UNAUDITED FINANCIAL RESULTS

for the six months ended
30 September 2020

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

Financial highlights

Revenue stable
Continuing operations:
R8.2bn (HY2020: R8.3bn)

Operating profit increased
Continuing operations:
R341m (HY2020: R273m)

EBITDA increased
Continuing operations:
R742m (HY2020: R669m)
(excluding impairment)

Net working capital decreased
to R3.7bn (HY2020: R4.6bn)

Net interest decreased
Continuing operations:
R136m (HY2020: R280m)

Profit after tax increased
Continuing operations:
R239m (HY2020: R26m)

Net debt decreased
to R1.9bn (HY2020: R3.3bn)

Net debt to EBITDA ratio down
(EBITDA 12-month rolling)
Continuing operations:
1.2 (HY2020: 2.9)

Earnings per share increased
Continuing operations:
143 cents (HY2020: 33 cents)

Headline earnings per share increased
Continuing operations:
141 cents (HY2020: 43 cents)

Net asset value increased to
R9.6bn (HY2020: R9.1bn)

Salient features

B-BBEE rating
improved to **level 2**
(HY2020: level 3)

Group recordable case rate improved to **0.30** (HY2020: 0.52)

Global Credit Rating improved to **BBB+** with a **stable outlook**
(HY2020: BBB with a negative outlook)

Group GHG emissions reduced to **150 000 tonnes** of CO_2e
(HY2020: 580 000 tonnes)

PROPOSED SALE OF ORO AGRI

Oro Agri is reported in these interim results as 'Agriculture Biological' and accounted for as a discontinued operation. In the statement of comprehensive income, Oro Agri is excluded from the operating results presented, and is incorporated as a single line item under 'discontinued operations'. This treatment has also been applied to the comparatives to inform the readers of the interim results of the entity's discontinued operations, and those operations the entity is continuing in order to generate future profits and cash flows.

In Omnia's September 2020 statement of financial position, Oro Agri, being a disposal group, is disclosed as follows: Assets are classified as held for sale as their carrying amount will be recovered through sale and not from use. Oro Agri's liabilities are separately reflected as 'Liabilities directly associated with assets held for sale'. Comparative amounts have not been adjusted.

Report overview

Strategic feedback

Omnia delivered a resilient financial performance in a challenging local and international operating environment. These results demonstrate the ability of Omnia's leadership and management teams to act swiftly and decisively in order to continue delivering on commitments made to customers, shareholders and other stakeholders.

Over the past 18 months, Omnia set out to execute a deliberate strategy to stabilise the statement of financial position and secondly, to fix and renew the Group's operations, while exploring new growth opportunities. This strategy has yielded, and continues to yield, good results that have put Omnia in a much healthier financial position. Notable achievements include an improved safety performance, reviewing and refocusing key operating businesses, improving margins, increased cash generation, as well as lowering capital expenditure and debt levels. Part of this continuing strategic journey includes the recent announcement of the proposed disposal of the Oro Agri business, which is represented in our Agriculture Biological reporting segment. Should all the conditions be met, and shareholders approve the disposal, the proceeds will be used to repay existing core term debt which will further reduce the Group's interest expenses as well as its weighted average cost of debt and capital. When repaying debt, Omnia will also consider settling existing interest rate hedges where appropriate. After debt repayments, Omnia is likely to be in a net cash position. From this strong financial base, Omnia will continue to ensure that it maintains an efficient capital structure and fund selective organic expansionary expenditure while remaining extremely conservative regarding inorganic opportunities, all based on an appropriate return on invested capital. Any surplus cash may be returned to shareholders, either as a special dividend or a share buyback.

The implementation of the new operating model, which aims to consolidate key businesses in southern Africa and separate those which require additional investment, is nearing completion. The business separation of the manufacturing and supply chain units has delivered the expected uplifts in production reliability. The nitrophosphate plant reached an instantaneous capacity of above 82% and the crystalliser modifications implemented proved to be successful. The production for offtake from the Mining division has increased and product deliveries are mounting as the start of the planting season approaches. Omnia will continue to drive excellence in manufacturing and supply chain operations to further reduce product cost, meet its customers' quality expectations and enhance safety while promoting employee wellbeing across all operations.

At the core of the Group's strategy is the commitment to be a leader in sustainable business practice, and lowering the Group's carbon footprint remains a priority. Due to the replacement of the EnviNOx catalysts at the Sasolburg plant, the performance of the Nitrous Oxide (N_2O) abatement has improved significantly to 150 000 tonnes of Carbon dioxide equivalent (CO_2e) since June 2020 compared to 580 000 tonnes of CO_2e at March 2020. The Group continues to seek innovative ways to ensure that products are environmentally friendly and safe to use.

A proven safety record is an imperative for Omnia to compete effectively in key markets such as mining. Overall, the Group achieved a Recordable Case Rate (RCR) of 0.30 (0.49 at March 2020) with BME being at an enviable RCR rate of 0.05.

Report overview continued

Omnia impacts communities by protecting lives, creating sustainable livelihoods and securing a Better World through a focus on environmental stewardship. Omnia strives to deliver appropriate returns on capital investments, manufacturing and technology and to unlock other growth opportunities in the Southern African Development Community (SADC) and globally. The immediate strategy is to focus on growing in selected markets with propositions and innovations that create real value for customers by finding solutions to their needs, supported by new ways of working that create efficient processes across the supply chain.

Economic overview and financial update

The world is grappling with an unprecedented health and economic crisis. The global economy has started showing signs of recovery following the relaxation of lockdown regulations in many countries. However, a resurgence of COVID-19 infections and renewed restrictions pose severe risks to economic recovery. The near-term outlook remains suppressed, with a broad rebound in global economic activity anticipated in 2021, although the path to recovery is expected to be long and uneven.

South Africa experienced its largest recorded decline in economic output in the second quarter of 2020 due to the strict COVID-19 lockdown. Real gross domestic product fell by 17.1% relative to the previous quarter (or 51% on a seasonally adjusted and annualised basis), with all major sectors except agriculture declining. Growth in real output contracted by 8.7% in the first six months of 2020 compared to the same period in 2019. Preliminary indicators, including the volume of electricity distributed, mining and manufacturing output and business confidence, suggests a limited rebound in the current and next two quarters.

The agriculture sector, classified as an essential services industry, was the only sector that increased output during the first half of 2020. This was mainly driven by higher export demand for commodities including citrus, maize, apples and macadamia nuts. Exports are expected to remain strong for the near future. Favourable weather conditions are also expected to support grain production, with a substantially higher maize crop and optimistic forecasts for wheat production in 2020. This will also support the livestock industry, which has largely recovered from the outbreak of foot-and-mouth disease in 2019.

Mining production continued to contract, reflecting the general global downturn. Mining remains susceptible to fluctuating global demand. Domestic structural challenges such as regulatory uncertainty, lack of investment and electricity disruptions continue to affect sector performance. Production is likely to remain weak for the next few years.

In the manufacturing sector, production remains below pre-pandemic levels, with output contracting by 18.3% in the first six months of 2020 compared with the same period in 2019. Production is expected to recover gradually, and the outlook remains subdued due to unstable electricity supply, low demand, and weak domestic and global growth.

