuracy of financial reporting or creating difficulties for the external auditor to fulfil its role without restriction and under undue pressure.

Despite the compensating controls put in place and the impact of the attack being reversed, IT had been an area of concern to the committee for some years and was in the process of being strengthened. This is being accelerated.

Evaluation of the expertise and adequacy of the 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. Following the appointment of Seelan Gobalsamy as the chief executive officer in August 2019, Stephan Serfontein acted in the capacity of finance director from August 2019. Stephan was appointed permanently into the role with effect from 1 March 2020. The audit committee is satisfied with the work done by him to date and the progress achieved by him over the past couple of months. The committee is also satisfied with the appointments that were made to the finance team, with specific reference to enhancing the treasury and tax functions, but recognised that there is still room for further strengthening the expertise and adequacy in the finance function.

Combined assurance

The audit committee considered Omnia's combined assurance model and practices in conjunction with the social, ethics and risk committee, and taking into account the reports submitted by management and feedback from the internal and external auditors as assurance providers. Significant strides have been made in maturing the internal assurance functions including risk, compliance and legal. However, this is a journey and these lines of defence need to be further capacitated and their reporting needs to mature. The committee is of the view that the arrangements in place for the combined assurance model have improved since 2019 though in order to achieve the objective of a more effective, integrated approach across internal assurance functions and external assurance providers.

COVID-19

The unprecedented nature of the global pandemic resulted in the Omnia board taking primary responsibility for this matter. The committee considered the management judgements and assumptions applied to do valuations and calculate the potential impairments of assets, both tangible and intangible. This was important for goodwill and deferred tax asset realisation assumptions as well as expected credit loss calculations.

In light of the requirements of the JSE in respect of financial reporting, the committee carefully considered the disclosure in the trading update, results announcement and the financial statements in respect of COVID-19, not just to comply with the JSE's requirements but to also ensure a fair, balanced and transparent depiction of information for economic decision making.

Finally, in light of the uncertainties created by COVID-19, the committee carefully considered the going concern status of the company and the Group, with reference in particular to expected future cash flows, trading performance and balance sheet stresses. The committee was comfortable to recommend the applicability of the going concern basis of accounting to the board.

KEY FOCUS AREAS FOR THE YEAR ENDING 31 MARCH 2021

The following focus areas will be top of our agenda in FY2021:

- Improving all aspects of information and technology governance in a top-down and holistic manner
- Continuous internal control environment improvements through enhanced risk processes, including maturing the effectiveness of the combined assurance framework
- Further skills development and creating of capacity in the finance team
- Simplifying and cleaning out the business structures, number of legal entities, activities between different businesses within the Group and Group governance arrangements
- Continue to focus on tax and treasury matters
- Internal and external audit rotation

In conclusion, I must note that this has been an extremely challenging year for Omnia. It started off with a capital raise, a change in senior management under difficult financial circumstances and ended with a cyber-attack during the COVID-19 lockdown. Despite these challenges there was an unwavering commitment, focus and drive to continuously improve, never give up on the hard battles that had to be fought and act in a sustainable manner to the benefit of the Group. I applaud management, the finance team and the internal assurance functions and external assurance providers for their invaluable work.



Linda de Beer
Audit committee chair

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 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Omnia Holdings Limited's consolidated and separate financial statements set out on pages 13 to 76 comprise:

- the consolidated and company statements of financial position as at 31 March 2020;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

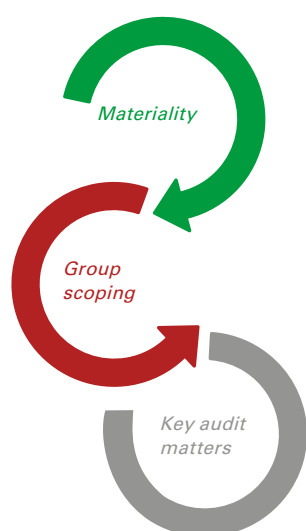
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

Our audit approach

Overview



Overall Group materiality

- Overall Group materiality: R74.9 million, which represents 0.4% of consolidated revenue.

Group audit scope

- Our audit included full scope audits over 14 of the 75 components of the Group, based on their financial significance and to obtain appropriate audit coverage.
- Analytical review procedures were performed over the remaining 61 components, which were considered immaterial to the Group individually and collectively.

Key audit matters

- Determination of the fair value of the financial guarantee liability (applicable to the separate financial statements); and
- Impairment of non-financial assets (applicable to the consolidated financial statements).

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.

<i>Overall Group materiality</i>	R74.9 million.
<i>How we determined it</i>	0.4% of consolidated revenue.
<i>Rationale for the materiality benchmark applied</i>	We chose consolidated revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings attributable to interest, impairment charges and other significant non-recurring transactions within a specific financial year. We chose 0.4% based on our professional judgement and after consideration of the range of quantitative materiality thresholds that we would typically apply when using revenue to compute materiality. The considerations included taking cognisance of the intended users and distribution of the consolidated financial statements, the financial covenants held over the Group's debt, as well as the inherent risk within the Group.

How we tailored our Group audit scope

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

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

The consolidated financial statements are a consolidation of 75 components. An analysis was performed, taking into account total revenue, total assets and total liabilities of individual components, in order to identify the financial significant components. We selected five reporting components for full scope audit testing due to their financial significance to the consolidated financial statements. We selected nine reporting components for full scope audit testing to obtain an appropriate level of audit coverage. Further to this, we also performed audit procedures on certain balances and transactions at another seven components to provide us with sufficient evidence over each consolidated financial statement line item including material disclosures. For the remaining 54 components not in scope and the seven components selected for audit procedures over certain balances and transactions, the Group engagement team performed analytical review procedures to confirm the assessment that there were no further risks to be addressed.

Where the work was performed by component auditors, we as the Group engagement team determined the level of involvement we needed to have in the audit work of those components 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. A combination of procedures were performed such as review of working papers for significant components, detailed Group audit instructions and reporting between the Group engagement team and component audit teams. Comprehensive audit approach and strategy planning meetings were held with all the in-scope component teams before commencing their respective audits. The Group engagement team also had update calls with all the component audit teams throughout the planning, execution and completion phases of the audit.

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.

Independent auditor's report continued

Key audit matter	How our audit addressed the key audit matter
Impairment of non-financial assets (applicable to the consolidated financial statements) International Accounting Standard 36 – <i>Impairment of Assets</i> (IAS 36) requires assets that are not subject to amortisation, such as goodwill and indefinite life intangible assets to be assessed for impairment annually, or when an impairment indicator is identified. As a consequence of business combinations completed in prior periods, included in intangible assets as at 31 March 2020 is goodwill amounting to R590 million, which is allocated to the cash-generating units (CGUs) as indicated in note 3.3 to the consolidated financial statements. The Group determines the recoverable amount of CGUs by calculating the respective CGUs' value-in-use. The value-in-use is determined by using the discounted cash flow valuation model. The outbreak of the Coronavirus (COVID-19) including the resultant lockdown in South Africa required a detailed reassessment of key assumptions made in the above projected cash flow forecasts and increased the level of estimation uncertainty. Refer to the significant accounting estimates and assumptions section and note 3.3 to the consolidated financial statements where the impairment of non-financial assets has been discussed. The impairment of non-financial assets was a matter of most significance to our current year audit of the consolidated financial statements due to: • The significant judgements made by management regarding the discount rates, the annual growth rates and forecast cash flows included in determining the value-in-use; and • The magnitude of these balances to the Group.	We assessed whether there were any impairment indicators for all non-financial assets by considering the following: • Decline in revenue from the prior year; • Return on assets ratio; • Entities that are in a loss-making position; and • Other factors that are expected to negatively impact the future operations of the entity, most notably the impact of COVID-19 on future cash flows. Where impairment assessments were performed, we utilised our valuation expertise to test the reasonableness of management's assumptions by performing the following: • Independently calculating the discount rates, taking into account independent data such as the cost of debt, risk-free rates in the market, market risk premiums, the beta of comparable companies, debt/equity ratios, as well as the impact of economies and industry factors within the different countries in which each of the CGUs are located (i.e. country risk premiums). We found that management had applied a discount rate that was outside of our acceptable range. After discussions with management, the rate was adjusted to be within our acceptable range. We compared the annual growth rates to the adjusted growth rates per the budget, which take into account the impacts of COVID-19. We noted that the COVID-19 adjustments were consistent with the actual results achieved to date. The year-on-year growth rates were compared to historical rates achieved, and were noted to be within a reasonable range of these. We agreed the forecast cash flows included in the valuation to underlying documentation such as approved budgets (which had been amended for the impact of COVID-19). We also held discussions with management to understand the basis for the assumptions used. We evaluated management's plans and actions taken prior to year-end to achieve cost reductions, and noted that these plans were consistent with the forecasts. We tested the mathematical accuracy of the discounted cash flow model and its compliance with market practice and the applicable requirements of IAS 36. We did not note any aspects which required further consideration. We performed sensitivity analyses to assess the maximum decline that would result in no headroom remaining between the value-in-use and the carrying value. We compared our results to management's sensitivity analyses for purposes of identifying CGUs that are considered to be sensitive or for which the recording of an impairment charge was required. We did not identify any further impairments to be processed.

Key audit matter	How our audit addressed the key audit matter
Determination of the fair value of the financial guarantee liability (applicable to the separate financial statements) The company acts as a guarantor for certain of its subsidiaries' borrowings. In terms of International Financial Reporting Standard 9 – <i>Financial Instruments</i> (IFRS 9), financial guarantee contracts are accounted for as financial instruments and are recognised initially at fair value and subsequently at the higher of: (1) The amount of the loss allowance determined; and (2) The amount initially recognised less, when appropriate, the cumulative amount of amortisation recognised in accordance with the principles of IFRS 15. The fair value is determined based on the probability of the subsidiaries defaulting on their obligations which involves judgement and estimation. During the 2020 financial year as part of the capital restructure, the Group, through its wholly owned subsidiary Omnia Group Proprietary Limited, secured a new R6 billion facility (refer to note 4.3 to the consolidated financial statements). The company is one of the guarantors relating to this facility. Management has recognised a financial guarantee amounting to R358 million relating to these new facilities, within the total financial guarantees of R468 million. Management utilised independent actuarial valuation experts in order to determine the value of the guarantees associated with such facilities. The impact of COVID-19 was determined to be an adjusting subsequent event which needed to be considered in the determination of the forward-looking assessment. Refer to note 2.3 to the separate financial statements for disclosures on this matter. The recognition and measurement of this financial guarantee for the company was a matter of most significance to our audit of the separate financial statements, due to the significant judgements, estimates and assumptions applied by management in determining the fair value of the financial guarantee contracts.	We utilised our valuation expertise to evaluate the judgements applied by management, by performing the following: • Evaluating the appropriateness of the approach adopted by management in the valuation model by comparing the approach to market practice and the applicable requirements of IFRS 9. We found the approach to be consistent with market practice and the requirements of IFRS 9. • Challenging the appropriateness of management's assumptions used in the valuation of the financial guarantee liabilities by comparing to industry best practice, historical data and forward-looking information. • Calculating an independent expected credit loss range specific to the circumstances of the company, considering the impact of COVID-19 on the forward-looking assessment. • Independently determining a range for the fair value of the financial guarantee liability and compared the results to the fair value as calculated by management. We noted differences compared to our computation, and after discussing these with management and refining their assessments, the recorded fair value was within a reasonable range of our independent calculations.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Omnia Holdings Limited Annual Financial Statements 2020", which includes the Directors' Report, the Audit Committee's Report and the Certificate by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the document titled "Omnia Integrated Annual Report 2020", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

Independent auditor's report continued

for the year ended 31 March 2020

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 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 42 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: T Rae

Registered Auditor

4 Lisbon Lane

Jukskei View

Midrand

2090

7 July 2020

Consolidated statement of financial position

as at 31 March 2020

Rm	Notes	2020	2019
ASSETS			
Non-current assets		8 660	8 140
Property, plant and equipment	3.1	5 328	5 425
Right-of-use assets	3.2	572	–
Goodwill and intangible assets	3.3	2 579	2 488
Investments accounted for using the equity method	5.1	11	49
Trade and other receivables	3.5	104	106
Deferred income tax assets	3.6	66	72
Current assets		9 428	8 507
Inventories	3.4	3 647	3 883
Trade and other receivables	3.5	4 151	3 838
Derivative financial instruments	4.4	160	59
Income tax assets		110	83
Cash and cash equivalents	4.6	1 360	644
Total assets		18 088	16 647
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves attributable to the owners of Omnia Holdings Limited		9 617	7 123
Share capital	4.1	3 404	1 481
Reserves	4.2	1 611	1 048
Retained earnings		4 602	4 594
Non-controlling interest	5.2	118	102
Total equity		9 735	7 225
LIABILITIES			
Non-current liabilities		2 881	1 091
Deferred income tax liabilities	3.6	674	733
Interest-bearing borrowings	4.3	1 693	45
Lease liabilities	3.8	427	–
Derivative financial instruments	4.4	28	–
Trade and other payables	3.7	59	313
Current liabilities		5 472	8 331
Interest-bearing borrowings	4.3	841	2 745
Lease liabilities	3.8	186	–
Bank overdrafts	4.6	93	2 257
Derivative financial instruments	4.4	99	29
Income tax liabilities		284	20
Contract liabilities	2.2	477	354
Trade and other payables	3.7	3 492	2 926
Total liabilities		8 353	9 422
Total equity and liabilities		18 088	16 647

Consolidated statement of comprehensive income

for the year ended 31 March 2020

Rm	Notes	2020	2019
Revenue	2.2	18 737	18 628
Cost of sales		(13 968)	(14 495)
Gross profit		4 769	4 133
Distribution expenses		(2 214)	(2 140)
Administrative expenses		(1 309)	(1 500)
Other operating income	2.4	179	325
Other operating expenses	2.4	(402)	(384)
Impairment losses on non-financial assets	2.4	(110)	(340)
Impairment losses on financial assets	3.5	(116)	(97)
Share of (loss)/profit of investments: equity method	5.1	(8)	27
Operating profit	2.5	789	24
Monetary gain on hyperinflation	2.3	22	–
Finance income	2.6	93	43
Finance expense	2.6	(572)	(481)
Profit/(loss) before income tax		332	(414)
Income tax	2.7	(203)	7
Profit/(loss) for the year		129	(407)
Other comprehensive income			
Items that may be reclassified to profit or loss (net of tax)			
Loss on cash flow hedge	4.2	(47)	–
Currency translation adjustment for impact of hyperinflation	4.2	98	–
Currency translation differences	4.2	589	193
Other comprehensive income for the year		640	193
Total comprehensive income/(loss) for the year		769	(214)
Profit/(loss) for the year attributable to:			
Owners of Omnia Holdings Limited		124	(414)
Non-controlling interest		5	7
		129	(407)
Total comprehensive income/(loss) for the year attributable to:			
Owners of Omnia Holdings Limited		753	(232)
Non-controlling interests		16	18
		769	(214)
Earnings per share attributable to the owners of Omnia Holdings Limited			
Basic earnings/(loss) per share (cents)	2.8	99	(530)*
Diluted earnings/(loss) per share (cents)	2.8	99	(530)*

* Restated, refer to note 2.8.

Consolidated statement of changes in equity

for the year ended 31 March 2020

Rm	Attributable to the owners of Omnia Holdings Limited					Non-controlling interests	Total
	Share capital	Treasury shares	Reserves	Retained earnings			
At 31 March 2018	1 597	(123)	812	5 202	(5)		7 483
Implementation of new standards							
First-time adoption of IFRS 9 <i>Financial Instruments</i> (net of tax)	–	–	–	(41)	–		(41)
At 1 April 2018	1 597	(123)	812	5 161	(5)		7 442
Recognised income and expenses for the year							
Loss for the year	–	–	–	(414)	7		(407)
Other comprehensive income	–	–	182	–	11		193
Transactions with shareholders							
Acquisition of business	–	–	–	–	89		89
Ordinary shares issued	7	–	(7)	–	–		–
Ordinary dividends paid	–	–	–	(153)	–		(153)
Share-based payment – value of services provided	–	–	61	–	–		61
At 31 March 2019	1 604	(123)	1 048	4 594	102		7 225
Implementation of new standards							
First-time adoption of IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	–	–	–	(144)	–		(144)
At 1 April 2019	1 604	(123)	1 048	4 450	102		7 081
Recognised income and expenses for the year							
Profit for the year	–	–	–	124	5		129
Other comprehensive income	–	–	629	–	11		640
Transactions with shareholders							
Ordinary shares issued	1 930	–	–	–	–		1 930
Transfer of other reserves to retained earnings	–	–	(28)	28	–		–
Shares acquired as part of a share-based payment scheme	–	(7)	–	–	–		(7)
Share-based payment transactions	–	–	(38)	–	–		(38)
At 31 March 2020	3 534	(130)	1 611	4 602	118		9 735
Notes	4.1	4.1	4.2		5.2		

Consolidated statement of cash flows

for the year ended 31 March 2020

Rm	Notes	2020	2019
Net cash inflow from operating activities		1 692	311
Cash generated from operations	4.5	2 226	998
Interest paid	2.6	(482)	(561)
Interest received	2.6	93	43
Income taxes paid	2.7	(145)	(169)
Net cash outflow from investing activities		(466)	(2 059)
Purchase of property, plant and equipment	3.1	(421)	(977)
Proceeds on disposal of property, plant and equipment	3.1	48	2
Additions to intangible assets	3.3	(93)	(143)
Acquisition of business		–	(941)
Net cash inflow from financing activities		1 404	1 463
Proceeds from rights offer		2 000	–
Cash paid for rights issue costs		(70)	–
Purchase of treasury shares		(7)	–
Proceeds from interest-bearing borrowings raised	4.3	1 648	1 727
Repayment of interest-bearing borrowings	4.3	(1 904)	(111)
Repayment of lease liabilities		(263)	–
Dividends paid		–	(153)
Net increase/(decrease) in cash and cash equivalents		2 630	(285)
Net cash and cash equivalents at beginning of year		(1 613)	(1 459)
Effect of foreign currency movement		250	131
Net cash and cash equivalents at end of year	4.6	1 267	(1 613)

Notes to the consolidated annual financial statements

for the year ended 31 March 2020

1. GENERAL INFORMATION

This section sets out IFRS as the framework under which these annual financial statements are prepared and how changes to IFRS in the current year have impacted the Group's position and performance.

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

1.1 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out within the notes to the consolidated annual financial statements. These policies have been consistently applied to all years presented, unless otherwise stated in note 1.5.

All policies stated in the consolidated annual financial statements relate to the Group and the companies within the Group. The consolidated annual financial statements for the year ended 31 March 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the Companies Act of South Africa.

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

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

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

The preparation of annual 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 annual 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 annual financial statements are disclosed in the relevant note.

1.2 OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

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

The world has changed dramatically in the past few months due to the destabilising impact of COVID-19. The full impact on the lives of people and the economies across the globe remains unknown with significant uncertainty about the duration and intensity of this crisis.

Amid the uncertainty, Omnia concluded its financial year-end on 31 March 2020, almost one week into a five-week lockdown period. The gradual easing of lockdown restrictions has allowed certain parts of the economy to resume. Omnia's operations across the globe were considered essential services. A more detailed assessment of the impact of COVID-19 can be found in note 1.3.

In addition to the COVID-19 challenges, the Group was subjected to a ransomware cyber-attack on its IT infrastructure in March 2020. As a precautionary measure, access to the IT infrastructure was immediately restricted across the business and recovery procedures were implemented. Production facilities and operations were unaffected by the cyber-attack. However, some disruption from an administrative support perspective was experienced until functionality of the IT infrastructure was restored.

Omnia started the financial year with high debt levels and a strategic mandate to stabilise the Group through a debt restructure. In June 2019, the Group secured a R5 billion bridge loan facility and liquidity facilities of R1.8 billion from its principal lenders in South Africa. Proceeds from the drawdown were used to settle all existing local borrowings at that date. As part of the debt restructure, a rights offer of R2 billion was successfully concluded in September 2019 with the net proceeds used to repay a portion of the bridge loan facility. In December 2019, the Group converted the bridge loan facility to a term loan facility of R2 billion, liquid facilities of R2.8 billion and indirect facilities of R1.2 billion. Proceeds from the drawdown were used to settle the remaining balance on the bridge loan facility which was effectively cancelled in December 2019. Details of the new facilities can be found in note 4.3.

The nitrophosphate plant was commissioned at the beginning of the year but encountered several technical issues, many of which were resolved in the second half of FY2020. This resulted in the anticipated benefits not materialising in FY2020.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

1. GENERAL INFORMATION continued

1.2 OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS continued

The Group adopted IFRS 16 *Leases* and IFRIC 23 *Uncertainty over Income Tax Treatments* from 1 April 2019 and elected to use the modified retrospective approach on adoption which means that comparative information was not adjusted for but cumulative prior year adjustments were processed in retained earnings at 1 April 2019. Details on the impact of adopting these standards can be found in note 1.5.

The accounting for the Group's operations in Zimbabwe was adjusted for the impact of hyperinflation following the declaration of Zimbabwe as a hyperinflationary economy. Comparative information was not adjusted for, but the cumulative prior year adjustments were recognised in other comprehensive income at 1 April 2019. Details on the impact of hyperinflation can be found in note 2.3.

The employee share scheme Sakhile 1 was settled in the current year. A market-related offer was made to employees and was accepted by 98.12% of the employees allowing for the settlement of the remaining employees through a squeeze-out process. Details of the settlement of the scheme can be found in note 5.5.

Against tough market conditions, following the execution of the stabilisation plan, Omnia implemented its turnaround plan by cutting costs and unlocking returns from existing assets through process efficiencies. Working capital was actively managed with peak levels reduced. Capital expenditure was reduced in line with the plan. Omnia's focus and delivery of the turnaround plan prepared the Group to better deal with the COVID-19 crisis.

The Group generated profit after tax of R129 million for the year ended 31 March 2020 compared to a loss after tax of R407 million for the comparative period. Operating profit achieved for the year amounted to R789 million (2019: R24 million).

1.3 IMPACT OF COVID-19

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

Introduction

During March 2020, the first case of COVID-19 was reported in South Africa. In response, the South African government enforced a 21-day lockdown beginning Friday, 27 March 2020 and later extended it for a further 14 days ended Thursday, 30 April 2020. Other countries in which the Group operates have experienced either similar lockdown restrictions, curfews or curtailment of normal operating activities.

In South Africa, certain restrictions on economic activities and movement were lifted from 1 May 2020. Similar announcements easing restrictions in other countries were made as the governments of those countries introduced measures to revive their economies. Given the nature of the Group's products, operations across the world have been continuing, albeit at reduced levels. The relaxation of restrictions has enabled the Group to ramp up existing operations provided that strict health and safety guidelines mandated by the relevant governments are adhered to.

The Group's financial year concluded on 31 March 2020, three weeks after the World Health Organization recognised COVID-19 as a global pandemic and a few days after lockdown restrictions were implemented in South Africa. The impact of COVID-19 has, therefore, been recognised as an adjusting subsequent event in preparing these financial statements. While every effort has been made to quantify the future impact that the virus will have on the business, the situation remains fluid and uncertain. Material changes to reported information will be communicated to the market through the SENS.

Business interruption

The Group supplies critical products and services to the agriculture, mining and chemical industries. The Group's products are key inputs for food production, electricity supply, clean water and the production of fuel. As such, specific areas are classified as essential services. The COVID-19 impact on the Group's business operations per segment are detailed below.

Agriculture

Agriculture RSA was classified as an essential service in South Africa. Production facilities at Sasolburg continued operating with the implementation of additional safety precautions. The national lockdown coincided with the scheduled annual maintenance shutdown of the Sasolburg factory. Some maintenance delays were, however, experienced during this period due to contractors having to limit the number of people dedicated to the maintenance effort as a result of strict COVID-19 regulations. The lockdown also coincided with the division's off-peak season which did not materially impact deliveries to customers.

Agriculture International's operations were viewed as essential services in all the countries in which the Group operates. SADC operations were initially impacted due to border closures and uncertainty around which products were permitted to be transported. This matter was, however, resolved within days. Despite not going into a formal lockdown, a forced 14-day quarantine period implemented in Zambia, even for truck drivers, also led to initial delivery delays, but was resolved by contracting local drivers to transport products from the border to Lusaka. Zimbabwe implemented staged lockdown measures, which impacted retail sales, but not materially. Mozambique only implemented travel restrictions, with minimal business interruption. During initial stages of the lockdown in Australia and Brazil, customers increased orders due to uncertainty of future supply. Overall impact on the business remained in line with expectations.

Oro Agri maintained production levels at all facilities as agriculture was an essential service in all major operating countries. The sales teams were not able to visit customers, and order management via remote communication was implemented. Impact on sales have been minimal to date, but performance for the rest of the calendar year will depend on the pace of global economic recovery. Some Oro Agri additives are also used in sanitiser manufacturing and are therefore in short supply. The business was not impacted as additives were stockpiled in advance.

1.3 IMPACT OF COVID-19 continued

Mining

BME RSA was operational during the lockdown period. At the end of March several mines in the coal sector closed due to lower offtake of coal by Eskom decreasing its production volumes. This led to a sharp decline in BME RSA revenue volumes at the start of the lockdown period. However, as the essential services definition became clearer, and other mines obtained approval to commence operations, revenue volumes increased. AXXIS™ detonators and shell imports were affected by global lockdown restrictions. However, a second qualified supplier was sourced to ensure there was no shortage of inventory of these components during the period.

BME International has largely been unaffected by the lockdown. Supplies have continued into SADC countries.

Chemicals

Protea Chemicals was classified as an essential service with only a portion of its product lines being classified as non-essential. Revenue from bulk liquids, bulk powders and polymers were the most impacted. The real challenge experienced was in the local supply of alcohol-based products for the sanitiser industry. Demand continues to be high offset by a shortage in supply throughout the industry.

Umongo Petroleum was classified as essential services for the supply of fuel additives for the gasoline market. In addition, lube additives were considered essential, as it is required by lube marketers for the production of lubricants, utilised by the coal mines servicing Eskom. Lube marketers internationally are operating at 30% to 40% capacity while local lube marketers were between 20% to 40% capacity. While supply is limited, continuity challenges and the current economic climate has impacted demand. Although crude oil prices declined significantly, the benefits were offset by the deterioration of the Rand against the US Dollar. Production and demand in the lubes market is expected to return to normality within the next six months.

The Group's management of the COVID-19 crisis

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

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

Impact on the annual financial statements

The Group has assessed the impact of COVID-19 on the annual financial statements. The key areas impacted are discussed below and additional detail is provided in the relevant notes.

The Group's business model is asset-intensive, with manufacturing facilities in Sasolburg, Losberg and other sites around the world. As the Group's manufactured products are identified as essential, production has been ongoing. The Group has tested all asset-intensive cash-generating units by calculating value-in-use and comparing the result to the carrying amount of the cash-generating unit. The impact of COVID-19 on budgeted and forecast revenue and expenses were used, discounted at the weighted average cost of capital. Impairment of goodwill of R105 million was identified for Umongo Petroleum.

Impairment of financial assets

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

Inventory obsolescence

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

Cash flows and liquidity

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

The Group's liquidity and access to facilities is continuously monitored in line with the Group's adjusted budgets, seasonal funding requirements and the parameters of the debt financial covenants. The Group has sufficient headroom on its committed facilities and continues to meet financial covenants as at the date of these annual financial statements. These metrics continue to be continually assessed.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

1. GENERAL INFORMATION continued

1.4 GOING CONCERN

The COVID-19 pandemic impact required management to reassess the going concern assumption as detailed below.

In determining the appropriate basis of preparation of the annual financial statements, the directors are required to consider whether the Group can continue to operate for the foreseeable future. At the date of approving these annual financial statements, the directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements including the effects of possible prolonged periods of reduced operations due to COVID-19. This assessment is supported by the Group's reduced net debt position following the successful conclusion of the rights offer and finalisation of the new debt facility package. The directors conclude that the going concern assumption is an appropriate basis of preparation for these annual financial statements.

1.5 ADOPTION OF NEW STANDARD AND INTERPRETATIONS

The impact of adopting the new accounting standards and interpretations, IFRS 16 *Leases* and IFRIC 23 *Uncertainty over Income Tax Treatments*, that are effective for the first time for the year ended 31 March 2020 are detailed below.

The Group changed its accounting policies and made certain retrospective adjustments following the adoption of IFRIC 23 *Uncertainty over Income Tax Treatments*. This is disclosed below. The Group's adoption of IFRS 16 *Leases* did not result in retrospective adjustments and presentation and disclosures were updated to meet the requirements of the new standard. All the other amendments listed above did not have an impact on prior periods and are not expected to significantly affect future periods.

New standards, amendments and interpretations that have been published but are not effective for the year ended 31 March 2020, have not been early adopted by the Group and are not expected to significantly impact the Group.

Adoption of IFRIC 23 Uncertainty over Income Tax Treatments

The Group has adopted IFRIC 23 *Uncertainty over Income Tax Treatments* from 1 April 2019 and elected to use the modified retrospective approach on adoption. Prior year adjustments arising from the adoption of this standard are therefore recognised in opening retained earnings as at 1 April 2019.

The Group operates in various international tax jurisdictions with tax exposure risk being considered as one of the top 10 risks in the integrated annual report for the years ended 31 March 2019 and 31 March 2020. The Group previously recognised tax provisions based on the most likely amount of potential tax liabilities, for each separate uncertain tax position. IFRIC 23 *Uncertainty over Income Tax Treatments* provides additional guidance on the measurement of tax liabilities and requires a probability weighted average approach to be adopted in situations where there is a wide range of possible outcomes. For tax issues with a binary outcome, the most likely amount method remains in use. At the date of initial application, tax liabilities from uncertain tax positions amounted to R144 million and were adjusted in opening retained earnings at 1 April 2019.

The impact on retained earnings and income tax liabilities at 1 April 2019 is as follows:

Rm	Retained earnings	Income tax liabilities
At 31 March 2019	4 594	20
First-time adoption of IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	(144)	144
Reclassification from trade and other payables	–	93
At 1 April 2019	4 450	257

Uncertain tax positions previously recognised in trade and other payables were reclassified to income tax liabilities.

Adoption of IFRS 16 Leases

The Group has adopted IFRS 16 *Leases* from 1 April 2019 and elected to use the modified retrospective approach on adoption. At the date of initial application, because the right-of-use asset was measured at an amount equal to the remaining lease liabilities there was no impact on opening retained earnings at 1 April 2019.

On adoption, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 April 2019. The lessee's weighted average incremental borrowing rate applied to determine lease liabilities on 1 April 2019 ranged between 1.8% to 26.8% (dependent on geographical location). At the date of initial application, the right-of-use asset was measured at an amount equal to the remaining lease liabilities.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 *Leases* are only applied after that date.

1.5 ADOPTION OF NEW STANDARD AND INTERPRETATIONS continued

Adoption of IFRS 16 Leases continued

In applying IFRS 16 *Leases* for the first time, the Group used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- Short-term leases and leases of low-value assets are recognised on a straight-line basis in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise certain IT equipment and small items of office furniture
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- The use of hindsight in determining the lease term, where the contract contains options to extend or terminate the lease
- At the date of initial application, contracts are not reassessed to determine whether the contract contains a lease. For contracts entered into before the transition date, the Group relied on its assessment made in applying IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 April 2019

The lease liability on initial application of IFRS 16 *Leases* as at 1 April 2019 was determined as follows:

Rm	Lease liability
Lease commitments at 31 March 2019	281
Unreported opening lease commitments	82
Adjusted lease commitments balance at 1 April 2019	363
Discounted using the lessee's incremental borrowing rate at the date of initial application	313
Add: Adjustments because of a different treatment of extension and termination options	160
Less: Short-term leases recognised on a straight-line basis as expense	(3)
Add: Finance lease liabilities recognised as at 31 March 2019	42
Lease liability recognised as at 1 April 2019	512

At 31 March 2019, R82 million relating to operating leases was not disclosed in the operating lease commitments note. This has been corrected above in the opening lease liability reconciliation on adoption of IFRS 16 *Leases*. The omission is an administrative error as some lease contracts were managed by operational staff and while expensed within cost of sales, were not included in the lease commitments disclosure. All contracts that meet the definition of a lease are actively managed and accounted for under IFRS 16 *Leases*.