The USD/ZAR exchange rate for 30 September 2020 (1:16.75) has recovered notably since the end of March 2020 (1:17.81) but is still weaker when compared to 30 September 2019 (1:15.18).

Despite the impact of COVID-19 and general economic and sector challenges, Group operating profit (from continuing operations) for the period amounted to R341 million (HY2020: R273 million). The Group generated a net profit after tax of R252 million for the period ended 30 September 2020 (HY2020: R35 million).

The **Agriculture division** experienced COVID-19 restrictions which varied from country to country, but generally, those had minimal impact as the agriculture sector was classified an essential service in most countries. The first half of the financial year is traditionally a quiet period for the SADC businesses; however, agronomic conditions are favourable compared to previous years. In the SADC region, supply disruptions were initially experienced for cross-border loads during the early lockdown stages but eased shortly thereafter. Performance in Australia and Brazil exceeded expectations due to an increased demand in humates. Concerns about hyperinflation and liquidity constraints remain in Zimbabwe, while sovereign risk appears to have increased in Zambia, coupled with concerns about liquidity. Demand for high-value AgriBio products reduced slightly in the first quarter, with some regions focusing more on staple foods and crops. Operating profit for the segment increased to R301 million (HY2020: R98 million). More detail about the Agriculture division's performance can be found on pages 22 to 23.

The **Mining division** delivered mixed results. In particular, the stringent COVID-19 lockdown restrictions imposed in South Africa at the end of March 2020 resulted in most mines going into care and maintenance, affecting the division's local performance. Coal mines were particularly impacted by lower electricity demand. A slow start-up after the lockdown limited sales volumes, with many sites only reaching full capacity during July 2020. Despite the market challenges, a new large mining contract concluded earlier in the financial year was successfully mobilised. In West Africa, inventory levels were reasonably maintained, but demurrage costs were incurred due to port and border closures. COVID-19 had a significant impact through the cancellation of international freight services and quarry customers having ceased operations, reducing sales of bulk emulsions, packaged explosives and detonators. Management was able to maintain supply to mining sites from safety stocks. Operating profit for the segment decreased to R196 million (HY2020: R234 million). More detail about the Mining division's performance can be found on pages 24 and 25.

The **Chemicals division's** net revenue was hard hit by the lockdowns. The division maintained regular customer engagement and support during the entire period. Sales and support teams ensured that customers' demands were met, and despite the impact of the pandemic on demand for lubricants and petroleum additives and base oils, the agility of the management team enabled the division to meet the escalating demand for ethanol to blend hand sanitisers. This highlighted the importance of business diversification across multiple essential markets. Operating profit for the segment increased to R109 million (HY2020: R91 million). More detail about the Chemicals division's performance can be found on pages 26 and 27.

Net working capital reduced to R3 695 million, excluding R332 million relating to the Agriculture Biological division (HY2020: R4 632 million), supported by a focused effort to reduce overall inventory holding levels across all divisions through inventory liquidation initiatives, a review of inventory replenishment processes and improved debtor collections.

Financial results

Summary consolidated statement of comprehensive income

for the six months ended 30 September 2020

Rm	Unaudited Six months 30 Sep 2020	Unaudited Six months 30 Sep 2019*	% change	Audited 12 months 31 Mar 2020*
Continuing operations				
Revenue	**8 194**	8 324	(2)	17 823
Cost of sales	**(6 140)**	(6 439)	5	(13 714)
Gross profit	**2 054**	1 885	9	4 109
Distribution expenses	**(893)**	(924)	3	(1 966)
Administrative expenses	**(570)**	(582)	2	(1 108)
Other operating income	**18**	65	(72)	170
Other operating expenses	**(196)**	(141)	(39)	(256)
Impairment losses on non-financial assets	**–**	(8)	>100	(110)
Impairment losses on financial assets	**(68)**	(15)	>(100)	(109)
Share of loss of equity accounted investments	**(4)**	(7)	43	(8)
Operating profit	**341**	273	25	722
Monetary gain on hyperinflation	**91**	50	82	22
Finance income	**49**	23	>100	90
Finance expense	**(185)**	(303)	39	(561)
Profit before taxation	**296**	43	>100	273
Income tax	**(57)**	(17)	>(100)	(194)
Profit for the period from continuing operations	**239**	26	>100	79
Discontinued operations				
Profit for the period from discontinued operations	**13**	9	44	50
PROFIT FOR THE PERIOD	**252**	35	>100	129
Other comprehensive income				
Continuing operations				
Items that may be reclassified to profit or loss (net of tax)				
Loss on cash flow hedge	**(21)**	–	–	(47)
Currency translation adjustment for impact of hyperinflation	**7**	–	–	98
Currency translation differences	**(384)**	15	>(100)	595
Other comprehensive (loss)/ income for the period from continuing operations	**(398)**	15	>(100)	646
Discontinued operations				
Other comprehensive (loss)/income for the period from discontinued operations	**(7)**	4	>(100)	(6)
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	**(405)**	19	>(100)	640
Total comprehensive (loss)/income from continuing operations	**(159)**	41	>(100)	725
Total comprehensive income from discontinued operations	**6**	13	>(100)	44
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	**(153)**	54	>(100)	769

** Restated for the separate disclosure of discontinued operations.*

Summary consolidated statement of comprehensive income (continued)

for the six months ended 30 September 2020

Rm	Unaudited Six months 30 Sep 2020	Unaudited Six months 30 Sep 2019*	% change	Audited 12 months 31 Mar 2020*
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:				
Owners of Omnia Holdings Limited	**254**	32	>100	124
From continuing operations	**240**	27	>100	81
From discontinued operations	**14**	5	>100	43
Non-controlling interest	**(2)**	3	>(100)	5
From continuing operations	**(1)**	(1)	–	(2)
From discontinued operations	**(1)**	4	>(100)	7
	252	35	>100	129
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO:				
Owners of Omnia Holdings Limited	**(140)**	7	>(100)	753
From continuing operations	**(159)**	43	>(100)	727
From discontinued operations	**19**	(36)	>100	26
Non-controlling interest	**(13)**	47	>(100)	16
From continuing operations	**–**	(2)	>(100)	(2)
From discontinued operations	**(13)**	49	>(100)	18
	(153)	54	>(100)	769
EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF OMNIA HOLDINGS LIMITED				
Basic earnings per share from continuing operations (cents)	**143**	33	>100	64
Basic earnings per share (cents)	**151**	39	>100	99
Headline earnings per share from continuing operations (cents)	**141**	43	>100	154
Headline earnings per share (cents)	**149**	49	>100	189

** Restated for the separate disclosure of discontinued operations.*

Financial results continued

Summary consolidated statement of financial position

as at 30 September 2020

Rm	**Unaudited Six months 30 Sep 2020**	Unaudited Six months 30 Sep 2019	Audited 12 months 31 Mar 2020
ASSETS			
Non-current assets	**6 446**	8 470	8 660
Property, plant and equipment	**4 987**	5 236	5 328
Right-of-use assets	**433**	538	572
Goodwill and intangible assets	**866**	2 536	2 579
Investments accounted for using the equity method	**11**	5	11
Trade and other receivables	**79**	106	104
Deferred income tax	**70**	49	66
Current assets	**11 352**	10 251	9 428
Inventories	**4 199**	4 741	3 647
Trade and other receivables	**3 948**	4 473	4 151
Derivative financial instruments	**5**	28	160
Income tax	**87**	139	110
Cash and cash equivalents	**779**	870	1 360
Assets classified as held for sale	**2 334**	–	–
Total assets	**17 798**	18 721	18 088
EQUITY			
Capital and reserves attributable to the owners of Omnia Holdings Limited	**9 472**	8 967	9 617
Share capital	**3 396**	3 411	3 404
Reserves	**1 220**	1 324	1 611
Retained earnings	**4 856**	4 232	4 602
Non-controlling interest	**105**	149	118
Total equity	**9 577**	9 116	9 735