The right-of-use asset on initial application of IFRS 16 *Leases* as at 1 April 2019 was determined as follows:

Rm	Land and buildings	Plant and machinery	Furniture, equipment and fittings	Right-of-use assets
Right-of-use assets from operating leases	285	84	101	470
Right-of-use assets reclassified from finance leases	–	13	37	50
Right-of-use asset recognised as at 1 April 2019	285	97	138	520

The change in accounting policy affected the following items in the statement of financial position:

Rm	31 March 2019	Change in accounting policy	1 April 2019
Non-current assets			
Property, plant and equipment	5 425	(50)	5 375
Right-of-use assets	–	520	520
Liabilities			
Lease liabilities (non-current)	39	309	348
Lease liabilities (current)	3	161	164

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

1. GENERAL INFORMATION continued

1.5 ADOPTION OF NEW STANDARD AND INTERPRETATIONS continued

Impact of IFRS 16 Leases on 31 March 2020

Operating profit, profit before tax, EBITDA (excluding impairment) and net controlled assets increased due to the change in accounting policy. Movements stem from lease expenses no longer being recognised, with depreciation expense on right-of-use assets and interest on lease liability being expensed instead. Right-of-use assets and lease liabilities are now included in net controlled assets, whereas finance lease liabilities were previously excluded from net controlled assets. The above changes disclosed per segment are as follows:

Rm	Operating profit	Profit before taxation	EBITDA (excluding impairment)	Net controlled assets
Agriculture RSA	7	(25)	64	(15)
Agriculture International*	6	(3)	53	(4)
Agriculture Trading	–	–	–	–
Agriculture Biological	5	4	9	(2)
Total Agriculture	18	(24)	126	(21)
Mining RSA	1	(3)	10	(3)
Mining International	8	4	31	(1)
Total Mining	9	1	41	(4)
Protea Chemicals	(3)	(16)	49	(22)
Umongo Petroleum	1	(1)	12	(1)
Total Chemicals	(2)	(17)	61	(23)
Head office and elimination	7	(2)	35	7
Total	32	(42)	263	(41)

* The portion relating to Zimbabwe within Agriculture International is less than R1 million.

Earnings per share decreased by 37 cents per share for the year ended 31 March 2020 because of the adoption of IFRS 16 *Leases*.

1.6 FUNCTIONAL AND PRESENTATION CURRENCY

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

Accounting policy

Items included in the annual 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 annual financial statements are presented in Rand, which is the Group's presentation currency and the company's functional and presentation currency.

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

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

On consolidation, exchange rate differences arising from the translation of intercompany loans designated as part of the net investment in a foreign operation are reclassified from profit or loss to other comprehensive income. Goodwill and fair value adjustments on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Accumulated exchange differences arising from translation of foreign operations that are not wholly owned are allocated to and recognised as part of non-controlling interests in the consolidated statement of financial position.

Significant estimates and judgements

The Group classifies a loan to its Zimbabwean subsidiary of R164 million (2019: R244 million) as a net investment in a foreign operation as settlement on this loan is neither planned nor likely to occur in the foreseeable future. While the Zimbabwean operations remain a strategic investment for the Group, the volatile economic climate of the country requires management to be agile and respond swiftly to significant changes. The Group, therefore, reviews the classification as a net investment in a foreign operation at least annually or when significant economic changes occur in the country resulting in changes to the business model. In the current year R151 million (2019: R186 million) foreign exchange losses were reclassified to other comprehensive income on consolidation.

2. GROUP PERFORMANCE

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

2.1 SEGMENT INFORMATION

The Group identifies different business units that are regularly reviewed by the executive committee to allocate resources and assess performance. These business units offer different products and services and are managed separately. The segment disclosures present the financial performance of each business unit and other material items.

The executive committee (consisting of the chief executive officer, the finance director, managing directors of the Group's operating segments and executives of other Group functions) is responsible for allocating resources, assessing the performance of operating segments and making strategic decisions. The executive committee reviews internal reports on the Group's performance from both a product and geographical perspective per operating segment.

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

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



Agriculture RSA: As part of its innovative Nutriology® concept, this segment produces and trades in granular, liquid and speciality fertilizer as well as value-added services and solutions. The South African customer base includes commercial and small-scale farmers, co-operatives and other corporate clients. The business also supplies manufactured goods to the Agriculture International, Mining and Chemicals segments.

Agriculture International: This segment produces and trades in granular, liquid and speciality fertilizers, humates and provides value-added services and solutions to a broad international customer base.

Agriculture Biological: This segment is involved in the research and development, production, distribution and sales of a unique range of AgriBio products, many of which are patented. The key product ranges include bio-stimulants, adjuvants, biological crop protection products, liquid foliar fertilizers and soil conditioners for all major crop types.

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



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

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



Protea Chemicals: Protea Chemicals is a long-established and well-known manufacturer and distributor of speciality, functional and effective chemicals, polymers and other services and solutions. This segment included a small part of the Chemicals International business. Among the services and solutions provided are technical support (water, nutrition and personal care) and an offshore delivery to floating production storage and offloading (FPSO) vessels.

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



Head office: This segment includes acquisition-related costs, amortisation of intangible assets arising from acquisitions, employee share-based payment expenses and certain once-off costs.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

2. GROUP PERFORMANCE continued

2.1 SEGMENT INFORMATION continued

Statement of comprehensive income

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

Statement of comprehensive income Rm	Gross revenue ¹	Net revenue	Operating profit	Profit before taxation	EBITDA (excluding impairment) ³
Year ended 31 March 2020					
Agriculture RSA	7 340	4 924	110	48	438
Agriculture International (excluding Zimbabwe)	2 118	1 988	165	119	217
Agriculture International (Zimbabwe)	485	485	94	112	97
Agriculture Trading	423	243	16	14	16
Agriculture Biological	1 005	914	208	200	225
Total Agriculture	11 371	8 554	593	493	993
Mining RSA	3 307	2 039	63	55	170
Mining International	3 294	3 151	293	306	353
Total Mining	6 601	5 190	356	361	523
Protea Chemicals	3 912	3 678	110	85	207
Umongo Petroleum	1 361	1 315	63	65	75
Total Chemicals	5 273	4 993	173	150	282
Head office and elimination²	–	–	(333)	(672)	25
Total	23 245	18 737	789	332	1 823
Year ended 31 March 2019					
Agriculture RSA	5 661	4 487	93	(58)	301
Agriculture International (excluding Zimbabwe)	1 802	1 802	161	132	173
Agriculture International (Zimbabwe)	279	279	8	(1)	9
Agriculture Trading	961	961	3	(3)	25
Agriculture Biological	711	711	105	88	114
Total Agriculture	9 414	8 240	370	158	622
Mining RSA	2 104	2 104	21	(16)	127
Mining International	3 001	2 781	148	114	195
Total Mining	5 105	4 885	169	98	322
Protea Chemicals	4 108	4 108	(68)	(102)	35
Umongo Petroleum	1 193	1 193	78	68	61
Total Chemicals	5 301	5 301	10	(34)	96
Head office and elimination²	–	–	(525)	(636)	(61)
Reconciling items	(164)	202	–	–	–
Total	19 656	18 628	24	(414)	979

¹ Gross revenue includes intercompany revenue.

² Head office and eliminations include goodwill impairment on Umongo Petroleum, impairment on software, acquisition costs (depreciation and amortisation on acquisitions).

³ EBITDA (excluding impairment) is defined as operating profit excluding depreciation, amortisation and impairments.

2.1 SEGMENT INFORMATION continued

EBITDA (excluding impairment) calculation Rm	Operating profit	Depreciation and amortisation	Impairment (non-financial assets)	EBITDA (excluding impairment)
Year ended 31 March 2020				
Agriculture RSA	110	(328)	–	438
Agriculture International (excluding Zimbabwe)	165	(52)	–	217
Agriculture International (Zimbabwe)	94	(3)	–	97
Agriculture Trading	16	–	–	16
Agriculture Biological	208	(17)	–	225
Total Agriculture	593	(400)	–	993
Mining RSA	63	(107)	–	170
Mining International	293	(60)	–	353
Total Mining	356	(167)	–	523
Protea Chemicals	110	(97)	–	207
Umongo Petroleum	63	(12)	–	75
Total Chemicals	173	(109)	–	282
Head office and elimination	(333)	(248)	(110)	25
Total	789	(924)	(110)	1 823
Year ended 31 March 2019				
Agriculture RSA	93	(208)	–	301
Agriculture International (excluding Zimbabwe)	161	(12)	–	173
Agriculture International (Zimbabwe)	8	(1)	–	9
Agriculture Trading	3	(22)	–	25
Agriculture Biological	105	(9)	–	114
Total Agriculture	370	(252)	–	622
Mining RSA	21	(106)	–	127
Mining International	148	(47)	–	195
Total Mining	169	(153)	–	322
Protea Chemicals	(68)	(87)	(16)	35
Umongo Petroleum	78	17	–	61
Total Chemicals	10	(70)	(16)	96
Head office and elimination	(525)	(140)	(324)	(61)
Total	24	(615)	(340)	979

Statement of financial position

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

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

2. GROUP PERFORMANCE continued

2.1 SEGMENT INFORMATION continued

Statement of financial position Rm	Net working capital	Net controlled assets	RONCA %
Year ended 31 March 2020			
Agriculture RSA	325	4 248	2.6
Agriculture International (excluding Zimbabwe)	1 329	1 582	10.4
Agriculture International (Zimbabwe)	(127)	(121)	(77.7)
Agriculture Trading	31	31	51.6
Agriculture Biological	488	872	23.9
Total Agriculture	2 046	6 612	9.0
Mining RSA	371	1 145	5.5
Mining International	837	1 129	26.0
Total Mining	1 208	2 274	15.7
Protea Chemicals	725	1 203	9.1
Umongo Petroleum	250	283	22.3
Total Chemicals	975	1 486	11.6
Head office and elimination	(212)	2 180	(15.3)
Reconciling items	(110)	(110)	–
Total	3 907	12 442	6.3
Year ended 31 March 2019			
Agriculture RSA	965	4 508	2.1
Agriculture International (excluding Zimbabwe)	788	1 043	15.4
Agriculture International (Zimbabwe)	265	275	2.9
Agriculture Trading	217	217	1.4
Agriculture Biological	304	588	17.9
Total Agriculture	2 539	6 631	5.6
Mining RSA	363	1 148	1.8
Mining International	833	1 083	13.7
Total Mining	1 196	2 231	7.6
Protea Chemicals	876	1 275	(5.3)
Umongo Petroleum	278	295	26.4
Total Chemicals	1 154	1 570	0.6
Head office and elimination	(483)	1 905	(27.6)
Reconciling items	(142)	–	–
Total	4 264	12 337	0.2

	31 March 2020		31 March 2019	
Statement of financial position reconciliation Rm	Net working capital	Net controlled assets	Net working capital	Net controlled assets
Property, plant and equipment	–	5 328	–	5 425
Right-of-use asset	–	572	–	–
Goodwill and intangible assets	–	2 579	–	2 488
Investments accounted for using equity accounting	–	11	–	49
Inventories	3 647	3 647	3 883	3 883
Trade and other receivables	4 255	4 255	3 944	3 944
Contract liabilities	(477)	(477)	(354)	(354)
Trade and other payables	(3 551)	(3 551)	(3 239)	(3 239)
Derivative financial instruments (net)	33	33	30	30
Cash in countries with liquidity constraints	–	45	–	111
Total	3 907	12 442	4 264	12 337

2.2 REVENUE

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

Accounting policy

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

Sales of products

The Group manufactures and sells:

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

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

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

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

Rendering of services

The Group provides the following services:

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

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

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

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

Significant estimates and judgements

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

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

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

2. GROUP PERFORMANCE continued

2.2 REVENUE continued

Revenue for the year per performance obligation is as follows:

Rm	2020	2019
Product	17 445	17 510
Transport	853	560
Services	439	558
	18 737	18 628

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

Rm	Product	Transport	Services	Net revenue
Year ended 31 March 2020				
Agriculture RSA	4 499	405	20	4 924
Agriculture International	2 460	8	5	2 473
Agriculture Trading	243	–	–	243
Agriculture Biological	914	–	–	914
Total Agriculture	8 116	413	25	8 554
Mining RSA	1 823	48	168	2 039
Mining International	2 593	312	246	3 151
Total Mining	4 416	360	414	5 190
Protea Chemicals	3 635	43	–	3 678
Chemicals Petroleum	1 278	37	–	1 315
Total Chemicals	4 913	80	–	4 993
Total	17 445	853	439	18 737
Year ended 31 March 2019				
Agriculture RSA	4 300	365	6	4 671
Agriculture International	1 892	–	8	1 900
Agriculture Trading	950	–	–	950
Agriculture Biological	711	–	–	711
Total Agriculture	7 853	365	14	8 232
Mining RSA	2 308	151	207	2 666
Mining International	2 151	44	276	2 471
Total Mining	4 459	195	483	5 137
Protea Chemicals	4 005	–	61	4 066
Chemicals Petroleum	1 193	–	–	1 193
Total Chemicals	5 198	–	61	5 259
Total	17 510	560	558	18 628

2.2 REVENUE continued

Analysis of revenue per performance obligation per geographical segment:

Rm	Product	Transport	Services	Net revenue
Year ended 31 March 2020				
Agriculture				
– South Africa	4 668	223	20	4 911
– Rest of Africa	2 251	182	–	2 433
– Rest of the world	1 197	8	5	1 210
Total Agriculture	8 116	413	25	8 554
Mining				
– South Africa	2 292	64	168	2 524
– Rest of Africa	2 058	296	237	2 591
– Rest of the world	66	–	9	75
Total Mining	4 416	360	414	5 190
Chemicals				
– South Africa	4 462	80	–	4 542
– Rest of Africa	451	–	–	451
Total Chemicals	4 913	80	–	4 993
Total	17 445	853	439	18 737
Year ended 31 March 2019				
Agriculture				
– South Africa	4 660	219	6	4 885
– Rest of Africa	2 232	126	–	2 358
– Rest of the world	961	20	8	989
Total Agriculture	7 853	365	14	8 232
Mining				
– South Africa	2 253	8	206	2 467
– Rest of Africa	2 102	187	277	2 566
– Rest of the world	104	–	–	104
Total Mining	4 459	195	483	5 137
Chemicals				
– South Africa	4 747	–	–	4 747
– Rest of Africa	451	–	61	512
Total Chemicals	5 198	–	61	5 259
Total	17 510	560	558	18 628

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

Rm	2020	2019
Contract liabilities		
Opening balance	354	343
Revenue recognised in the current year	(318)	(323)
Advances from customers	441	334
	477	354

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

2. GROUP PERFORMANCE continued

2.3 MONETARY GAIN ON HYPERINFLATION

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

Accounting policy

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

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

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

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

Significant estimates and judgements

The Group applies inflation indices as published by the Zimbabwe National Statistics Agency when converting results and balances to the measuring unit current at year-end.

In the absence of an official exchange rate in Zimbabwe, the Old Mutual implied rate was used to translate transactions in US Dollar to Zimbabwean Dollar. The US Dollar: Old Mutual implied rate at 31 March 2020 was 1:62.29 (2019: 1:5.00). The Group translates the Zimbabwean Dollar operations from its Zimbabwean subsidiary and joint venture into Rand for consolidation and equity-accounting purposes respectively. Details of the hyperinflation indices and exchange rates used are:

	CPI	CPI index	ZWL:USD	ZWL:USD index
March 2020	810.40	1.0000	62.29	1.0000
February 2020	640.16	1.2659	46.35	1.3438
January 2020	563.90	1.4371	36.61	1.7014
December 2019	551.63	1.4691	25.55	2.4376
November 2019	473.28	1.7123	27.07	2.3009
October 2019	402.92	2.0113	27.40	2.2736
September 2019	290.39	2.7907	19.23	3.2389
August 2019	246.68	3.2852	15.03	4.1449
July 2019	208.92	3.8789	11.99	5.1946
June 2019	172.61	4.6949	8.73	7.1342
May 2019	123.95	6.5381	8.97	6.9463
April 2019	110.14	7.3577	5.92	10.5170

After reporting date, the US Dollar: Old Mutual implied rate weakened further to 1:122.23. Using this exchange rate, the results from Zimbabwean operations included in the Group's results would be a profit of R48 million (reported 2019: R97 million profit) and net asset value would be a net liability of R67 million (reported 2019: R135 million net liability).

2.3 MONETARY GAIN ON HYPERINFLATION continued

The monetary gain for the year ended 31 March 2020 is R22 million and has been recognised in profit or loss below operating profit. The Group's Zimbabwean subsidiary's contribution to the Group's statement of comprehensive income and the Group's statement of financial position is as follows:

Rm	2020
Statement of comprehensive income	
Revenue	485
Expenses	(391)
Operating profit	94
Monetary gain or loss on hyperinflation	22
Interest	(4)
Profit before tax	112
Tax	(15)
Profit for the year	97
Statement of financial position	
Property, plant and equipment	6
Inventory	113
Monetary assets	28
Monetary liabilities	(268)
Deferred tax	(15)
Equity	136

2.4 OTHER OPERATING INCOME/EXPENSES

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

Accounting policy

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

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

Rm	2020	2019
Income		
Fair value gains on derivatives (net)	91	66
Insurance claims	9	96
Earn-out reversal	3	97
Gain on legal settlement*	36	–
Gain on settlement of indemnification asset	14	–
Learnership grants	4	–
Profit on disposal of property, plant and equipment	–	3
Other	22	63
	179	325
Expenses		
Foreign exchange loss on revaluation of assets and liabilities (net)	(154)	(196)
Amortisation of intangible assets (refer to note 3.3)	(229)	(197)
Loss on disposal of property, plant and equipment/intangible assets	(8)	–
Environmental provision	(11)	9
	(402)	(384)
Impairment		
Goodwill and intangible assets	(110)	(324)
Property, plant and equipment/intangible assets	–	(16)
	(110)	(340)

* An expected credit loss of R22 million was recognised against this gain resulting in a net gain of R14 million recognised in profit or loss.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

2. GROUP PERFORMANCE continued

2.5 OPERATING PROFIT

The Group's operating profit as well as EBITDA (excluding impairment) are used as measures of performance. This section details material expenses contained in operating profit.

Operating profit is stated after charging:

Rm	2020	2019
Auditor's remuneration	38	44
– Fees for audit	37	41
– Other services	1	3
Depreciation of property, plant and equipment (refer to note 3.1)	464	418
Depreciation of right-of-use assets (refer to note 3.2)	231	–
Operating lease rentals	–	92
Short-term leases	9	–
Low-value leases	7	–
Variable lease payments	6	–
Research and development expenditure	27	22
Staff costs	2 000	2 041
– Wages and salaries including cash incentives	1 941	1 907
– Provident fund costs – defined contribution plans	61	63
– Equity-settled share-based payment expense	4	61
– Cash-settled LTIP expense	(2)	(11)
– Employee services cost linked to business combination	(4)	21
Staff costs have been charged to:	2 000	2 041
– Distribution expenses	981	968
– Administrative expenses	603	682
– Cost of sales	416	391
Retrenchment costs	22	35
Acquisition-related costs	–	28
Debt restructure costs	24	–
EcoGypsum™ closure costs	6	–

2.6 FINANCE EXPENSE AND FINANCE INCOME

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

Rm	2020	2019
Finance expense		
Short-term interest-bearing borrowings	424	357
Long-term interest-bearing borrowings	58	88
Interest paid on deferred acquisition prices and other	16	116
Interest on lease liabilities (refer to note 3.8)	74	–
	572	561
Interest capitalised (refer to note 3.1)	–	(80)
	572	481
Finance income		
Interest received	(93)	(43)

2.7 INCOME TAX EXPENSE

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

Accounting policy

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

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

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

Rm	2020	2019
South African normal taxation		
– Current year	85	36
– Prior year	(2)	37
Foreign taxation		
– Current year	182	127
– Prior year	18	–
Total normal tax	283	200
Deferred taxation		
– Current year	(58)	(138)
– Prior year	(23)	(69)
Total deferred tax (refer to note 3.6)	(81)	(207)
Withholding tax	1	–
Taxation for the year	203	(7)

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

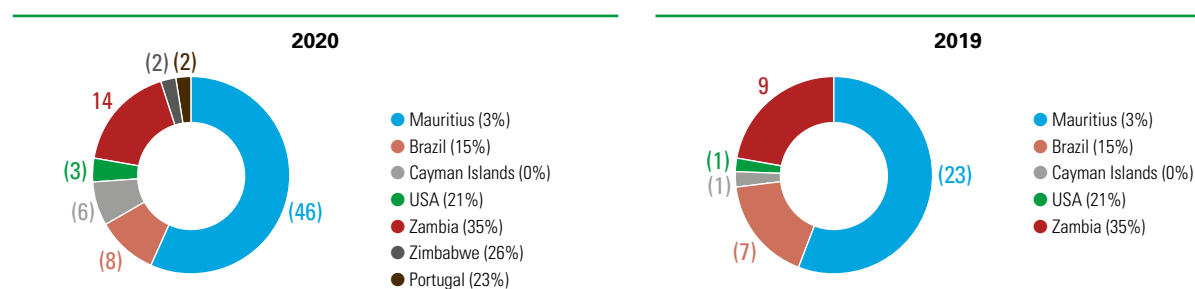
2. GROUP PERFORMANCE continued

2.7 INCOME TAX EXPENSE continued

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

Rm	2020	2019
Profit/(loss) before taxation	332	(414)
Tax calculated at 28% (2019: 28%)	93	(116)
Adjusted for:		
Non-deductible expenses	144	166
Impairment of goodwill	29	91
Amortisation of intangible assets	15	15
Expenses of a capital nature	15	11
Provisions under IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	29	–
Share-based payment	–	35
Foreign expenses not deductible per in-country legislation	49	–
Other	7	14
Assessed losses not accounted for as deferred tax asset	28	33
Different tax rates in countries in which the Group operates*	(53)	(23)
Assessed losses utilised	(17)	(3)
Exempt income**	(10)	(30)
Special allowances	(4)	(58)
Overprovision of prior year tax and additional provisions	7	24
Hyperinflation	15	–
Tax charge	203	(7)
The weighted average applicable tax rate (%)	61.1	1.7

* The Group operates in 45 countries across the world which have statutory rates of tax from 0% to 35%. The difference in tax rates of other countries reconciling line can be attributed to the following countries:



** Exempt income includes income from carbon credit sales and interest income taxed as a separate source.

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

Rm	2020	2019
Income tax asset at beginning of year	63	117
Charged through opening retained earnings	(144)	–
Charged to profit or loss	(283)	(200)
Movement in deferred tax	53	–
Effect of foreign currency movement	(8)	(23)
Income tax liability/(asset) at end of year	174	(63)
	(145)	(169)

2.8 EARNINGS PER SHARE

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

Accounting policy

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

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

Rm	2020	Restated 2019*
Basic earnings – profit/(loss) attributable to the owners of Omnia Holdings Limited	124	(414)
Diluted earnings	124	(414)
Headline earnings	237	(76)
Basic earnings – profit/(loss) attributable to the owners of Omnia Holdings Limited	124	(414)
Insurance income for replacement of property, plant and equipment	(5)	–
Loss/(profit) on disposal of property, plant and equipment	8	(2)
Impairment of property, plant and equipment	–	16
Impairment of goodwill and intangible assets	110	324
Diluted headline earnings	237	(76)
Weighted average number of shares in issue ('000)	125 615	78 073*
Weighted average number of diluted shares in issue ('000)	125 615	78 073*
Basic earnings/(loss) per share (cents)	99	(530)
Diluted earnings/(loss) per share (cents)	99	(530)
Headline earnings/(loss) per share (cents)	189	(97)
Diluted headline earnings/(loss) per share (cents)	189	(97)
Dividend per share (cents)	–	75

* The weighted average number of shares in issue for the comparative period are adjusted as the shares issued under the rights issue completed in September 2019 were issued at a discount (being R20 per share) to the Omnia Holdings share price on the day (being R25.50). Consequently, the comparable weighted average number of shares in issue was adjusted by 10 098 000 shares to account for the deemed dilutive effect of the rights issue.

Due to the net loss incurred by the Group for the year ended 31 March 2019, all dilutive potential ordinary shares were anti-dilutive. For the year ended 31 March 2020, the Group settled Sakhile 1 through cash and partly settled Sakhile 2 share schemes through the purchase of Omnia Holdings Limited shares in the market. The Group expects to settle the remaining tranches in Sakhile 2 in the same manner. As a result, the Group no longer recognises dilutive potential ordinary shares.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

3. OPERATING ASSETS AND LIABILITIES

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

3.1 PROPERTY, PLANT AND EQUIPMENT

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

Accounting policy

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

Assets are depreciated on a straight-line basis over their estimated useful lives to their residual values. Useful lives are reassessed annually. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate assets.

The expected useful lives are as follows:

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

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

Significant estimates and judgements

The remaining useful lives and residual values of property, plant and equipment are significant estimates and reassessed annually. Management considers the performance of an asset in line with original expectations, market factors relating to each class of asset and the medium-term strategy of the Group to assess whether useful life estimates need to be adjusted. There were no changes to useful life estimates in the current year.

COVID-19 considerations

Plant utilisation at the Group's major manufacturing facility in Sasolburg was not impacted by the lockdown regulations implemented in South Africa as the period from April to June is generally the off-peak season with annual shutdown and maintenance planned during this period. Some maintenance delays were experienced during this period due to contractors having to limit the number of people dedicated to the maintenance effort due to COVID-19 regulations.

As the Group's operations in South Africa and globally were classified as essential services, the implementation of lockdowns in South Africa and other countries was not considered to be an indicator for impairment. Additionally, as the Group's major customers are large-scale commercial farmers, listed mining companies, and manufacturers, the Group experienced minimal disruption in demand. However, the expected deterioration of the wider economic environment, locally and globally, was determined to be an indicator for impairment.

Consequently, the recoverable amounts of all cash-generating units with material non-current asset balances were determined based on value-in-use calculations. Amended budgets including the impact of COVID-19 on operations were used. Uncertainties on the extent of the COVID-19 impact resulted in flat or inflationary revenue growth assumptions, stable gross margins and inflationary cost increases. Headroom was noted on all cash-generating units except Umongo Petroleum on which R105 million goodwill impairment was recognised. Refer to note 3.3 for details on assumptions used in the Umongo Petroleum impairment model.

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

3.1 PROPERTY, PLANT AND EQUIPMENT continued

Rm	Land and buildings	Plant and machinery	Furniture, equipment and vehicles	Leased assets	Total
At 31 March 2019					
Cost	1 209	6 039	613	90	7 951
Accumulated depreciation	(233)	(1 839)	(398)	(40)	(2 510)
Accumulated impairment	–	(16)	–	–	(16)
	976	4 184	215	50	5 425
Year ended 31 March 2019					
Opening net carrying amount	765	3 600	179	44	4 588
Acquisition of business	104	28	7	–	139
Additions	142	830	67	13	1 052
Interest capitalised	–	80	–	–	80
Disposals	(1)	(13)	(2)	–	(16)
Depreciation charge	(40)	(269)	(104)	(5)	(418)
Impairment	–	(16)	–	–	(16)
Effect of foreign currency movement	6	(56)	68	(2)	16
Closing net carrying amount	976	4 184	215	50	5 425

On 1 April 2019, leased assets of R50 million were transferred to right-of-use assets on adoption of IFRS 16 *Leases*.

Depreciation expense of R291 million (2019: R216 million) has been charged to cost of sales, R127 million (2019: R160 million) to distribution expenses and R46 million (2019: R42 million) to administrative expenses.

The value of capital work-in-progress included in property, plant and equipment amounts to R472 million (2019: R347 million).

Rm	2020	2019
At 1 April	347	744
Additions	274	825
Freehold land and buildings	18	51
Plant and machinery	237	733
Furniture, equipment and vehicles	19	41
Interest capitalised	–	80
Transfers to:	(149)	(1 302)
Freehold land and buildings	(2)	(124)
Plant and machinery	(113)	(1 130)
Furniture, equipment and vehicles	(34)	(48)
At 31 March	472	347

The Group finalised the long-term borrowing facility in December 2019. As part of the facility, certain land, buildings and plant and equipment in South Africa of R3 870 million was put up as collateral to the lenders, as part of the security package, for the term loan facility, for the duration of the term.

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

Rm	2020	2019
Authorised and contracted for	233	147
Authorised but not contracted for	187	180

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

3. OPERATING ASSETS AND LIABILITIES continued

3.2 RIGHT-OF-USE ASSETS

The Group recognises right-of-use assets for the first time on implementation of IFRS 16 *Leases*, which requires leases previously classified as operating leases to be capitalised.

Accounting policy

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

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

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

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

COVID-19 considerations

The Group's material right-of-use assets relate to land and buildings, and plant and machinery, most of which was utilised during the mandatory lockdown period as the Group's products were classified as essential services. The Group has encouraged working from home, where possible, although more employees are expected to return to the office following the easing of restrictions on mobility. The Group continues to prioritise the health and safety of all employees and implemented social distancing and mandatory hygiene requirements to ensure the safe return of all office employees. The Group determined that there were no indicators for impairment for right-of-use assets. The Group has not received any lease concessions or lease forgiveness for land and buildings leased.

Rm	Land and buildings	Plant and machinery	Furniture, equipment and vehicles	Total
At 31 March 2020				
Cost	525	107	171	803
Accumulated depreciation	(138)	(43)	(50)	(231)
	387	64	121	572
Year ended 31 March 2020				
Opening net carrying amount	285	97	138	520
Additions	261	13	50	324
Disposals	(1)	(5)	–	(6)
Depreciation charge	(138)	(43)	(50)	(231)
Effect of foreign currency movement	(20)	2	(17)	(35)
Closing net carrying amount	387	64	121	572

Depreciation expense of R54 million has been charged to cost of sales, R103 million to distribution expenses and R74 million to administrative expenses.

3.3 GOODWILL AND INTANGIBLE ASSETS

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

Accounting policy

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets.

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

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

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

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

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

Significant estimates and judgements

The remaining useful lives of intangible assets are assessed annually. Management considers cash flows associated with an intangible asset compared to original expectations, market factors relating to each class of intangible asset and the medium-term strategy of the Group to assess whether useful life estimates need to be adjusted. There were no changes to useful life estimates in the current year.

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

COVID-19 considerations

The Group considered the impact of COVID-19 on the utilisation of trademarks, patents, brands, distribution contracts and customer relationships. As the Group's operations in South Africa and globally were classified as essential services, there was minimal disruption to long-term contracts and distribution of products and services supplied by the Group. Despite being classified as essential services, Umongo Petroleum was impacted by increased volatility in the fuel sector from risks arising from the COVID-19 pandemic. This has introduced higher risk rates into the valuations and lower growth assumptions into the business for the short term.

The Group is required to perform a mandatory impairment test on the goodwill of Umongo Petroleum and Oro Agri. However, the expected deterioration of the wider local and global economic environment from the impact of COVID-19 was determined to be an indicator for impairment.

The recoverable amounts of all cash-generating units with material non-current asset balances were determined based on value-in-use calculations. Amended budgets including the impact of COVID-19 on operations were used. Uncertainties on the extent of the COVID-19 impact resulted in flat or inflationary revenue growth assumptions, stable gross margins and inflationary cost increases. Headroom was noted on all cash-generating units except Umongo Petroleum on which a R105 million goodwill impairment was recognised. Refer below for details on assumptions used in the Umongo Petroleum impairment model.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

3. OPERATING ASSETS AND LIABILITIES continued

3.3 GOODWILL AND INTANGIBLE ASSETS continued

Rm	Goodwill	Trademarks, patents and distribution contracts	Software	Brands	Customer relationships	Total
At 31 March 2020						
Cost	1 019	1 999	671	131	22	3 842
Accumulated amortisation	–	(604)	(197)	(23)	(5)	(829)
Accumulated impairment	(429)	–	(5)	–	–	(434)
	590	1 395	469	108	17	2 579
Year ended 31 March 2020						
Opening net carrying amount	597	1 311	442	119	19	2 488
Transfers	–	–	36	–	–	36
Additions	–	35	58	–	–	93
Disposals	–	–	(4)	–	–	(4)
Amortisation charge	–	(158)	(58)	(11)	(2)	(229)
Impairment	(105)	–	(5)	–	–	(110)
Effect of foreign currency movement	98	207	–	–	–	305
Closing net carrying amount	590	1 395	469	108	17	2 579
At 31 March 2019						
Cost	921	1 726	598	131	22	3 398
Accumulated amortisation	–	(415)	(156)	(12)	(3)	(586)
Accumulated impairment	(324)	–	–	–	–	(324)
	597	1 311	442	119	19	2 488
Year ended 31 March 2019						
Opening net carrying amount	525	453	341	23	21	1 363
Acquisition of business	339	850	143	93	–	1 425
Disposals	–	(3)	–	–	–	(3)
Amortisation charge	–	(142)	(42)	(11)	(2)	(197)
Impairment	(324)	–	–	–	–	(324)
Effect of foreign currency movement	57	153	–	14	–	224
Closing net carrying amount	597	1 311	442	119	19	2 488

The amortisation expense of R229 million (2019: R197 million) is included in other operating expenses in profit or loss.

3.3 GOODWILL AND INTANGIBLE ASSETS continued

Annual impairment test on goodwill

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

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

Cash-generating units Rm	2020	2019
Agriculture International*	3	3
Agriculture Biological	494	396
Mining International*	6	6
Umongo Petroleum	87	192
	590	597

* Immaterial to the Group.