Summary consolidated statement of financial position (continued)

as at 30 September 2020

Rm	**Unaudited Six months 30 Sep 2020**	Unaudited Six months 30 Sep 2019	Audited 12 months 31 Mar 2020
LIABILITIES			
Non-current liabilities	**636**	981	2 881
Deferred income tax	**230**	523	674
Interest-bearing borrowings	**2**	34	1 693
Lease liability	**347**	334	427
Derivative financial instruments	**–**	–	28
Trade payables and other liabilities	**59**	90	59
Current liabilities	**7 585**	8 624	5 472
Interest-bearing borrowings	**2 105**	3 112	841
Lease liabilities	**138**	205	186
Bank overdrafts	**129**	477	93
Derivative financial instruments	**151**	–	99
Income tax	**300**	204	284
Trade and other payables	**4 326**	4 626	3 969
Liabilities directly associated with assets classified as held for sale	**436**	–	–
Total liabilities	**8 221**	9 605	8 353
Total equity and liabilities	**17 798**	18 721	18 088
Net working capital*	**3 695**	4 632	3 907
Net debt*	**1 940**	3 292	1 880
Net asset value per share (Rand)	**57**	54	58
Capital expenditure (Rm)			
Depreciation of property, plant and equipment and right of use assets	**338**	341	695
Amortisation of intangible assets	**137**	109	229
Capital expenditure incurred	**209**	260	514
Authorised but not contracted for	**185**	168	187
Authorised and contracted for	**135**	140	233

** Excluding assets held for sale.*

Summary consolidated statement of cash flows

for the six months ended 30 September 2020

Rm	**Unaudited Six months 30 Sep 2020***	Unaudited Six months 30 Sep 2019	Audited 12 months 31 Mar 2020
Net cash inflow/(outflow) from operating activities	**533**	(141)	1 692
Cash generated from operations	**768**	186	2 226
Finance expense paid	**(158)**	(313)	(482)
Finance income received	**49**	23	93
Income taxes paid	**(126)**	(37)	(145)
Cash outflow from investing activities	**(176)**	(260)	(466)
Purchase of property, plant and equipment	**(153)**	(221)	(421)
Proceeds on disposal of property, plant and equipment	**33**	–	48
Additions to goodwill, intangible and other assets	**(56)**	(39)	(93)
Cash (outflow)/inflow from financing activities	**(570)**	2 386	1 404
Proceeds from rights offer	**–**	2 000	2 000
Cash paid for rights issue costs	**–**	–	(70)
Purchase of treasury shares	**(8)**	–	(7)
Proceeds from interest-bearing borrowings raised	**–**	386	1 648
Repayment of interest-bearing borrowings	**(429)**	–	(1 904)
Repayment of lease liabilities	**(133)**	–	(263)
Net (decrease)/increase in cash and cash equivalents	**(213)**	1 985	2 630
Net cash/(overdraft) at beginning of the period	**1 267**	(1 613)	(1 613)
Effect of foreign currency movements	**(268)**	21	250
Net cash and cash equivalents at end of the period	**786**	393	1 267

** Cash flows from discontinued operations are disclosed on page 31.*

Summary consolidated statement of changes in equity

for the six months ended 30 September 2020

	Attributable to the owners of Omnia Holdings Limited					
Rm	**Share capital**	**Treasury shares**	**Other reserves**	**Retained earnings**	**Non-controlling interest**	**Total**
At 31 March 2019 (audited)	**1 604**	**(123)**	**1 048**	**4 594**	**102**	**7 225**
First-time adoption of IFRIC 23 – Uncertainty over income tax treatments		–	–	(144)	–	**(144)**
Application of IAS 29 – Financial reporting in hyperinflationary economies*	–	–	300	(250)	–	**50**
At 1 April 2019	**1 604**	**(123)**	**1 348**	**4 200**	**102**	**7 131**
Recognised income and expenses for the year						
Profit for the period	–	–	–	32	3	**35**
Other comprehensive income	–	–	(25)	–	44	**19**
Transactions with shareholders						
Ordinary shares issued	1 930	–	–	–	–	**1 930**
Share-based payment – value of services provided	–	–	1	–	–	**1**
At 30 September 2019 (unaudited)	**3 534**	**(123)**	**1 324**	**4 232**	**149**	**9 116**
Reclassification of IAS 29 – Financial reporting in hyperinflationary economies*	–	–	(300)	250	–	**(50)**
Recognised income and expenses for the year						
Profit for the period	–	–	–	92	2	**94**
Other comprehensive income	–	–	654	–	(33)	**621**
Transactions with shareholders						
Transfer of other reserves to retained earnings	–	–	(28)	28	–	**–**
Shares acquired as part of a share-based payment scheme	–	(7)	–	–	–	**(7)**
Share-based payment: value of services provided	–	–	(39)	–	–	**(39)**
At 31 March 2020 (audited)	**3 534**	**(130)**	**1 611**	**4 602**	**118**	**9 735**
Recognised income and expenses for the year						
Profit for the period	–	–	–	254	(2)	**252**
Other comprehensive loss	–	–	(394)	–	(11)	**(405)**
Transactions with shareholders						
Shares acquired as part of a share-based payment scheme	–	(8)	–	–	–	**(8)**
Share-based payment: value of services provided	–	–	3	–	–	**3**
At 30 September 2020 (unaudited)	**3 534**	**(138)**	**1 220**	**4 856**	**105**	**9 577**

** The International Accounting Standards Board issued guidance in March 2020 regarding the presentation and disclosure of monetary gains and losses on hyperinflation. These are no longer recognised directly in equity but rather through other comprehensive income and this was adjusted for at 31 March 2020.*

Financial results continued

Reconciliation of headline earnings

for the six months ended 30 September 2020

Rm	**Unaudited Six months 30 Sep 2020**	Unaudited Six months 30 Sep 2019	Audited 12 months 31 Mar 2020
Profit for the period from continuing operations attributable to owners of Omnia Holdings Limited:	**240**	27	81
Adjusted for:			
Insurance income for replacement of property, plant and equipment	**–**	–	(5)
Loss/(profit) on disposal of property, plant and equipment	**(4)**	1	8
Impairment of property, plant and equipment	**–**	8	–
Impairment of goodwill	**–**	–	110
Headline earnings from continuing operations	**236**	36	194

Rm	**Unaudited Six months 30 Sep 2020**	Unaudited Six months 30 Sep 2019	Audited 12 months 31 Mar 2020
Profit for the period attributable to owners of Omnia Holdings Limited:	**254**	32	124
Adjusted for:			
Insurance income for replacement of property, plant and equipment	**–**	–	(5)
Loss/(profit) on disposal of property, plant and equipment	**(4)**	1	8
Impairment of property, plant and equipment	**–**	8	–
Impairment of goodwill	**–**	–	110
Headline earnings	**250**	41	237

000's	**Unaudited Six months 30 Sep 2020**	Unaudited Six months 30 Sep 2019	Audited 12 months 31 Mar 2020
Number of shares			
Weighted average number of shares in issue	**167 669**	83 016	125 615
Weighted average number of diluted shares in issue	**167 669**	83 754	125 615
Number of shares in issue (excluding treasury shares)	**167 383**	168 005	167 717

Segmental information

The Group's chief operating decision maker has been identified as 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. The executive committee is responsible for allocating resources, assessing the performance of operating segments and making strategic decisions.