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

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

Umongo Petroleum

Umongo Petroleum's performance for the year ended 31 March 2020 showed a revenue increase of 10% and an operating profit decrease of 19%. While Umongo Petroleum was classified as essential services throughout the COVID-19 lockdown period in South Africa, lubricants marketers locally and internationally were operating at 20% to 40% capacity thereby limiting supply. The lubricants market is expected to take six months to return to normal impacting revenue for FY2021. Despite these challenges Umongo Petroleum was able to secure sales to new customers in May 2020 to offset the expected reduction in revenue from the disruption in the lubricants market. Revenue growth rates for FY2022 to FY2025 were estimated between 7% and 11%. Gross margins of 11.42% are expected to be maintained for FY2022 to FY2025. The carrying amount of R780 million was compared to a recoverable amount of R675 million resulting in impairment of R105 million being recognised in profit or loss. The assumptions used in the value-in-use calculations are as follows:

%	Annual rates 2020	Sensitivity analysis 2020	Annual rates 2019	Sensitivity analysis 2019
Average annual revenue growth	6.1	11.0	8.1	7.1
Average gross margin percentage	11.4	12.7	10.2	9.0
Average annual increase in expenses	4.5	(8.0)	6.5	11.9
Discount rate – weighted average cost of capital (pre-tax)	22.4	19.0	25.6	26.8

Agriculture Biological

The Agriculture Biological segment saw revenue increase by 28% and operating profit increase by 98%. Gross margins of above 70% were achieved and are expected to be maintained. The mandatory test for impairment yielded significant headroom and no impairment was required. The assumptions used in the value-in-use calculations are as follows:

%	Annual rates 2020	Sensitivity analysis 2020	Annual rates 2019	Sensitivity analysis 2019
Average annual revenue growth	14.9	7.7	11.0	8.0
Average gross margin percentage	75.0	55.0	70.1	64.0
Average annual increase in expenses	5.5	17.8	2.7	5.3
Discount rate – weighted average cost of capital (pre-tax)	18.3	29.4	20.4	31.0

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

3. OPERATING ASSETS AND LIABILITIES continued

3.4 INVENTORIES

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

Accounting policy

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

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

Significant estimates and judgements

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

COVID-19 considerations

The Group assessed the impairment of inventory on hand due to reduced demand from the local and global economic slowdown as a result of the COVID-19 pandemic. As the Group's focus in the current year was on better working capital management and reduced inventory holding, no additional inventory was impaired.

The Group allocates overheads from its manufacturing facilities to inventory based on normal production capacity. As production capacity for March 2020 remained at normal levels, allocation of overheads was not impacted.

Rm	2020	2019
Raw materials	752	899
Finished goods	2 703	2 842
Consumables	192	142
	3 647	3 883
Inventory written down	24	165
Inventory recognised as cost of sales	13 968	14 495

The Group finalised the long-term borrowing facility in December 2019. As part of the facility, inventory with a carrying amount of R1 308 million was put up as collateral, as part of the security package, to the lenders for the loan facilities.

3.5 TRADE AND OTHER RECEIVABLES

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

Accounting policy

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

During the current year, the Group concluded a settlement agreement with a supplier regarding a long-running litigious dispute. The settlement agreement allows the Group to recover the discounted disputed amount through a reduction in the payment for ongoing purchases over the next three years. The Group, on conclusion of the settlement agreement, initially recognised the receivable at fair value and subsequently at amortised cost. The gain on initial recognition of R36 million was recognised in other income in profit or loss.

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

Rm	2020	2019
Trade and other receivables – financial assets		
Net trade receivables (refer to note 4.4)	3 595	3 154
Trade receivables	4 066	3 536
Less: Expected credit losses	(471)	(382)
Net emerging farmers (refer to note 4.4)	10	17
Emerging farmers	96	101
Less: Expected credit losses	(86)	(84)
Legal settlement receivable	114	–
Other receivables	136	–
Less: Expected credit losses	(22)	–
Receivables from related parties (refer to note 5.3)	9	24
Indemnification receivable	45	62
	3 773	3 257
Trade and other receivables – non-financial assets		
Prepaid expenses	172	76
Right-to-receive asset	–	73
Value added tax receivable	88	85
Insurance receivable	–	100
Supplier dispute receivable	–	100
Other receivables	222	253
	482	687
Total trade and other receivables	4 255	3 944
Less: Non-current portion	(104)	(106)
Total current receivables	4 151	3 838

The value of expected credit losses recognised during the year is R116 million (2019: R97 million). This has been separately disclosed in profit or loss. The fair values of trade receivables approximate their book values.

The Group finalised the long-term borrowing facility in December 2019. As part of the facility, trade receivables with a carrying amount of R1 381 million was put up as collateral, as part of the security package, to the lenders for the loan facilities.

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

Rm	2020	2019
Rand	1 477	1 554
US Dollar	1 486	487
Euro	135	664
Other	497	449
	3 595	3 154

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

3. OPERATING ASSETS AND LIABILITIES continued

3.6 DEFERRED INCOME TAXES

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

Accounting policy

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

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

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

Deferred taxation is calculated on all temporary differences under the balance sheet liability method using a principal tax rate of 28% (2019: 28%) or the tax rate applicable to the relevant foreign country.

Rm	2020	2019
Deferred income tax assets	(66)	(72)
Deferred income tax liabilities	674	733
	608	661
Gross movement in the deferred income tax assets account:		
Opening balance at beginning of year	(72)	(31)
Current year charge (refer to note 2.7)	(15)	(41)
Prior year charge (refer to note 2.7)	21	–
Closing balance at end of year	(66)	(72)
Gross movement in the deferred income tax liabilities account:		
Opening balance at beginning of year	733	666
Acquisition of business	–	233
Other comprehensive income	(19)	–
Current year charge (refer to note 2.7)	(43)	(97)
Prior year charge (refer to note 2.7)	(44)	(69)
Effect of foreign currency movement	47	–
Closing balance at end of year	674	733
The deferred tax balance is attributable to the following items:		
Capital allowances	801	723
Right-of-use asset and lease liability	(5)	–
Provisions and prepayments	(109)	(84)
Taxation losses	(324)	(297)
Intangible assets	264	319
Derivative financial liability	(19)	–
	608	661

3.7 TRADE AND OTHER PAYABLES

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

Accounting policy

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

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

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

Significant estimates and judgements

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

Rm	2020	2019
Trade and other payables – financial liabilities		
Trade payables	1 953	1 854
Accrued expenses	887	580
Deferred consideration	267	252
Contingent consideration	47	60
	3 154	2 746
Trade and other payables – non-financial liabilities		
Leave pay accrual	126	146
Bonus accrual	161	100
Provisions	79	63
Employee benefit and share-based payments liabilities	24	28
Value added tax payables	7	78
Other payables	–	78
	397	493
Total trade and other payables	3 551	3 239
Less: Non-current portion	(59)	(313)
Total current payables	3 492	2 926

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

Rm	2020	2019
Rand	203	575
US Dollar	1 600	1 088
Euro	38	81
Other	112	110
	1 953	1 854

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

3. OPERATING ASSETS AND LIABILITIES continued

3.7 TRADE AND OTHER PAYABLES continued

Provisions

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

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

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

The following assumptions were used to calculate the provision:

- Costs to remove infrastructure are expected to be less than the proceeds on disposal
- Dams require specific and specialised rehabilitation and have been provided for
- Costs for land rehabilitation and ground water rehabilitation were estimated based on current costs and management judgement; this will be updated annually as more information and certainty materialises
- An inflation rate of 5.0% (2019: 5.5%) per annum was applied to current costs
- A discount rate of 8.5% (2019: 8.5%) was used

The rehabilitation provision movement for the year is as follows:

Rm	2020	2019
At 1 April	63	67
Additions	11	4
Utilised during the year	(4)	(12)
Unwinding of discount	9	4
Total provisions	79	63
<i>Less: Non-current portion</i>	(59)	(55)
Total current provisions	20	8

3.8 LEASE LIABILITIES

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

Accounting policy

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

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

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

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

Rm	2020
Lease liability balance as at 1 April	512
– New lease liabilities	314
– Interest expense	74
– Lease payments made/cash outflow	(263)
– Lease cancellations	(7)
– Effect of foreign currency movement	(17)
Closing balance	613
Less: Current portion	(186)
Total non-current lease liabilities	427

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

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

4. EQUITY, FINANCING AND RISK MANAGEMENT

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

4.1 SHARE CAPITAL

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

Accounting policy

Ordinary shares are classified as equity.

Rm	2020	2019
Authorised:		
Share capital		
500 000 000 (2019: 75 000 000) ordinary shares		
Issued and fully paid up:		
Share capital		
169 052 173 (2019: 69 052 173) ordinary shares	3 534	1 604

	Ordinary shares		Treasury shares		
	Number of shares	Share capital	Number of shares	Capital value	Net total
	'000	Rm	'000	Rm	Rm
The movement in capital is analysed as follows:					
Balance at 31 March 2018	68 997	1 597	(1 049)	(123)	1 474
Ordinary shares issued	55	7	–	–	7
Treasury shares sold	–	–	2	–	–
Balance at 31 March 2019	69 052	1 604	(1 047)	(123)	1 481
Ordinary shares issued	100 000	1 930	–	–	1 930
Shares purchased for employees	–	–	(288)	(7)	(7)
Balance at 31 March 2020	169 052	3 534	(1 335)	(130)	3 404

During September 2019, the company completed a rights issue, whereby 100 000 000 new ordinary shares were issued at a subscription price of R20 per share for a total consideration of R2 billion. Transaction costs of R70 million relating to the rights issue were capitalised to share capital and deducted from the proceeds received. The net proceeds were used to repay a portion of the bridge loan facility.

4.2 RESERVES

Reserves represent the cumulative gains or losses that have been recognised in the statement of other comprehensive income.

Accounting policy

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

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

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

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

Rm	Share-based payment reserve	Foreign currency translation reserve	Hedging reserve	Other reserves	Total
At 31 March 2018	45	739	–	28	812
Share-based payment – value of services provided	61	–	–	–	61
Share-based payment – ordinary shares issued	(7)	–	–	–	(7)
Increase in foreign currency translation reserve	–	182	–	–	182
At 31 March 2019	99	921	–	28	1 048
Share-based payment – value of services provided	5	–	–	–	5
Share-based payment – transfer to cash-settled share-based payment of Sakhile 1	(42)	–	–	–	(42)
Share-based payment – settlement of Sakhile 2	(1)	–	–	–	(1)
Transfer to retained earnings	–	–	–	(28)	(28)
Revaluation of cash flow hedge	–	–	(47)	–	(47)
Increase in foreign currency translation reserve	–	676	–	–	676
At 31 March 2020	61	1 597	(47)	–	1 611

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.3 INTEREST-BEARING BORROWINGS

The Group restructured its debt in the current year and is committed to reducing debt levels in the medium term to achieve its optimal capital structure.

Accounting policy

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

Rm	2020	2019
Secured		
Bank loans – term loan facility	1 935	–
Bank loans – working capital facility	500	–
International entities	28	102
Other loans	–	1
Unsecured		
Bank loans – nitrophosphate plant	–	720
Bank loans – working capital facilities	–	1 850
Land Bank facility for emerging farmers' funding	71	84
Other loans	–	33
	2 534	2 790
Current portion	(841)	(2 745)
Non-current portion	1 693	45

Movement in borrowings:

Rm	2020	2019
At 1 April	2 790	1 083
Repayments of loans (cash flow)	(1 904)	(111)
Proceeds from new loans (cash flow)	1 648	1 727
Acquisition of business	–	158
Transfer to/(from) other payables	–	(73)
Effect of foreign currency movement	–	6
At 31 March	2 534	2 790

In June 2019, the Group secured a R5 billion bridge loan facility and indirect facilities of R1.8 billion from its principal lenders in South Africa, to settle all existing local borrowings at that date. As part of the debt restructure, a rights offer of R2 billion was successfully concluded in September 2019, with the net proceeds used to repay a portion of the bridge loan facility.

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

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

The bridge loan facility which was effectively cancelled in December 2019. Interest on the loans is linked to three-month JIBAR, payable quarterly, except for the general banking facilities that are linked to the SA prime rate. Interest rate swaps were entered into to hedge the interest rate exposure on the R2 billion core term facility. The loan is secured by a security package, which includes property, plant and equipment, cash, debtors and inventory from the South African subsidiaries, as well as guarantees from an obligor base consisting of South African and foreign subsidiaries. The assets of obligors pledged as security for interest-bearing borrowings are:

Rm	2020	2019
Property, plant and equipment	3 870	–
Trade receivables	1 381	–
Inventory	1 308	–
	6 559	–

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

4.4 FINANCIAL RISK MANAGEMENT

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

Accounting policy

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

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

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

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

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

Financial instruments by category Rm	2020		2019	
	Amortised cost	Fair value through profit or loss	Amortised cost	Fair value through profit or loss
Assets				
Derivative financial instruments	–	160	–	59
Trade and other receivables	3 773	–	3 783	–
Liabilities				
Interest-bearing borrowings	(2 534)	–	(5 047)	–
Derivative financial instruments	–	(127)	–	(29)
Trade and other payables	(3 154)	–	(2 998)	–
Lease liabilities	(613)	–	–	–

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.4 FINANCIAL RISK MANAGEMENT continued

Fair value measurement

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

- For zero cost collars – the use of quoted market prices or dealer quotes for similar instruments
- For foreign currency forwards – the present value of future cash flows based on the forward exchange rates at the reporting date
- For interest rate swaps – the present value of the estimated future cash flows based on observable yield curves

As all significant inputs required to fair value derivative instruments are observable, derivative instruments are included in level 2.

Rm	2020 Level 2	2019 Level 2
Hedging derivatives – interest rate swaps	(66)	–
Derivatives – forward exchange contracts and zero cost collars	99	30
	33	30

The carrying value of financial assets and liabilities at amortised cost approximates the fair value of those instruments.

Derivatives

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

Rm	2020	2019
Derivative financial instruments – assets		
Foreign currency forwards and options (current)	160	59
Derivative financial instruments – liabilities		
Interest rate swap (non-current)	(28)	–
Interest rate swap (current)	(38)	–
Foreign currency forwards and options (current)	(61)	(29)
	(127)	(29)

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are accounted for at fair value through profit or loss.

Hedging

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group hedges 100% of its loans. As all critical terms matched during the year, there is an economic relationship.

	Interest rate swap 1	Interest rate swap 2	Interest rate swap 3
Nominal amount	R1 000 million	R750 million	R250 million
Term	4 years	3 years	2 years
Maturity date	29 Nov 2023	29 Nov 2022	29 Nov 2021
Agreed fixed rate	7.02%	6.83%	6.72%

A derivative liability of R66 million is recognised as the fair value of the interest rate swaps together with a fair value loss in other comprehensive income. R1 million of the fair value loss was reclassified from the fair value hedge reserve to profit or loss in the current year.

Hedge ineffectiveness for interest rate swaps may occur due to the following:

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

There was no recognised ineffectiveness during the year in relation to the interest rate swaps.

COVID-19 considerations

Following the advent of the COVID-19 pandemic and the subsequent weakening of the Rand and cut in interest rates, the fair value of the Group's derivative instruments subsequent to year-end was recalculated. A decrease in the fair value of derivative foreign currency forwards and options of R19 million and an increase in the fair value of the derivative interest rate swap liability of R12 million was noted. Additionally, in April 2020, the Group unwound a nominal amount of R500 million of interest rate swap 1 (refer above) following the cut in interest rates.

4.4 FINANCIAL RISK MANAGEMENT continued

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables, cash and cash equivalents and derivative financial instruments. The Group has policies in place to ensure that sales of products and services are made to customers with appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution. The Group has no significant concentration of credit risk, due to its widespread of customers. The spread of customers by type is as follows:

Type of debtor	2020 % of revenue	2019 % of revenue
Local commercial farmers and co-ops	26	25
International farmers	13	11
Commodity customers	1	5
International agriculture distributors	5	4
Local mining companies	11	11
International mining companies	17	15
Local manufacturers	27	29
Total	100	100

COVID-19 considerations

The advent of COVID-19 had an impact on the economy in general with a knock-on impact on credit risk. The Group used Moody's Analytics to assist in determining the forward-looking impact on expected credit losses. The Moody's Analytics model considers the appropriate weighting of three scenarios, each scenario based on economic research as detailed below.

Moody's Analytics produces a set of macro-economic forecasts for South Africa that considers the historical accuracy of various forecasters to identify reliable sources. Based on research conducted by Moody's Analytics, they recommend the use of their baseline, stronger near-term rebound (S1), and moderate recession (S3) forecast sets weighted 40%, 30%, 30% respectively for forward-looking assessments required for expected credit loss calculations. The research considers both public and private South African company defaults in this research and considers the industry of the asset through the likely volatility of that industry from the average impact of the South African economy. As the industries to which the Group supplies products and services were classified as essential services, the Group determined the impact to be somewhat moderated.

For COVID-19, the Moody's Analytics data was updated to reflect the additional risk by considering the possible spread of the pandemic through the country, the economic impact of the pandemic including measures taken to prevent its spread and measures taken by the government to ameliorate the economic impact. Moody's Analytics do not disclose the specific macro-economic variables that they have found to be best predictive of changes in credit risk in South Africa but do provide indicators of the impact of certain of their measures. Under all three scenarios, South Africa will experience a contraction of GDP but S1 forecasting economic growth to return quicker than the baseline and S3 scenarios. The fourth quarter 2019 GDP level is achieved between the third quarter of 2021 and the third quarter of 2023 under the three scenarios. The baseline forecast reflects a contraction of more than 8% in GDP between the fourth quarter of 2019 and the third quarter of 2020.