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, namely Agriculture, Mining and Chemicals. The executive committee primarily reviews revenue, operating profit, profit before tax, EBITDA (excluding impairments), net working capital and net controlled assets on a segment level.

The executive committee reviews the Group's performance from both a product and a geographical perspective and has identified the following nine 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, humates and other biostimulants, 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 Agriculture International, Mining and Chemicals.

Agriculture International: This segment produces and trades in granular, liquid and speciality fertilizers and biostimulants, including humates, fulvates and kelp products. In addition to fertilizers, a full range of trace elements, biostimulants and plant health products are used globally to improve crop health, yields and soil health in a sustainable and environmentally conscious way. Products, value-added services and solutions are delivered to a broad customer base in Australia and Brazil and are exported internationally.

Agriculture Trading: This segment relates to the wholesale and trading of agriculture commodities throughout Africa. Management is in the process of winding down the business.

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 biostimulants, adjuvants, biological crop protection products, liquid foliar fertilizers and soil conditioners for all major crop types.

Segmental information continued

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 Mining International.

Mining International: This segment relates to the BME businesses outside of South Africa and also includes the Protea Mining Chemicals business. The territories included here are countries in the SADC, West Africa, Australia, Indonesia, USA and Canada (by way of a joint venture) and they supply similar products and services to Mining RSA.

Protea Chemicals: This segment is a long-established and well-known manufacturer and distributor of specialty, functional and effect chemicals, polymers and other services and solutions. The segment relates to both the larger, local part of the business and the smaller, international part of the 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 specialty 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.

Segmental analysis of profit or loss

for the six months ended 30 September 2020

Rm	**Gross revenue Unaudited Six months 30 Sep 2020**	Gross revenue Unaudited Six months 30 Sep 2019	Gross revenue Audited 12 months 31 Mar 2020	**Net revenue[1] Unaudited Six months 30 Sep 2020**	Net revenue[1] Unaudited Six months 30 Sep 2019	Net revenue[1] Audited 12 months 31 Mar 2020
Agriculture RSA	**3 045**	3 028	7 340	**2 114**	1 848	4 924
Agriculture International	**1 359**	828	2 118	**1 284**	828	1 988
Agriculture International (Zimbabwe)*	**252**	203	485	**252**	203	485
Agriculture Trading	**14**	257	423	**14**	225	243
Total Agriculture (continuing operations)	**4 670**	4 316	10 366	**3 664**	3 104	7 640
Agriculture Biological (discontinued operations)	**455**	434	1 005	**393**	399	914
Total Agriculture	**5 125**	4 750	11 371	**4 057**	3 503	8 554
Mining RSA	**1 728**	1 828	3 307	**1 057**	1 152	2 039
Mining International	**1 530**	1 642	3 294	**1 439**	1 485	3 151
Total Mining	**3 258**	3 470	6 601	**2 496**	2 637	5 190
Protea Chemicals	**1 541**	2 052	3 912	**1 414**	1 963	3 678
Umongo Petroleum	**627**	651	1 361	**620**	620	1 315
Total Chemicals	**2 168**	2 703	5 273	**2 034**	2 583	4 993
Total	**10 551**	10 923	23 245	**8 587**	8 723	18 737
Continuing operations	**10 096**	10 489	22 240	**8 194**	8 324	17 823
Discontinued operations	**455**	434	1 005	**393**	399	914

[1] Net revenue excludes intercompany transactions eliminated on consolidation.

** See page 32 for results from the Group's Zimbabwean operation accounted for under IAS 29 – Financial Reporting in Hyperinflationary Economies.*

Segmental information continued

Segmental analysis of profit or loss (continued)

for the six months ended 30 September 2020

Rm	Operating profit Unaudited Six months 30 Sep 2020	Operating profit Unaudited Six months 30 Sep 2019	Operating profit Audited 12 months 31 Mar 2020	Profit before taxation Unaudited Six months 30 Sep 2020	Profit before taxation Unaudited Six months 30 Sep 2019	Profit before taxation Audited 12 months 31 Mar 2020	EBITDA Unaudited Six months 30 Sep 2020	EBITDA Unaudited Six months 30 Sep 2019	EBITDA Audited 12 months 31 Mar 2020
Agriculture RSA	**19**	(46)	110	**10**	(143)	48	**189**	115	438
Agriculture International	**153**	65	165	**139**	(14)	119	**162**	93	217
Agriculture International (Zimbabwe)*	**70**	5	94	**160**	54	112	**71**	6	97
Agriculture Trading	**(16)**	(2)	16	**(15)**	(4)	14	**(16)**	(2)	16
Total Agriculture (continuing operations)	**226**	22	385	**294**	(107)	293	**406**	212	768
Agriculture Biological (discontinued operations)	**75**	76	208	**72**	64	200	**90**	83	225
Total Agriculture	**301**	98	593	**366**	(43)	493	**496**	295	993
Mining RSA	**93**	82	63	**89**	59	55	**147**	136	170
Mining International	**103**	152	293	**95**	131	306	**133**	185	353
Total Mining	**196**	234	356	**184**	190	361	**280**	321	523
Protea Chemicals	**55**	53	110	**53**	27	85	**103**	104	207
Umongo Petroleum	**54**	38	63	**55**	31	65	**60**	46	75
Total Chemicals	**109**	91	173	**108**	58	150	**163**	150	282
Head Office and elimination[1] discontinued	**(59)**	(55)	(141)	**(58)**	(53)	(141)	**-**	-	-
Head Office and elimination[1] continuing	**(190)**	(74)	(192)	**(290)**	(98)	(531)	**(107)**	(14)	25
Total	**357**	294	789	**310**	54	332	**832**	752	1 823
Continuing operations	**341**	273	722	**296**	43	273	**742**	669	1 598
Discontinued operations	**16**	21	67	**14**	11	59	**90**	83	225

[1] *Head office and elimination includes acquisition-related costs, amortisation of intangible assets from acquisitions, employee share-based payment expenses and certain other once-off costs.*

* *See page 32 for results from the Group's Zimbabwean operation accounted for under IAS 29 – Financial Reporting in Hyperinflationary Economies.*

Segmental information continued

Segmental analysis of the statement of financial position

for the six months ended 30 September 2020

Rm	**Net working capital Unaudited Six months 30 Sep 2020**	Net working capital Unaudited Six months 30 Sep 2019	Net working capital Audited 12 months 31 Mar 2020	**Net-controlled assets Unaudited Six months 30 Sep 2020**	Net-controlled assets Unaudited Six months 30 Sep 2019	Net-controlled assets Audited 12 months 31 Mar 2020	**Return on net-controlled assets Unaudited Six months 30 Sep 2020**	Return on net-controlled assets Unaudited Six months 30 Sep 2019	Return on net-controlled assets Audited 12 months 31 Mar 2020
Agriculture RSA	**381**	913	325	**4 270**	4 709	4 248	**0.9%**	2.5%	2.6%
Agriculture International	**1 565**	1 517	1 329	**1 802**	1 747	1 582	**17.0%**	5.3%	10.4%
Agriculture International (Zimbabwe)*	**(87)**	(228)	(127)	**(81)**	(219)	(121)	**(172.8%)**	(2.7%)	(77.7%)
Agriculture Trading	**20**	(97)	31	**20**	(96)	31	**160.0%**	2.3%	51.6%
Agriculture Biological (net assets held for sale)	**332**	316	488	**574**	638	872	**26.1%**	13.1%	23.9%
Total Agriculture	**2 211**	2 421	2 046	**6 585**	6 779	6 612	**9.1%**	3.9%	9.0%
Mining RSA	**500**	466	371	**1 304**	1 232	1 145	**14.3%**	11.1%	5.5%
Mining International	**787**	853	837	**1 065**	1 147	1 129	**19.3%**	16.1%	26.0%
Total Mining	**1 287**	1 319	1 208	**2 369**	2 379	2 274	**16.5%**	13.6%	15.7%
Protea Chemicals	**626**	812	725	**1 067**	1 270	1 203	**10.3%**	8.2%	9.1%
Umongo Petroleum	**131**	353	250	**163**	392	283	**66.3%**	11.7%	22.3%
Total Chemicals	**757**	1 165	975	**1 230**	1 662	1 486	**17.7%**	11.5%	11.6%
Head Office and elimination[1]	**(118)**	(273)	(212)	**533**	2 534	2 180	**(22.1%)**	(0.8%)	(6.5%)
Head Office and elimination[1] (assets held for sale)	**–**	–	–	**1 489**	–	–	**(25.5%)**	–	–
Reconciling items[2]	**(110)**	–	(110)	**(151)**	(407)	(110)	**–**	–	–
Total	**4 027**	4 632	3 907	**12 055**	12 947	12 442	**5.9%**	5.8%	6.3%
Consolidated (excluding net assets held for sale)	**3 695**	4 632	3 907	**9 992**	12 947	12 442	**6.8%**		
Net assets held for sale	**332**	–	–	**2 063**	–	–	**1.6%**		

[1] *Head office and elimination includes acquisition-related balances and employee share-based payment balances.*

[2] *Reconciling items arise from the difference between the way in which executive management analyses the financial information and IFRS requirements.*

* *See page 32 for results from the Group's Zimbabwean operation accounted for under IAS 29 – Financial Reporting in Hyperinflationary Economies.*

Financial review

Group performance from continuing operations

Revenue for the period decreased slightly by 2% to R8 194 million (HY2020: R8 324 million*). This was largely due to the decline in revenue in the Mining and Chemicals divisions due to the broader impact of COVID-19 on overall demand, offset by a strong performance in the Agriculture International division.

Gross profit for the period increased by 9% to R2 054 million (HY2020: R1 885 million*) and gross margin increased from 22.6%* to 25.1%. This is as a result of supply chain and production optimisation across the Group.

Distribution expenses for the period decreased by 3% to R893 million (HY2020: R924 million*) driven by the implementation of various cost-saving initiatives for warehousing, procurement and transport, to counter the effects of COVID-19.

Administrative expenses for the period decreased by 2% to R570 million (HY2020: R582 million*). Management remains focused on a Group-wide initiative to reduce overhead costs. The work-from-home policy implemented during the early stages of the COVID-19 pandemic also reduced travel, fuel and consumables expenses.

Other operating income for the period decreased by 72% to R18 million (HY2020: R65 million*). The prior period included foreign exchange gains of R26 million on creditor balances as a result of the weakening of the Rand against the US Dollar.

Other operating expenses for the period increased by 39% to R196 million (HY2020: R141 million*). The current period includes a foreign exchange loss of R74 million, of which R64 million relates to the deterioration of the Zimbabwean dollar in Agriculture International's Zimbabwean operations.

Impairment losses on financial assets for the period increased to R68 million (HY2020: R15 million*). The impact of COVID-19 on the local and global economy resulted in higher forward-looking impairment assessments due to sovereign risk downgrades in South Africa and Zambia. In addition, the expected credit loss in Omnia Zambia increased by R21 million due to an increase in a contract debtor.

Operating profit for the period increased by 25% to R341 million (HY2020: R273 million*). This represents an operating margin of 4.2% (HY2020: 3.3%*). The Group continuously monitors and reviews expenses and has targeted ongoing savings for the year. The largest savings across the Group have been achieved under staff costs, travel expenses, motor vehicle expenses and depreciation. Refer to the divisional analyses of operating profit on pages 22 to 27.

Finance costs decreased following the stabilisation of the debt structure. The average annualised effective interest rate for the period was 6.23% (HY2020: 10.31%). The Group's interest rate swaps resulted in R16 million additional interest incurred as the COVID-19 pandemic forced rate cuts.

** Restated for the separate disclosure of discontinued operations.*

Earnings before interest, taxes, depreciation, amortisation (EBITDA) and impairments for the period increased by 11% to R742 million (HY2020: R669 million*).

Income tax expense for the period increased to R57 million (HY2020: R17 million*) and delivered an effective tax rate of 19.3% (HY2020: 39.5%*). During the current period, the probability of uncertain tax positions in the amount of R43 million declined to levels that required a reversal of a provision raised in the previous financial period. Excluding the reversal of this provision, the effective tax rate is 33.8%.

Total comprehensive loss for the period of R398 million (HY2020: R15 million total comprehensive income*) is as a result of foreign currency exchange differences from the translation of foreign subsidiaries. The Rand strengthened against the US Dollar for the six months ended 30 September 2020, but the average rate for the period remained weak.

** Restated for the separate disclosure of discontinued operations.*

Group position

Total assets for the period decreased by 5% to R17 798 million (HY2020: R18 721 million). This is due to a decrease in inventory of 11% and a decrease in trade receivables of 12% as a result of a focused effort to reduce overall inventory holding levels through inventory liquidation initiatives, a review of inventory replenishment processes and improved debtor collections.

Total liabilities for the period decreased by 14% to R8 221 million (HY2020: R9 605 million). Net debt for the period decreased by 41% to R1 940 million, excluding R77 million in the Agriculture Biological division (2019: R3 292 million), as a result of a consistent increase in cash generated in line with the successful execution of management's turnaround plan.

Total equity for the period increased by 5% to R9 577 million (HY2020: R9 116 million) following earnings growth in the second half of FY2020 and the first half of FY2021 amplified by the weakening of the Rand against the US Dollar.

Group cash flows

Cash generated from operations for the period increased to R768 million (HY2020: R186 million). Strong earnings growth and the success in reducing net working capital through lower inventory holding, improved debtor collections as well as the reduction of interest paid resulted in a lower net cash outflow, partly offset by an increase in taxation paid for the period.

Cash outflow from investing activities for the period decreased to R176 million (HY2020: R260 million). This is mainly due to a reduction in capital expenditure.