The Group noted a general increase in expected credit losses from the application of forward-looking assessments to the Group's debtors book. However, as the Group's major customers are large-scale commercial farmers, listed mining companies, and manufacturers and the Group experienced minimal disruption in demand, the increase in expected credit losses has not been significant.

Trade receivables

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

The Group adopted the simplified approach for calculating expected credit losses on trade receivables as all trade receivables are transactions with customers per IFRS 15 *Revenue from Contracts with Customers* and do not contain significant financing. This means that expected credit losses are measured using the lifetime expected credit loss assessment. The Group identifies a significant increase in credit risk when a customer is more than 90 days overdue and determines receivables to be credit impaired when a default event, such as liquidation or deregistration of the customer, has occurred.

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

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.4 FINANCIAL RISK MANAGEMENT continued

Credit risk continued

Rm	2020			2019		
	Outstanding amount	Loss rate %	Expected credit loss	Outstanding amount	Loss rate %	Expected credit loss
Local commercial farmers and co-ops	755	8	63	566	9	53
Lifetime ECL – up to three months	602	–	2	358	–	–
Lifetime ECL – three to six months	7	14	1	33	–	–
Credit impaired – specific debtors	146	41	60	32	25	8
Credit impaired – fully provided	–	–	–	143	31	45
International commercial farmers	775	22	168	624	18	114
Lifetime ECL – up to three months	237	6	15	422	10	43
Lifetime ECL – three to six months*	60	–	–	21	10	2
Lifetime ECL – more than six months	472	31	147	120	15	18
Credit impaired – specific debtors	3	100	3	12	33	4
Credit impaired – fully provided	3	100	3	49	96	47
Commodity customers	98	51	50	134	28	37
Lifetime ECL – up to three months	33	–	–	110	12	13
Credit impaired – specific debtors	31	52	16	–	–	–
Credit impaired – fully provided	34	100	34	24	100	24
International agriculture distributors	503	1	5	360	1	2
Lifetime ECL – up to three months	487	1	5	221	–	–
Lifetime ECL – three to six months*	6	–	–	13	–	–
Lifetime ECL – more than six months*	–	–	–	106	–	–
Credit impaired – specific debtors*	10	–	–	19	5	1
Credit impaired – fully provided	–	–	–	1	100	1
Local mining companies	381	30	115	322	11	37
Lifetime ECL – up to three months	273	3	9	301	6	17
Lifetime ECL – three to six months	4	50	2	21	95	20
Lifetime ECL – more than six months	10	100	10	–	–	–
Credit impaired – fully provided	94	100	94	–	–	–
International mining companies	352	2	6	348	26	91
Lifetime ECL – up to three months	271	1	3	236	2	4
Lifetime ECL – three to six months	72	3	2	15	7	1
Lifetime ECL – more than six months	9	11	1	9	22	2
Credit impaired – specific debtors	–	–	–	9	56	5
Credit impaired – fully provided	–	–	–	79	100	79
Local manufacturers	1 126	4	45	1 135	4	42
Lifetime ECL – up to three months	968	–	4	1 018	2	22
Lifetime ECL – three to six months	29	3	1	22	5	1
Lifetime ECL – more than six months	47	13	6	68	6	4
Credit impaired – specific debtors	82	41	34	27	56	15
Head office and eliminations	76	26	20	47	13	6
Lifetime ECL – up to three months	49	–	–	10	–	–
Credit impaired – specific debtors	27	74	20	37	16	6
	4 066	12	471	3 536	11	382

* ECL on these receivables are less than R1 million.

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

4.4 FINANCIAL RISK MANAGEMENT continued

Credit risk continued

Emerging farmers receivable

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

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

Rm	2020			2019		
	Gross carrying amount	Expected loss rate %	Loss allowance	Gross carrying amount	Expected loss rate %	Loss allowance
12-month ECL – active emerging farmers	12	17	2	13	23	3
Lifetime ECL – inactive emerging farmers with signed acknowledgement of debt	10	100	10	43	84	36
Credit impaired – inactive emerging farmers in advanced legal debt recovery	74	100	74	45	100	45
	96	89	86	101	83	84

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

Legal settlement receivable

The legal settlement receivable probability of default was estimated based on a lifetime expected credit loss. A loss rate of 16% was determined after considering the financial health and performance of the counterparty. Macro-economic forward-looking information, including the impact of COVID-19 was factored into the expected credit loss percentage. When applying the loss rate to the carrying amount of R136 million, a R22 million expected credit loss was recognised.

Loss allowance reconciliation	Trade receivables	Emerging farmers	Legal settlement receivable	Total	Trade receivables	Emerging farmers	Total
Rm							
Opening loss allowance	(382)	(84)	–	(466)	(299)	(43)	(342)
Adoption of IFRS 9 <i>Financial Instruments</i>	–	–	–	–	(16)	(40)	(56)
Loss allowance as at 1 April	(382)	(84)	–	(466)	(315)	(83)	(398)
Change in loss allowance	(136)	–	(22)	(158)	(147)	1	(146)
Change in loss allowance – credit impaired	44	(2)	–	42	51	(2)	49
Receivables written off	31	–	–	31	27	–	27
Effect of foreign currency movement	(28)	–	–	(28)	2	–	2
Closing loss allowance	(471)	(86)	(22)	(579)	(382)	(84)	(466)

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.4 FINANCIAL RISK MANAGEMENT continued

Liquidity risk

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

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

At 31 March 2020, the Group had access to undrawn facilities of R3.7 billion (2019: R1.4 billion).

Rm	2020		2019	
	Less than 1 year	Between 1 and 4 years	Less than 1 year	Between 1 and 4 years
Cash and cash equivalents	1 360	–	644	–
Trade and other receivables	4 151	104	3 686	187
Interest-bearing borrowings	(841)	(1 693)	(2 745)	(45)
Lease liabilities	(427)	(186)	–	–
Derivative financial instruments	33	–	30	–
Bank overdraft	(93)	–	(2 257)	–
Trade and other payables	(3 492)	(59)	(3 322)	(283)
Net liquidity position	691	(1 834)	(3 964)	(141)

Currency risk

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

Treasury operates on a centralised basis as an internal banker and provides hedging to its divisions and subsidiaries. The Group differentiates between translation, transactional and economic foreign exchange risk. Translation risk exposure is not currently hedged. With regards to transactional hedging, the Group utilises forward exchange contracts to hedge imports, exports and intercompany borrowing activities. The consolidated and residual position is hedged with the market according to approved policies and strategies at a Group level. Economic foreign exchange risk is the risk of fluctuations in the value of inventory, as the majority of the inventory is procured in US Dollar. The Group uses zero cost collars to mitigate the risks in the fluctuations of the value of the Group's US Dollar inventory. Sufficient facilities exist with the banks to implement these hedging strategies. The Group does not apply hedge accounting.

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

Rm	2020		2019	
	-10%	+10%	-10%	+10%
Items denominated in US Dollar				
Trade receivables	(149)	149	(49)	49
Trade payables	160	(160)	101	(101)
Cash and cash equivalents	54	(54)	4	(4)
Derivatives	306	(306)	163	(163)
Total movement through profit or loss	371	(371)	219	(219)
Foreign currency translation*	160	(160)	(105)	105
Total movement through other comprehensive income	160	(160)	(105)	105

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

4.4 FINANCIAL RISK MANAGEMENT continued

Interest rate risk

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

An increase of 100 basis points (2019: 100 basis points) in the average interest rates for the reporting period would have decreased profit or loss by R13 million (2019: decreased by R32 million). This analysis assumes that all other variables, such as foreign currency rates, remain constant. A decrease of 100 basis points in the interest rates at the reporting date would have had the equal opposite effect.

To manage interest rate risk in the current year, the Group entered a fixed-for-floating interest rate swap on the term loan of the new debt facility. The interest rate swaps have similar critical terms as the term loan, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group hedges 100% of its term loan facilities. As all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps may occur due to the following:

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

The Group recognised Rnil during the year in relation to ineffectiveness of the interest rate swaps.

Capital risk management

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

The debt restructure in the current year involving the rights issue and conclusion of the term loan facility as disclosed in note 4.3 contributed to the stabilisation of the company's capital structure and assisted the Group in maintaining operations during the COVID-19 lockdown period.

The Group monitors capital based on net debt over EBITDA (excluding impairment). The Group aims to keep this ratio at 2 to 3 times in the medium term and below 2 times in the long term. Additionally, the Group monitors gearing ratios as agreed with the lenders to the new facilities obtained in December 2019.

Rm	2020	2019
Capital management		
Net debt (refer to note 4.7)	1 880	4 403
EBITDA (excluding impairment) (refer to note 2.1)	1 823	979
Ratio	1.0	4.5
	Actual	Covenant
Covenant		
Net debt (excluding lease liabilities) to adjusted EBITDA*	0.8	< 2.5
Interest cover (adjusted EBITDA*/net finance cost)	5.6	>3.5

* Adjusted EBITDA is calculated as EBITDA excluding impairment, unrealised gains or losses on exchange rate movements and other financial instruments, revaluations of assets and any extraordinary and exceptional items, as disclosed in the loan facility agreement. These extraordinary and exceptional items are adjusted for following consultation and approval from the lenders.

The Group complied with the above covenant requirements since the new debt facilities were obtained in December 2019.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

4. EQUITY, FINANCING AND RISK MANAGEMENT continued

4.5 CASH GENERATED FROM OPERATIONS

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

Accounting policy

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

Rm	2020	2019
Profit/(loss) before taxation	332	(414)
Adjusted for:		
Net finance costs	479	438
Monetary gain on hyperinflation	(22)	–
Share of net profit from investments: equity method	8	(27)
Unrealised foreign exchange gains or losses	68	(427)
Depreciation – property, plant and equipment	464	418
Depreciation – right-of-use assets	231	–
Amortisation of intangible assets	229	197
Impairment of property, plant and equipment	–	16
Impairment of goodwill and intangible assets	110	324
(Profit)/loss on disposal of property, plant and equipment	8	(3)
Share-based payment expense	(2)	61
Share-based payments (cash settlement/cash purchase of shares in the market)	(47)	–
Environmental provision	11	(4)
Other	–	3
Movement in derivative financial instruments	(3)	(3)
Decrease in inventory	236	627
(Increase)/decrease in trade and other receivables	(311)	419
Increase/(decrease) in trade and other payables	435	(627)
	2 226	998

4.6 CASH AND CASH EQUIVALENTS

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

Accounting policy

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

Rm	2020	2019
Bank balances and cash	1 360	644
Bank overdrafts	(93)	(2 257)
	1 267	(1 613)
Trapped cash relates to cash balances in Angola (2019: Angola and Zimbabwe)	45	111
The carrying amount of bank and cash balances is denominated in the following currencies:		
Rand	561	11
US Dollar	536	338
Euro	15	58
Other currencies	248	237
	1 360	644
The carrying amount of the Group's bank overdrafts is denominated in the following currencies:		
Rand	–	(2 180)
US Dollar	(54)	(40)
Other currencies	(39)	(37)
	(93)	(2 257)

4.7 NET DEBT

The analysis of net debt and the movement in net debt is presented below.

Net debt is calculated as follows:

Rm	2020	2019
Interest-bearing borrowings (non-current and current)	(2 534)	(2 790)
Lease liabilities (non-current and current)	(613)	–
Bank overdrafts	(93)	(2 257)
Cash and cash equivalents	1 360	644
Net debt	(1 880)	(4 403)

Net debt can be reconciled as follows:

Rm	2020	2019
Net debt at 31 March	(4 403)	(2 542)
Adoption of IFRS 16 <i>Leases</i>	(512)	–
Net debt at 1 April	(4 915)	(2 542)
Net non-cash movement in lease liabilities	(364)	–
Net non-cash movement in interest-bearing borrowings	–	(91)
Cash flows from operating activities	1 692	311
Cash flows from investing activities	(466)	(2 059)
Proceeds from rights offer	2 000	–
Cash paid for rights issue costs	(70)	–
Purchase of treasury shares	(7)	–
Dividends paid	–	(153)
Effects of foreign currency movement	250	131
	(1 880)	(4 403)

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

5. RELATED PARTY DISCLOSURES

This section details the transactions, balances and other disclosures with related parties.

5.1 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

Accounting policy

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

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

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

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

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

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

Rm	2020	2019
At 1 April – Acol Chemical Holdings (Pvt) Limited	42	67
Opening hyperinflation adjustment (other comprehensive income)	(22)	–
Share of (loss)/profit	(8)	24
Dividend received	(3)	–
Effect of foreign currency movement	–	(49)
At 31 March – Acol Chemical Holdings (Pvt) Limited	9	42
Other equity-accounted investments	2	7
	11	49

The results of Acol Chemicals (Pvt) Limited disclosed above include the impact of hyperinflation. Hyperinflation accounting was applied in accordance with the policy detailed in note 2.3. The cumulative opening hyperinflation adjustment of R22 million was recognised in other comprehensive income. The Group's portion of the monetary loss on hyperinflation of R25 million is included within share of profit.

5.1 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *continued*

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

Rm	2020	2019
Summarised statement of comprehensive income		
Revenue	180	126
Profit from operations	48	72
Monetary loss on hyperinflation	(50)	–
(Loss)/profit for the year	(15)	53
Summarised statement of financial position		
Non-current assets	2	2
Current assets	78	114
Non-current liabilities	–	(18)
Current liabilities	(62)	(15)
Net assets	18	83
Interest in joint venture at 50% – carrying value	9	42

Income tax expense for the year was R12 million (2019: R19 million). Depreciation expense and interest income and expense were each below R1 million (2019: each below R1 million). Included in current assets are cash and cash equivalents of R15 million (2019: R33 million). Current and non-current liabilities excluding trade and other payables are R5 million (2019: R6 million) and Rnil (2019: R18 million) respectively.

5.2 NON-CONTROLLING INTERESTS

The material non-controlling interest in the Group's operations is a 25% non-controlling interest in the Brazilian entity of the Oro Agri business.

Accounting policy

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

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

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

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

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

Rm	2020	2019
At 1 April – Oro Agri Brasil Produtos Para Agricultura Limitada	107	–
Acquisition of a business	–	89
Share of profit	7	7
Effect of foreign currency movement	11	11
Non-controlling interest – Oro Agri Brasil Produtos Para Agricultura Limitada	125	107
Other non-controlling interest	(7)	(5)
At 31 March	118	102

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

5. RELATED PARTY DISCLOSURES continued

5.2 NON-CONTROLLING INTERESTS continued

Set out below is the summarised financial information for Oro Agri Brasil Produtos Para Agricultura Limitada.

Rm	2020	2019
Summarised statement of comprehensive income		
Revenue	327	268
Profit from operations	34	44
Profit for the year	25	29
Summarised statement of financial position		
Non-current assets	421	386
Current assets	318	253
Non-current liabilities	(101)	(97)
Current liabilities	(143)	(114)
Net assets	495	428
Summarised statement of cash flows		
Cash flows from operating activities	7	(32)
Cash flows from investing activities	(3)	(7)
Cash flows from financing activities	(17)	15
Net decrease in cash flows	(13)	(24)
Cash and cash equivalents at beginning of year	2	22
Effect of foreign currency movement	(2)	4
Cash and cash equivalents at end of year	(13)	2

5.3 RELATED PARTY TRANSACTIONS

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

Rm	2020	2019
Sales of goods		
Acol Chemical Holdings (Pvt) Limited – joint venture	5	17
Interest received		
Richards Bay Ammonia Partnership – joint operation	2	2
Trade receivables		
Acol Chemical Holdings (Pvt) Limited – joint venture	1	11
Richards Bay Ammonia Partnership – joint operation	8	13

5.4 SUBSIDIARIES, JOINT VENTURES AND JOINT OPERATIONS

The Group has started a project to simplify its Group structure and deregister dormant entities. The list of the Group's local and foreign subsidiaries are details below.