Cash outflow from financing activities for the period of R570 million (HY2020: R2 386 million inflow from financing activities) was mainly from payment of lease liabilities and repayment of loans. The prior year included an inflow of R2 billion from the rights issue and a paydown of the bridge loan facility from the proceeds of the rights issue.

Divisional review and prospects

Agriculture division

	Net revenue Rm Unaudited Six months 30 Sep 2020	Net revenue Rm Unaudited Six months 30 Sep 2019	Net revenue Rm Audited 12 months 31 Mar 2020	**Operating profit Rm Unaudited Six months 30 Sep 2020**	Operating profit Rm Unaudited Six months 30 Sep 2019	Operating profit Rm Audited 12 months 31 Mar 2020	**Operating margin % Unaudited Six months 30 Sep 2020**	Operating margin % Unaudited Six months 30 Sep 2019	Operating margin % Audited 12 months 31 Mar 2020
Agriculture RSA	**2 114**	1 848	4 924	**19**	(46)	110	**0.9**	(2.5)	2.2
Agriculture International	**1 284**	828	1 988	**153**	65	165	**11.9**	7.9	8.3
Agriculture International (Zimbabwe)	**252**	203	485	**70**	5	94	**27.8**	2.5	19.4
Agriculture Trading	**14**	225	243	**(16)**	(2)	16	**(114.3)**	(0.9)	6.6
Agriculture Biological (discontinued operations)	**393**	399	914	**75**	76	208	**19.1**	19.0	22.8
Total Agriculture	**4 057**	**3 503**	**8 554**	**301**	**98**	**593**	**7.4**	**2.8**	**6.9**

The Agriculture division's net revenue increased by 16% to R4 057 million (HY2020: R3 503 million). Operating profit for the period increased to R301 million (HY2020: R98 million).

Agriculture RSA's net revenue increased by 14% to R2 114 million (HY2020: R1 848 million). Operating profit for the period increased to R19 million (HY2020: R46 million loss). Included in the operating profit for the period is a once-off cost of R15 million relating to the restructure process while benefits thereof will only arise in the second half of the financial year. The improved financial performance stems from a focus placed on expense management, supply chain efficiencies, formulation improvements and a focused sales approach.

Agriculture International's net revenue increased by 55% to R1 284 million (HY2020: R828 million). Performance in Australia exceeded expectations. This was supported by increased exports, as well as an increase in local foliar product sales to the row crops market. There was strong demand for the humate soil applied blends range and it is showing excellent growth potential. Australia also experienced early purchasing by customers due to COVID-19 supply chain interruption fears. In Brazil, sales volumes for humates increased and fluctuations in the exchange rate resulted in higher margins. Sales volumes in Zambia increased as management secured additional volumes, which are currently being supplied. Operating profit for the period increased to R153 million (HY2020: R65 million). Expenses decreased as COVID-19 lockdowns limited travel and related costs.

Agriculture Zimbabwe's net revenue increased by 24% to R252 million (HY2020: R203 million). Foreign currency shortages, spiking inflation and low productivity remain key challenges in Zimbabwe, with COVID-19 now also impacting the tourism, manufacturing, agriculture and mining sectors. Poor rainfall in the previous season and cyclone damage reduced the capacity of farmers to invest in inputs, which was also impacted by foreign exchange restrictions, hyperinflation and increased farm taxes. An agricultural recovery in the short term is likely to remain under pressure. Operating profit for the period increased to R70 million (HY2020: R5 million), largely attributable to the impact of hyperinflation and the deterioration of the Zimbabwean currency.

Agriculture Biological's net revenue decreased by 2% to R393 million (HY2020: R399 million). COVID-19 had a significant impact on the European and North American business. Agriculture was classified as an essential service in most European countries, but the negative impact on high-value crops was significant. Growers were affected by a reduction in demand from the restaurant and hospitality industries. COVID-19 also had a significant effect on sales in Brazil as distribution was impacted by the closure of state borders which delayed deliveries. Operating profit for the period decreased by 1% to R75 million (HY2020: R76 million).

Prospects

The agriculture-food sector has not been immune to the impacts of the pandemic, but remains relatively unaffected compared to other, harder-hit sectors. The crisis will continue to cause uncertainties in global food supply chains, with potential disruptions to labour markets, input industries, agriculture production, food processing, transport and logistics, as well as shifts in demand for food and food services.

However, the full-year outlook is positive and is expected to land higher than the prior year. The South African market is poised for a good season due to positive agronomic conditions and favourable crop prices. The improved weather and planting conditions are anticipated to support improvements in fertilizer and other agricultural input volumes. The higher yields in the grain market, and the increased demand in export-oriented products such as citrus and nuts, benefit the customers' financial position.

Enhancements were made to the nitrophosphate plant and production is on track to achieve the expected Group annual EBITDA benefit of R90 million. Due to late rains, November and December are expected to be busy months for deliveries to customers of both granular and liquid products. Raw material purchases have largely been concluded and the inventory positions are according to plan. A short-term shortage of phosphoric acid and ammonia has caused disruptions in the production planning, but the situation has been well managed.

Omnia has a far-reaching international footprint with attractive opportunities for the Agriculture International business, which is actively growing its biostimulants, speciality nutrient and organic fertilizer coating product ranges for which demand remains high. In Zimbabwe, a steady increase of privately funded production of cash crops such as macadamias, tea and tobacco is being observed.

Divisional review and prospects continued

Mining division

	Net revenue Rm Unaudited Six months 30 Sep 2020	Net revenue Rm Unaudited Six months 30 Sep 2019	Net revenue Rm Audited 12 months 31 Mar 2020	Operating profit Rm Unaudited Six months 30 Sep 2020	Operating profit Rm Unaudited Six months 30 Sep 2019	Operating profit Rm Audited 12 months 31 Mar 2020	Operating margin % Unaudited Six months 30 Sep 2020	Operating margin % Unaudited Six months 30 Sep 2019	Operating margin % Audited 12 months 31 Mar 2020
Mining RSA	**1 057**	1 152	2 039	**93**	82	63	**8.8**	7.1	3.1
Mining International	**1 439**	1 485	3 151	**103**	152	293	**7.2**	10.2	9.3
Total Mining	**2 496**	**2 637**	**5 190**	**196**	**234**	**356**	**7.9**	**8.9**	**6.9**

The Mining division's net revenue decreased by 5% to R2 496 million (HY2020: R2 637 million). Operating profit for the period decreased by 16% to R196 million (HY2020: R234 million).

Mining RSA's net revenue decreased by 8% to R1 057 million (HY2020: R1 152 million), largely due to the stringent lockdown in April 2020 and a slow start-up of mine operations thereafter across South Africa from May to July 2020. The underground mining sector was harshly impacted and most underground mines have still not fully recovered to date. Despite the difficult economic challenges, management successfully mobilised a new large mining contract, concluded earlier in the financial year. Operating profit for the period increased by 13% to R93 million (HY2020: R82 million), largely attributable to savings in staff costs, travel expenses and motor vehicle expenses.

Mining International's net revenue decreased by 3% to R1 439 million (HY2020: R1 485 million). Higher revenue in Zambia, Indonesia and Canada, due to increased volumes from new business and favourable exchange rate movements, was offset by lower volumes in Lesotho, Namibia, Burkina Faso and Sierra Leone due to COVID-19-related mine and border closures, as well as lower sales in Botswana and the DRC. Even though overheads were lower in the current financial year, operating profit for the period decreased by 32% to R103 million (HY2020: R152 million) as a result of the deterioration of foreign exchange rates in the West African region, demurrage charges of R5 million incurred as ports and borders were closed and a customs dispute in Burkina Faso of R11 million.

Protea Mining Chemicals' sales in the South African market continue to improve in line with the easing of the lockdown restrictions, which enabled mines to move towards maximum production levels. These additional sales impacted positively on the performance of the business, although the performance remains below expectations. Lower sales contributed to a decline in revenue compared to the prior year.

Prospects

Precious metal prices have risen in recent months amid demand for safe-haven investments and following production interruptions associated with lockdowns. Metal prices are projected to continue to increase modestly in 2021, boosted by the anticipated recovery in the global economy. However, risks to the downside remain in the event of a prolonged global recession. Growth in the South African mining sector is projected to remain flat for most commodities, which will require mining companies to continue to focus on reducing costs and using technology to drive growth, productivity and greater efficiencies. Competition in the rest of Africa is anticipated to remain intense. The predicted slowdown in the DRC's economic growth for 2020 due to lower copper and cobalt commodity pricing resulted in large mines suspending production. This was compounded by COVID-19 disruptions, which resulted in a sharp market decline for chemical supply demand.

As mining operations continue to increase production and recover from the lockdowns, sales volumes are anticipated to increase, with certain regions in South Africa already regaining the volumes lost during the lockdown period. The industry's production is likely to recover to pre-lockdown levels in the second half of the financial year, barring the reinstatement of restrictions by the South African government. A new operating model is being embedded with a focus on further cost containment to improve operating margins, as well as expansion into new regions.

New contracts have been awarded in Canada. Underground trial equipment and an emulsion plant have recently arrived in Canada to create further opportunities in a market that remains a key focus. Mining International is also currently exploring opportunities in Australia and Indonesia in underground emulsion trials, packaged explosives, software and technology and AXXIS™ detonators.

The division's ground-breaking AXXIS™ Titanium electronic initiation system, which improves the safety, ease of use and accuracy of blasts, is currently being commercialised. The latest iteration of the AXXIS™ Titanium initiation system, designed to provide longer lead times, greater control and better data is undergoing final trials ahead of its market launch, which is planned for the beginning of 2021. Digitisation and automation in production and on mine sites remain more important than ever to gain a competitive edge. COVID-19 delayed earlier roll-out into the market, as field trials were postponed by mine closures and practicalities in offering field support due to travel restrictions. Initial field trials have been successfully conducted.

Protea Mining Chemicals recently became the first in its field globally to develop a solution that helps copper and cobalt mines reduce product contamination (improving metal purity levels) and maximise throughput in the solvent extraction process. This pioneering solution took six years to develop in partnership with chemicals manufacturers and copper and cobalt mining customers in the DRC. Finding safer, more efficient ways to extract valuable resources and enhance profitability continues to be a priority in the mining sector. This solution will significantly extend the life of copper and cobalt mines and boost profitability. Protea Mining Chemicals is actively looking at opportunities to replicate this success in other regions. Given the resurgence in the copper price, some mines are re-evaluating their position with the intention of returning to production – which could create substantial new business opportunities for the solution. Protea Mining Chemicals remains focused on providing customers with value-add products and services and continues to focus on educating customers about the benefits of high-grade products and on-site technical support.

Chemicals division

	Net revenue Rm Unaudited Six months 30 Sep 2020	Net revenue Rm Unaudited Six months 30 Sep 2019	Net revenue Rm Audited 12 months 31 Mar 2020	Operating profit Rm Unaudited Six months 30 Sep 2020	Operating profit Rm Unaudited Six months 30 Sep 2019	Operating profit Rm Audited 12 months 31 Mar 2020	Operating margin % Unaudited Six months 30 Sep 2020	Operating margin % Unaudited Six months 30 Sep 2019	Operating margin % Audited 12 months 31 Mar 2020
Protea Chemicals	**1 414**	1 963	3 678	**55**	53	110	**3.9**	2.7	3.0
Umongo Petroleum	**620**	620	1 315	**54**	38	63	**8.7**	6.1	4.8
Total Chemicals	**2 034**	**2 583**	**4 993**	**109**	**91**	**173**	**5.4**	**3.5**	**3.5**

The Chemical division's net revenue decreased by 21% to R2 034 million (HY2020: R2 583 million). Operating profit for the year increased by 20% to R109 million (HY2020: R91 million).

Protea Chemicals' net revenue decreased by 28% to R1 414 million (HY2020: R1 963 million) as the impact of COVID-19 could not be offset by the spike in hygiene-, disinfectant- and cleaning-related products. Protea Chemicals was classified as an essential service with a portion of its product lines being classified as non-essential. Industry sectors have since returned to normal, but sales volumes remain under pressure. Despite the revenue impact, management acted swiftly, resulting in operating profit for the period increasing by 4% to R55 million (HY2020: R53 million). The execution of the revised strategy in the previous financial year continues to deliver improved margins. The curtailment and reduction of fixed costs during the period has delivered savings in travel costs, staff costs and motor vehicle expenses.

Despite the stringent lockdown and the slow start thereafter, **Umongo Petroleum's** net revenue remained stable at R620 million (HY2020: R620 million). Notwithstanding severe market challenges, additional base oil sales offset a lack of demand in additives. Portfolio diversification into petroleum speciality products and increased sales into the sub-Saharan African market saw Umongo Petroleum's performance outperform general market and economic conditions. Operating profit for the year increased by 42% to R54 million (HY2020: R38 million), attributable to a reduction in operating expenses as well as an increase in foreign exchange gains due to mark-to-market revaluations on hedging instruments.

Prospects

Chemicals prices are projected to remain under pressure over the short to medium term following the significant decline in oil prices and the weak global growth prospects. Similarly, recovery in manufacturing production is anticipated to be steady but varied across industries.

Focus will be placed on growing the water care, food, consumer care and animal nutrition industry sectors in Protea Chemicals. These sectors produce higher-value products which are less prone to the impact of COVID-19 and economic recessions. Locally, tenders in the food industry are being pursued and new industrial water care customers are being targeted with cross-border opportunities on the rise. Alternative raw material sources are being explored to ensure continuity of supply in disruptive periods.

Umongo Petroleum's volume growth is driven by an increase in export base oil volumes. This aligns with management's long-term strategy to increase export volumes to sub-Saharan Africa. To aid portfolio diversification, Umongo Petroleum is expanding its product offering beyond additives and base oils to include products for the export markets and speciality goods. By the end of the financial year, this expanded portfolio is expected to assist with balancing the loss on the additive business experienced due to COVID-19 restrictions in the first quarter.

Capital structure

The Group monitors capital on the basis of net debt over adjusted EBITDA. The Group aims to keep this ratio at two to three times in the medium term and below two times in the long term.

Net debt to 12-month rolling adjusted EBITDA ratio

Rm	**Unaudited Six months 30 Sep 2020**	Unaudited Six months 30 Sep 2019	Audited 12 months 31 Mar 2020
Net debt	**1 940***	3 292	1 880
12-month rolling adjusted EBITDA, from continuing operations, excluding impairments	**1 672**	1 145	1 598
Ratio (%)	**1.2**	2.9	1.2

** excluding Agriculture Biological.*

On 29 July 2020, the Group repaid R500 million of the four-year core term facility from surplus cash generated. On the same date, the Group secured a two-year committed international revolving credit facility of US$30 million from its principal lenders.