Accounting policy

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

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

Investments in subsidiaries are accounted for at cost less impairment in the company's separate annual 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 on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

5.4 SUBSIDIARIES, JOINT VENTURES AND JOINT OPERATIONS continued

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

	Country of incorporation	Issued capital Rm	Effective holding	
			2020 %	2019 %
Extension of company				
Omnia Holdings Limited Share Incentive Trust	South Africa	–	–	–
Omnia Management Share Trust	South Africa	–	–	–
Direct subsidiary				
Omnia Group Investments Limited	South Africa	6	100	100
Direct holding of Omnia Group Investments Limited				
Omnia Group Proprietary Limited	South Africa	3 959	100	100
Direct holdings of Omnia Group Proprietary Limited				
Omnia Group International Limited	Mauritius	7	100	100
Omnia Fertilizer Limited	South Africa	178	100	100
Omnia Lesotho Holdings Proprietary Limited	Lesotho		100	100
Bulk Mining Explosives Namibia Proprietary Limited	Namibia	–	100	100
Bulk Mining Explosives Ghana Proprietary Limited	Ghana	–	100	100
BME Explosives Canada Inc	Canada	–	100	100
Protea Chemicals Namibia Proprietary Limited	Namibia	–	100	100
Innofert Proprietary Limited	South Africa	–	100	100
Omnia Swaziland Limited	Swaziland	–	100	100
Umongo Petroleum Proprietary Limited	South Africa	8	100	100
K2017443268 (South Africa) Proprietary Limited	South Africa	–	100	100
K2017448055 (South Africa) Proprietary Limited	South Africa	–	100	100
Direct holding of BME Explosives Canada Inc				
BME Mining Canada Inc	Canada	2	50	–
Direct holding of Umongo Petroleum Proprietary Limited				
Orbichem Petrochemicals Proprietary Limited	South Africa	–	100	100
Sirdar Properties Proprietary Limited	South Africa	–	100	100
Direct holding of K2017443268 (South Africa) Proprietary Limited				
Oro Agri SA	South Africa	–	52	52
Direct holding of K2017448055 (South Africa) Proprietary Limited				
Oro Agri SEZC Limited	Cayman Island	–	100	100
Bulk Mining Explosives USA	USA	–	100	100
Direct holdings of Oro Agri SEZC Limited				
Oro Agri Inc	USA	–	100	100
Oro Agri International Limited	Cayman Island	–	100	100
Ori Agri SA	South Africa	–	48	48
Direct holdings of Oro Agri International Limited				
Oro Agri B.V.	Netherlands	–	100	100
Oro Agri Brasil Produtos Para Agricultura Limitada	Brazil	–	75	75
Oro Agri SpA	Chile	–	100	100
Oro Agri Costa Rica Sociedad Anonima	Costa Rica	–	100	100
Oro Agri S. De R. L.	Mexico	–	100	100
Oro Agri India Pvt Limited	India	–	99	99
Direct holdings of Oro Agri B.V.				
Oro Agri (Portugal) Property Company	Portugal	–	100	100
Oro Agri Europe, S.A.	Portugal	–	100	100

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

5. RELATED PARTY DISCLOSURES continued

5.4 SUBSIDIARIES, JOINT VENTURES AND JOINT OPERATIONS continued

	Country of incorporation	Issued capital Rm	Effective holding	
			2020 %	2019 %
Direct holdings of Omnia Group International Limited				
Banket Blender (Pvt) Limited	Zimbabwe	–	100	100
Omnia Fertilizer Zambia Limited	Zambia	–	100	100
Omnia Zimbabwe (Pvt) Limited	Zimbabwe	–	100	100
Omnia Small Scale Limited	Zambia	–	100	100
Omnia NZ International Limited	New Zealand	–	100	100
Omnia International (Australia) Proprietary Limited	Australia	3	100	100
Omnia Fertilizer Kenya Limited	Kenya	–	100	100
Bulk Mining Explosives Côte d’Ivoire Sarl	Côte d’Ivoire	–	100	100
Bulk Mining Explosives Guinea Sarl	Guinea	–	100	100
Bulk Mining Explosives Liberia	Liberia	–	100	100
Omnia Fertilizer Limited	Malawi	–	100	100
Omnia do Brasil Representações Comerciais Limitada	Brazil	24	100	100
Omnia Group Limited y Cia Limitada (Chile)	Chile	–	100	100
Omnia Angola Limitada	Angola	–	100	100
Omnia Mozambique Limitada	Mozambique	–	100	100
Omnia China Company Limited	China	–	100	100
Bulk Mining Explosives Mali Sarl	Mali	–	100	100
Bulk Mining Explosives Tanzania Proprietary Limited	Tanzania	–	100	100
Bulk Mining Explosives Botswana Proprietary Limited	Botswana	–	100	100
Bulk Mining Explosives Zambia Limited	Zambia	–	100	100
Bulk Mining Explosives Mauritania Sarl	Mauritania	–	100	100
Bulk Mining Explosives Senegal Sarl	Senegal	–	100	100
Bulk Mining Explosives Sierra Leone Limited	Sierra Leone	–	100	100
Bulk Mining Explosives Burkina Faso Sarl	Burkina Faso	–	100	100
	Democratic Republic			
Bulk Mining Explosives DRC Sarl	of the Congo	–	100	100
Bulk Mining Explosives Mozambique Limitada	Mozambique	–	95	95
Bulk Mining Explosives Indonesia	Indonesia	–	78	78
Protea Chemicals Eastern Africa Limited	Mauritius	–	100	100
Protea Chemicals Kenya Limited	Kenya	–	100	100
Omnia Retail Limited (Kenya)	Kenya	–	100	100
Innofert Limited	Mauritius	–	100	100
Direct holding of Omnia International (Australia) Proprietary Limited				
Omnia Specialities (Australia) Proprietary Limited	Australia	3	100	100
Bulk Mining Explosives Australia Asia Proprietary/				
Advanced Initiating Systems Proprietary Limited	Australia	–	100	100
Omnia Property (Australia) Proprietary Limited	Australia	–	100	100
Direct holding of Omnia NZ International Limited				
Omnia Specialities NZ Limited	New Zealand	–	100	100
Various dormant, employee share scheme and property-owning companies				
Joint ventures				
Acol Chemical Holdings (Pvt) Limited	Zimbabwe	2	50	50
Technifarm Proprietary Limited	South Africa	–	40	40
Joint operation				
Richard Bay Ammonia Partnership	South Africa	–	25	25

5.5 EMPLOYEE SHARE SCHEMES

All the Group's previously issued share incentive schemes have vested at 31 March 2020 and all except the Sakhile 2 scheme have been settled, have expired or have been cancelled. Two new share incentive schemes have been awarded in the current year and are detailed below.

Accounting policy

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

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

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

Partnership 5 share scheme – equity settled and cash settled

The partnership 5 share incentive scheme is a conditional performance-based share plan that allocates trust units to qualifying employees, each equivalent to one Omnia Holdings share and converted at the end of the five-year period if the targets are met. The targets relate to growth in earnings per share and real return on equity. The qualifying employees' allocation is weighted 80% to earnings per share and 20% to real return on equity targets.

Tranche 1 of partnership 5 vested in March 2019 and did not meet the targets. Tranche 2 vests in March 2021 and is unlikely to meet targets, while tranche 3 was initially awarded but was not issued. The remuneration and nominations committee dissolved the partnership 5 share scheme during the current year.

The share-based payment charge associated with the partnership 5 share incentive scheme amounted to Rnil (2019: income of R35 million).

Sakhile share initiative (Sakhile 1) – equity settled modified to cash settled

Sakhile 1 was an employee share scheme that commenced in April 2007 that allowed 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. The Sakhile 1 call option was to be exercised on 1 April 2019. The rules of the scheme allowed Sakhile 1 shares to be converted to Omnia Holdings shares in three equal tranches in 2019, 2020 and 2021 when the company exercised its call option to buy Sakhile 1's investment in Omnia Group Proprietary Limited.

During the year, the Group engaged with employees and proposed a settlement outside whereby a subsidiary of the Group, Omnia Group Investments Limited, offered to purchase the employee's shares in Sakhile 1 in one tranche. This offer was accepted by 98.12% of all voting shares in the scheme and the remaining employees were settled through a squeeze-out process, effectively settling R39 million to employees and the scheme was deregistered. The Group is in the process of settling R3 million to good leavers who qualify for settlement but have since left the employment of the Group.

The Group accounted for the change in settlement as a modification from an equity-settled share-based payment to a cash-settled share-based payment by transferring R42 million from the share-based payment reserve to a share-based payment liability and settling this liability in full.

As the scheme had fully vested by 31 March 2019, Rnil charge was recorded in profit or loss in the current year (2019: R85 million).

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

5. RELATED PARTY DISCLOSURES continued

5.5 EMPLOYEE SHARE SCHEMES continued

Sakhile share initiative 2 (Sakhile 2) – equity settled

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

The weighted average fair value for awards granted has been calculated using the Monte Carlo option pricing model. The share-based payment charge for Sakhile 2 during this financial year amounted to R2 million (2019: R2 million).

The company previously exercised its call option on various tranches and issued Omnia Holdings Limited shares in settlement. During the current year, the company exercised its call option and settled to employees through the purchase of Omnia Holdings Limited shares in the market. Management has determined that all future settlements to employees under this scheme will be through the purchase of shares in the market. The call option on the remaining tranches may be exercised until 2023.

New employee share scheme – equity settled

In March 2020, the Group's remuneration and nominations committee approved a new employee share scheme to align the interests of its employees with those of the company's shareholders and to attract and retain employees. The plan was set up to remunerate employees through the issue of performance shares, retention shares, remuneration shares, sign-on shares and deferred bonus shares. Each of the different share awards contain specific conditions and vesting periods. Management has determined that all future equity-settled share schemes will be settled through the purchase of shares in the market.

On 28 February 2020, remuneration shares were awarded to the chief executive officer, Mr T Gobalsamy, in lieu of his salary for the period 1 January 2020 to 31 December 2020. The shares will vest on 31 March 2022. The shares were purchased in the market on 28 February 2020 for R7.2 million and will be expensed over the vesting period with the corresponding entry in share-based payment reserves. The shares are held in a restricted activity account in Mr Gobalsamy's name, but as these shares only vest in March 2022, the shares are recognised as treasury shares until vesting date for accounting purposes although that is not their legal form.

No other awards were made under the new share scheme in the current financial year. Refer to note 6.2 for awards made after year-end.

5.6 DIRECTORS' REMUNERATION

The remuneration paid to the directors are detailed below.

The basis of executive directors remuneration and bonuses is set out in the remuneration report section of the integrated annual report.

R'000	Fees	Salary/ remune- ration	Bonus accrual*	Retire- ment funding	Medical aid	Car allowances	Other**	Total
31 March 2020								
Executive								
A de Lange ¹	–	1 435	–	140	20	123	4	1 722
T Gobalsamy ³	–	4 674	–	–	78	165	–	4 917
S Serfontein ⁴	–	212	–	21	5	18	–	256
Non-executive								
N Binedell	492	–	–	–	–	–	–	492
R Bowen	671	–	–	–	–	–	–	671
F Butler	808	–	–	–	–	–	–	808
L de Beer	1 005	–	–	–	–	–	–	1 005
T Eboka	670	–	–	–	–	–	–	670
R Havenstein ⁸	1 359	–	–	–	–	–	–	1 359
R Humphris ⁵	870	–	–	–	–	–	–	870
S Mncwango	464	–	–	–	–	–	–	464
W Plaizier	506	–	–	–	–	–	–	506
T Mokgosi-Mwantembe	722	–	–	–	–	–	–	722
Z Swanepoel ⁶	266	–	–	–	–	–	–	266
G Cavaleros ⁷	445	–	–	–	–	–	–	445
	8 278	6 321	–	161	103	306	4	15 173
31 March 2019								
Executive								
A de Lange ¹	–	3 244	–	292	40	306	–	3 882
W Koonin ²	–	5 059	–	–	73	250	8 368	13 750
T Gobalsamy ³	–	466	–	–	6	18	2 200	2 690
Non-executive								
N Binedell	391	–	–	–	–	–	–	391
R Bowen	581	–	–	–	–	–	–	581
F Butler	684	–	–	–	–	–	–	684
L de Beer	1 014	–	–	–	–	–	–	1 014
T Eboka	577	–	–	–	–	–	–	577
T Gobalsamy ³	531	–	–	–	–	–	–	531
R Havenstein ⁸	764	–	–	–	–	–	–	764
R Humphris ⁵	2 593	–	–	–	–	–	–	2 593
S Mncwango	344	–	–	–	–	–	–	344
W Plaizier ⁹	77	–	–	–	–	–	–	77
T Mokgosi-Mwantembe ¹⁰	381	–	–	–	–	–	–	381
	7 937	8 769	–	292	119	574	10 568	28 259

* The remuneration and nominations committee has approved a bonus pool range to be paid to executives, prescribed officers and other employees following the finalisation of an appropriate allocation mechanism. The remuneration and nominations committee further reiterates that the impact of COVID-19 on the company's operations and results for the first quarter of FY2021 will impact the final payment. The allocation mechanism and final payment are expected to be finalised in July 2020 and will be disclosed in detail in the Group's integrated annual report.

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

¹ Resigned 20 August 2019.

² Resigned 28 February 2019.

³ Appointed 10 September 2018 as independent non-executive director.

Appointed as finance director on 1 March 2019. Appointed chief executive officer on 21 August 2019.

⁴ Appointed as finance director on 1 March 2020.

⁵ Retired 27 September 2019.

⁶ Appointed 1 October 2019.

⁷ Appointed 5 August 2019.

⁸ Appointed as chair effective 6 June 2019.

⁹ Appointed 11 February 2019.

¹⁰ Appointed 1 June 2018.

The CEO elected to receive shares in lieu of remuneration for the period 1 January 2020 to 31 December 2020. However, the shares only vest in March 2022. The Group expensed R285 115 of the share award for the year ended 31 March 2020. Refer to note 5.5 for more details.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2020

5. RELATED PARTY DISCLOSURES continued

5.6 DIRECTORS' REMUNERATION continued

Prescribed officers' remuneration

R'000	Salary/ remune- ration	Retention benefits	Retirement funding	Medical aid	Car allowances	Other*	Total
31 March 2020							
J de Villiers	2 089	–	188	80	298	1	2 656
J Vermaak	2 309	–	208	80	319	–	2 916
J Keenan	5 741	–	–	35	–	354	6 130
M Smith ¹	1 765	1 103	159	–	291	29	3 347
P Mojono ²	4 274	–	346	42	316	1 803	6 781
M Nana	2 316	–	209	40	274	4	2 843
K Ramoupi ³	265	–	17	6	23	609	920
A Teeruth ⁴	166	–	12	–	22	191	391
	18 925	1 103	1 139	283	1 543	2 991	25 984
31 March 2019							
J de Villiers	1 815	–	163	78	269	–	2 325
J Vermaak	2 158	–	194	74	252	–	2 678
J Keenan	5 729	–	–	31	–	–	5 760
P Mojono ²	3 739	–	277	38	225	–	4 279
M Nana ⁵	1 613	–	139	28	218	225	2 223
K Ramoupi ³	2 161	–	194	36	239	–	2 630
A Teeruth ⁴	1 618	–	146	2	295	–	2 061
	18 833	–	1 113	287	1 498	225	21 956

* Share options and share appreciation rights exercised, leave pay, long service awards, accommodation and bursaries.

¹ Prescribed officer for the year 31 March 2020 only.

² Appointed 1 August 2018 and received R1.8 million contractual bonus as per employment contract. Resigned 23 March 2020.

³ Resigned 10 May 2019 and received R609 000 for the three-month notice period in FY2020.

⁴ Resigned 30 April 2019 and received R139 000 in FY2020 for contractual leave days outstanding.

⁵ Appointed 1 July 2018.

6. OTHER DISCLOSURES

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

6.1 CONTINGENT ASSETS AND LIABILITIES

The Group operations, from time to time, result in disputes with customers, suppliers, employees and others. Proceedings on these disputes are ongoing and are recognised when the timing and amount of cash inflows or outflows can be determined.

Accounting policy

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

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

Contingent assets and liabilities are not recognised.

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.

6.2 EVENTS AFTER THE REPORTING PERIOD

COVID-19

The World Health Organization declared COVID-19 a pandemic before the Group's financial year-end and as such the impact of COVID-19 has been treated as an adjusting subsequent event. The impact of the COVID-19 pandemic on transactions and balances has been adjusted for up to the date of these financial statements. While every effort has been made to quantify the future impact that the virus will have on the business, the situation remains fluid and uncertain.

New employee share scheme – equity settled

Performance shares were awarded to employees on 1 April 2020 vesting on 31 March 2023. Shares for this award were purchased in the market for R8 million. This will be expensed over the vesting period with the corresponding entry in share-based payment reserves. The shares are held in a restricted activity account in the employees' names, but as these shares only vest in March 2023, the Group will record these shares as treasury shares until vesting date.

Planned restructure

In April 2020, employees within the manufacturing business of the Agriculture segment were advised of the intention to implement a new operating model. The proposed operating model changes will provide an opportunity for the manufacturing business of the Agriculture segment to work more efficiently, become more agile and adjust more quickly to new economic circumstances and opportunities in the market. This in turn will allow Omnia to remain competitive. Employees within the manufacturing business are participating in a consultation process regarding the proposed operating model changes. A facilitator from the CCMA has been assigned to Omnia to guide the consultation process.

Offer to purchase Oro Agri

In June 2020, the Group received a non-binding indicative offer to purchase Oro Agri. Oro Agri was acquired in May 2018 and the Group does not consider it as a business for sale. However, the offer deserves the board of directors' consideration. An engagement process under an agreed exclusivity with the offeror is currently underway. Shareholders will be advised if the engagement process progresses to the point of a potential transaction that may have a material effect on the price of Omnia's shares.

Devaluation of currency in Zimbabwe

In the absence of an official exchange rate, the Old Mutual implied rate was used by the Group to translate the Zimbabwean operations into US Dollar and then Rand. The US Dollar:Old Mutual implied rate at 31 March 2020 was 1:62.29. Since the reporting date, the Zimbabwean Dollar has significantly devalued with the US Dollar:Old Mutual implied rate at 1:122.23. The impact of this devaluation on the Group's reported numbers has been quantified and is disclosed in note 2.3.

Company statement of financial position

at 31 March 2020

Rm	Notes	2020	2019
ASSETS			
Non-current assets			
Investments in subsidiaries	2.1	551	415
Deferred taxation		1	–
		552	415
Current assets			
Loans to related parties	2.2	2 588	914
Cash and cash equivalents		1	10
		2 589	924
Total assets		3 141	1 339
EQUITY AND LIABILITIES			
Equity			
Share capital	Consolidated 4.1	3 531	1 481
Reserves	Consolidated 4.2	61	123
Retained loss		(1 055)	(432)
		2 537	1 172
LIABILITIES			
Non-current liabilities			
Other payables	2.3	468	–
Current liabilities			
Loans from related parties	2.2	135	164
Other payables	2.3	1	3
		136	167
Total liabilities		604	167
Total equity and liabilities		3 141	1 339

Company statement of comprehensive income

for the year ended 31 March 2020

Rm	Notes	2020	2019
Revenue	2.4	–	167
Gross profit		–	167
Administration expenses		(10)	(11)
Other operating expenses	2.3	(468)	–
Impairment losses on non-financial assets	2.1	4	(440)
Impairment losses on financial assets	2.6	(177)	–
Loss for the year		(651)	(284)
Total comprehensive loss for the year		(651)	(284)

Company statement of changes in equity

for the year ended 31 March 2020

Rm	Share capital	Treasury shares	Reserves	Retained loss	Total equity
Balance at 31 March 2018	1 597	(123)	70	18	1 562
First-time adoption of IFRS 9 <i>Financial Instruments</i> (net of tax)	–	–	–	(11)	(11)
Balance at 1 April 2018	1 597	(123)	70	7	1 551
Recognised income and expense for the year					
Loss for the year	–	–	–	(284)	(284)
Transaction with shareholders					
Ordinary shares issued	7	–	(7)	–	–
Ordinary dividends paid	–	–	–	(155)	(155)
Share-based payment – value of services provided	–	–	60	–	60
Balance at 31 March 2019	1 604	(123)	123	(432)	1 172
Recognised income and expense for the year					
Loss for the year	–	–	–	(651)	(651)
Transaction with shareholders					
Rights issue	1 930	–	–	–	1 930
Transfer of treasury shares to Omnia Group Proprietary Limited	–	120	–	–	120
Transfer to retained loss	–	–	(24)	28	4
Share-based payments transactions	–	–	(38)	–	(38)
Balance at 31 March 2020	3 534	(3)	61	(1 055)	2 537

Company statement of cash flows

for the year ended 31 March 2020

Rm	Notes	2020	2019
Cash flows from operating activities			
Cash (utilised in)/generated from operations	2.5	(11)	156
Income tax paid		(1)	–
Net cash (utilised in)/generated from operating activities		(12)	156
Cash flows from investing activities			
Advances to related parties		(1 898)	(12)
Net cash used in investing activities		(1 898)	(12)
Cash flow from financing activities			
Cash proceeds from rights issue		1 930	–
Dividends paid		–	(155)
(Settlement to)/advances from related parties		(29)	13
Net cash generated from/(utilised in) financing activities		1 901	(142)
Net (decrease)/increase in cash and cash equivalents		(9)	2
Cash and cash equivalents at beginning of year		10	8
Cash and cash equivalents at end of year		1	10

Notes to the company annual financial statements

for the year ended 31 March 2020

1. GENERAL INFORMATION

2.1 BASIS OF PREPARATION

The annual financial statements of Omnia Holdings Limited (the company) are presented in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and the Companies Act of South Africa. The accounting policies of the company are the same as those of the Group (refer to the consolidated annual financial statements). Accounting policies applicable to the company annual financial statements only are detailed below.

2. COMPANY-SPECIFIC DISCLOSURES

2.1 INVESTMENTS IN SUBSIDIARIES

Accounting policies

Subsidiaries are all entities (including special-purpose entities) over which the company has control. The company controls an entity when the company 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. Investments in subsidiaries are shown at cost in the company's annual financial statements. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the recoverable amount of the investment is less than its carrying amount, it is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in profit or loss.

The company grants options over its equity instruments to the employees of subsidiaries and recognises the employee services received at the fair value of the instruments granted as an increase in the investment of the subsidiary over the vesting period.

Rm	2020	2019
Shares at cost in unlisted subsidiaries	987	855
Impairment of investments	(436)	(440)
	551	415

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

			2020	2019
Name	Country of incorporation	Effective %	Number of shares held	Number of shares held
Omnia Group Investments Limited	South Africa	100	6 921 901	6 631 500
Sakhile Initiative Limited (preference shares)	South Africa	—*	—	100
Nanotron Investments Proprietary Limited	South Africa	82	81 446	81 446
Sakhile Initiative 2 Limited	South Africa	42	29 081	31 826

* (2019: 100%).

During the year, Sakhile Initiative (RF) Limited was unwound and deregistered. As part of the unwinding process the investment in Sakhile Initiative (RF) Limited's preference shares together with the loans receivable from Sakhile Initiative (RF) Limited was converted into shares in Omnia Group Investments Limited. The investment in Nanotron Investments Proprietary Limited was similarly unwound and deregistered in April 2020 and the R4 million realised on deregistration was reversed from the previously recognised impairment.

2.2 LOANS TO/(FROM) RELATED PARTIES

Accounting policy

Loans to related parties are financial assets with fixed or determinable payments that are not quoted in an active market. Loans to related parties are initially measured at fair value and subsequently measured at amortised cost given that these are financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

Loans from related parties are classified as financial liabilities at amortised cost.

Loans to and loans from related parties are unsecured, interest free and have no fixed terms of repayment.

Rm	2020	2019
Loans to Omnia Group Investments Limited	2 726	768
Loans to Omnia Group Proprietary Limited	50	30
Loans to Sakhile Initiative (RF) Limited	—	127
Less: Expected credit losses	(188)	(11)
	2 588	914
Loans from Omnia Group Investments Limited	(25)	(25)
Loans from Omnia Group Proprietary Limited	(110)	(139)
	(135)	(164)

2.3 OTHER PAYABLES

Accounting policy

Financial guarantee contracts issued by the company are measured initially at fair value. The fair value of financial guarantee liabilities at initial measurement is usually the premium paid for the guarantee. However, guarantees issued on related party loans are usually at no fee. In that case, the fair value is determined as the benefit received by the borrower as a result of the financial guarantee contract. Where lenders do not specify the benefit to the borrower as a result of the financial guarantee contract, the fair value is commonly calculated as the expected credit loss of the borrower over the term of the loan agreement. This is in line with IFRS 13 *Fair Value Measurement*.

Financial guarantee contracts are subsequently measured at the higher of:

- The amount initially recognised less accumulated amortisation
- The expected credit loss allowance

It is the company's policy to recognise financial guarantee liabilities with the corresponding entry in other operating expenses in profit or loss.

Significant estimates and judgements

During December 2019, the company and other entities in the Group agreed to, jointly and severally, guarantee the loan facility of Omnia Group Proprietary Limited. The fair value of the financial guarantee liability at initial recognition was R303 million with the corresponding entry in other operating expenses in profit or loss. This was determined by calculating the expected credit loss of the borrower, Omnia Group Proprietary Limited, over the term of the loan. The company used Moody's Analytics tools to determine the probability of default and loss given default over the term of the loan. This estimation of fair value at initial recognition is in line with the company's accounting policy as detailed above.

At 31 March 2020, the credit loss allowance of the borrower, Omnia Group Proprietary Limited, was higher than the initial fair value less accumulated amortisation. The determination of the expected credit losses at 31 March 2020 included estimating the probability of default and the loss given default of the borrower, Omnia Group Proprietary Limited, over the next 12 months. The credit risk of Omnia Group Proprietary Limited decreased in the current year due to stabilisation of the debt structure and better performance than the prior year. However, this was offset by the forward-looking assessment indicating a depressed economic outlook from the impact of COVID-19. The financial guarantee liability of R358 million was recognised at 31 March 2020 with the corresponding entry in other operating expenses in profit or loss. As the company and other guarantors to the loan facility are jointly and severally liable, the financial guarantee liability is not apportioned between guarantors.

At 31 March 2020, the credit loss allowance of Omnia Fertilizer Zimbabwe was assessed to be 100% based on the continued economic uncertainty and hyperinflation in that country. The financial guarantee liability of R89 million was recognised at 31 March 2020 with the corresponding entry in other operating expenses in profit or loss.

Rm	2020	2019
Financial guarantees – Omnia Group Proprietary Limited	358	–
Financial guarantees – Omnia Fertilizer Zimbabwe	89	–
Financial guarantees – Omnia Fertilizer Zambia	18	–
Financial guarantees – other subsidiaries	3	–
Other payables	1	3
	469	3
Non-current	468	–
Current	1	3
	469	3

2.4 REVENUE

Rm	2020	2019
Ordinary dividends – Omnia Group Investments Limited	–	155
Accrued preference dividends – Sakhile Initiative (RF) Limited	–	12
	–	167

Notes to the company annual financial statements continued

for the year ended 31 March 2020

2.5 CASH GENERATED FROM OPERATIONS

Rm	2020	2019
Loss before tax	(651)	(284)
Adjustments for:		
Impairment of non-financial assets	(4)	440
Impairment of financial assets	177	–
Working capital changes		
Increase in other payables	467	–
	(11)	156

2.6 FINANCIAL RISK MANAGEMENT

Credit risk

Expected credit losses on loans to related parties was estimated using historical default rates to determine the expected losses over the next 12 months. Credit risk for loans to related parties decreased in the current year due to stabilisation of the debt structure of subsidiaries and better performance than the prior year. The increase in the expected credit loss percentage in the current year is mainly due to a 5% increase in the forward-looking assessment which indicates a depressed economic outlook from the impact of COVID-19.

R'000	2020			2019		
	Outstanding amount	Loss rate %	Expected credit loss	Outstanding amount	Loss rate %	Expected credit loss
Subsidiaries	2 776	7%	188	925	1%	11

The loss allowance reconciliation for loans to related parties is as follows:

Rm	2020	2019
Opening loss allowance at 31 March	11	–
Increase in loss allowance (12-month ECL)	177	11
At 31 March	188	11

The expected credit loss allowance increased in the current financial year mainly due to increased balances in loans to subsidiaries.

Liquidity risk

The contractual undiscounted cash flows of other payables are:

Rm	2020	2019
Less than one year	1	3
Between one and four years	468	–
	469	3

Please refer to the consolidated annual financial statements for other disclosures.

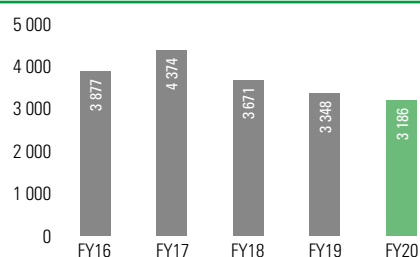
Shareholders' analysis

for the year ended 31 March 2020

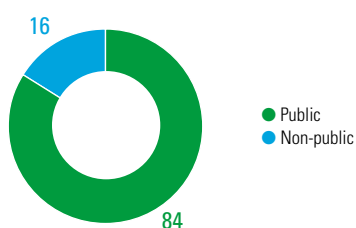
	Number of shareholders	% of total shareholders	Number of shares	% of total issued shares
SHAREHOLDER TYPE				
Assurance companies	44	1.38	8 644 307	5.11
Close corporations	28	0.88	206 885	0.12
Collective investment schemes	238	7.47	80 650 199	47.71
Foundations and charitable funds	32	1.00	1 216 763	0.72
Hedge funds	2	0.06	15 358	0.01
Insurance companies	12	0.38	511 267	0.30
Investment partnerships	10	0.31	66 560	0.04
Managed funds	52	1.63	281 569	0.17
Medical aid funds	17	0.53	1 349 632	0.80
Organs of state	7	0.22	29 013 467	17.16
Private companies	69	2.17	2 350 018	1.39
Public companies	5	0.16	945 216	0.56
Public entities	3	0.09	327 501	0.19
Retail shareholders	2 202	69.11	7 758 753	4.59
Retirement benefit funds	255	8.00	26 025 239	15.39
Scrip lending	5	0.16	1 542 019	0.91
Sovereign funds	1	0.03	3 771 720	2.23
Stockbrokers and nominees	19	0.60	661 222	0.39
Trusts	183	5.74	3 714 471	2.20
Unclaimed scrip	2	0.06	7	0.00
Total	3 186	100.00	169 052 173	100.00
NUMBER OF SHARES				
1 – 1 000	1 642	51.54	449 013	0.27
1 001 – 10 000	902	28.31	3 070 311	1.82
10 001 – 100 000	452	14.19	15 888 198	9.40
100 001 – 1 000 000	151	4.74	45 296 042	26.79
1 000 001 and more	39	1.22	104 348 609	61.73
Total	3 186	100.00	169 052 173	100.00
NON-PUBLIC/PUBLIC				
Non-public				
Directors and associates	6	0.19	1 848 346	1.09
Own holdings (Omnia Group)	1	0.03	1 109 244	0.66
More than 10% of issued share capital	1	0.03	24 519 884	14.50
Public	3 178	99.75	141 574 696	83.75
Total	3 186	100.00	169 052 173	100.00

DISTRIBUTION OF SHAREHOLDERS

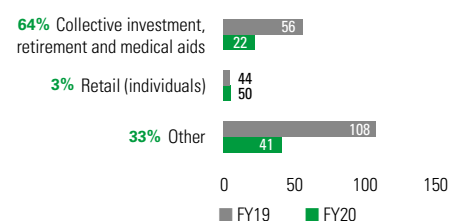
Number of shareholders



FY20 public versus non-public (%)



Type (millions of shares)



Shareholders' analysis continued

for the year ended 31 March 2020

	Shares held at 31 March 2020	% of total issued shares
Fund managers >5%		
Public Investment Corporation	27 523 868	16.28
Foord Asset Management	21 785 006	12.89
Old Mutual Investment Group	18 046 127	10.67
Allan Gray	17 827 037	10.55
Prudential Investment Managers	17 114 833	10.12
Kagiso Asset Management	15 495 284	9.17
Total	117 792 155	69.68
Beneficial shareholders >5%		
Government Employees Pension Fund	27 143 774	16.06
Old Mutual Group	15 908 152	9.41
Alexander Forbes Investments	13 803 699	8.17
Foord	12 414 842	7.34
Allan Gray	9 284 406	5.49
Total	78 554 873	46.47

Shareholders' diary

Description	Date
Financial year-end	31 March 2020
Audited results announcement	7 July 2020
Integrated annual report	31 July 2020
Annual general meeting	23 September 2020
Interim results announcement	24 November 2020
Dividend paid	Final: Rnil

Contact information

OMNIA HOLDINGS LIMITED

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

Registration number: 1967/003680/06

JSE code: OMN ISIN: ZAE000005153

REGISTERED OFFICE AND POSTAL ADDRESS

OMNIA HOLDINGS LIMITED

2nd Floor, Omnia House

Epsom Downs Office Park

13 Sloane Street, Epsom Downs

Bryanston, 2021

PO Box 69888

Bryanston, 2021

Telephone: +27 11 709 8888

Email: omnialR@omnia.co.za

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

SPONSOR

JAVA CAPITAL

2nd Floor

6A Sandown Valley Crescent

Sandown

Sandton, 2196

PO Box 522606,

Saxonwold, 2132

Telephone: +27 11 722 3050

TRANSFER SECRETARIES

LINK MARKET SERVICES SOUTH AFRICA PROPRIETARY LIMITED

13th Floor

19 Ameshoff Street

Braamfontein, 2001

PO Box 4844

Johannesburg, 2000

Telephone: +27 86 154 6572

AUDITOR

PRICEWATERHOUSECOOPERS INC.

4 Lisbon Lane

Waterfall City

Jukskei View, 2090

Private Bag X36

Sunninghill, 2157

Telephone: +27 11 797 4000

Forward-looking statements

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



OMNIA HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1967/003680/06

JSE code OMN • ISIN ZAE000005153

(Omnia or the Group)

www.omnia.co.za

omnialR@omnia.co.za