This strategic action will allow Omnia Group International Limited to continue as the central procurement hub for the offshore operations. This international facility was incorporated within the current debt agreements and is secured by the collateral package as previously provided to the lenders, which included guarantees provided by the obligor base consisting of South African and foreign subsidiaries.

The interest rate swaps entered into in November 2019 remain in place except for R500 million, which was unwound in April 2020. The Group is exploring options to unwind the remaining interest rate hedges.

The Group's financial covenants were met during the period and as at 30 September 2020.

Other financial disclosure

Proposed disposal of Oro Agri (classified as held for sale and discontinued operations)

Oro Agri is involved in the research and development, production, distribution, marketing and sales of a differentiated range of AgriBio products, many of which are patented. Its product ranges include biological crop protection products, adjuvants, liquid foliar fertilizers and soil conditioners for all major crop types. Oro Agri owns and operates in-house production and research and development facilities in South Africa, Brazil, the United States and Europe.

The acquisition of Oro Agri in 2018 was part of a strategic undertaking to realise synergies from being integrated into Omnia's operating model. However, Oro Agri's full potential was not realised as Omnia's debt levels prevented the funding and full integration of Oro Agri. Omnia has subsequently stabilised its debt levels but still requires careful capital allocation of available funds and does not have the capacity to fully fund Oro Agri's future growth plans.

Omnia entered into an agreement with a Rovensa company, European Crops Products 2 S.A. R.L (ECP), on 19 October 2020 to dispose of its investment in Oro Agri for USD146.9 million. The purchase price offered exceeds Omnia's internal valuation of Oro Agri and is aligned with Rovensa's perceived opportunities for Oro Agri. Omnia has concluded that the risk profile of the Oro Agri business, the attractive price offered by ECP and the benefits to Omnia of a de-risked balance sheet outweigh any potential long-term upside to Omnia from its investment in Oro Agri.

The disposal is subject to the following conditions precedent:

- Omnia shareholders adopting an ordinary resolution approving the disposal by simple majority
- All necessary third-party consents having been received
- Applicable merger control clearances from the relevant competition authorities in respect of the disposal and
- The Financial Surveillance Department of the South African Reserve Bank having granted written approval for the implementation of the disposal agreement

Oro Agri is disclosed as the Agriculture Biological segment with certain acquisition-related costs being recognised as part of the Head Office and elimination segment. The segment information of Oro Agri has been disclosed as discontinued operations in these results.

The financial performance and cash flow information of Oro Agri for the six months ended 30 September 2020, 30 September 2019 and the year ended 31 March 2020 is presented as follows:

Statement of comprehensive income of discontinued operations

Rm	**Unaudited six months 30 Sep 2020**	Unaudited six months 30 Sep 2019	Audited 12 months 31 Mar 2020
Revenue	**393**	399	914
Cost of sales	**(113)**	(122)	(254)
Gross profit	**280**	277	660
Distribution expenses	**(102)**	(110)	(248)
Administrative expenses	**(102)**	(90)	(201)
Other operating income	**3**	3	9
Other operating expenses	**(65)**	(59)	(146)
Impairment losses on financial assets	**2**	–	(7)
Operating profit	**16**	21	67
Finance income	**2**	-	3
Finance expense	**(4)**	(10)	(11)
Profit before income tax	**14**	11	59
Income tax	**(1)**	(2)	(9)
Profit for the year from discontinued operations	**13**	9	50
Other comprehensive income			
Items that may be reclassified to profit or loss (net of tax)			
Currency translation differences	**(7)**	4	(6)
Other comprehensive income for the year from discontinued operations	**(7)**	4	(6)
Total comprehensive income from discontinued operations	**6**	13	44

Cash flows from discontinued operations

Rm	**Unaudited six months 30 Sep 2020**	Unaudited six months 30 Sep 2019	Audited 12 months 31 Mar 2020
Net cash inflows from operating activities	**219**	10	16
Net cash outflows from investing activities	**(11)**	(23)	(43)
Net cash (outflows)/inflows from financing activities	**(73)**	(23)	9
Effect of foreign currency movement	**(47)**	52	(3)
Net increase/(decrease) in cash and cash equivalents from discontinued operations	**88**	16	(21)

The following assets and liabilities were classified as held for sale at 30 September 2020:

Statement of financial position

Rm	**Unaudited six months 30 Sep 2020**
ASSETS	
Property, plant and equipment	**218**
Right-of-use assets	**24**
Goodwill and intangible assets	**1 489**
Deferred income tax	**3**
Inventories	**144**
Trade and other receivables	**320**
Cash and cash equivalents	**136**
Assets held for sale	**2 334**
LIABILITIES	
Deferred income tax	**240**
Interest bearing borrowings	**39**
Lease liabilities	**20**
Income tax	**5**
Trade and other payables	**132**
Liabilities directly associated with the assets held for sale	**436**

Monetary gain on hyperinflation

Hyperinflation in Zimbabwe remains with the continued weakening of the Zimbabwean dollar. Seasonal fluctuations in inventory, creditors and debtors impact the monetary gain on hyperinflation. A monetary gain of R91 million was recognised, as required by IAS 29 – *Financial reporting in hyperinflationary economies*. The performance and financial position of Omnia's subsidiary in Zimbabwe is as follows:

Rm	**Unaudited six months 30 Sep 2020**	Unaudited six months 30 Sep 2019	Audited 12 months 31 Mar 2020
Statement of comprehensive income			
Revenue	**252**	203	485
Expenses	**(182)**	(198)	(391)
Operating profit	**70**	5	94
Monetary gain on hyperinflation	**91**	50	22
Interest	**(1)**	(1)	(4)
Profit before tax	**160**	54	112
Tax	**(15)**	(1)	(15)
Profit for the period	**145**	53	97
Statement of financial position			
Property, plant and equipment	**6**	9	6
Inventory	**161**	56	113
Monetary asset	**128**	158	28
Monetary liabilities	**(376)**	(442)	(268)
Deferred tax	**(15)**	(9)	(15)
Equity	**96**	228	136

Employee share schemes

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 Group purchased 334,097 shares in the market, to be held by the Group until vesting conditions have been met. 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.

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.

Events after the reporting period

Updates on the disposal of Oro Agri

Signing of the sale and purchase agreement

The sale and purchase agreement for the proposed disposal of Oro Agri was signed on 19 October 2020 for USD146.9 million to a Rovensa company, European Crops Products 2 S.A. R.L (ECP).

Fulfilment of conditions precedent

The Group has submitted its' application for approval for the disposal to the Financial Surveillance Department of the South African Reserve Bank and is in the process of obtaining control clearances from the relevant competition authorities. The Group has engaged with relevant third parties and Omnia shareholders and is expected to conclude these approval processes by mid-December 2020.

The disposal of Oro Agri constitutes a category 1 transaction in terms of the JSE Listings Requirements, and accordingly, requires the approval of Omnia shareholders in a general meeting. A circular in this regard was posted to shareholders on Friday, 13 November 2020. It included a notice of general meeting which will be held on Monday, 14 December 2020.

Basis of preparation

The summarised interim financial statements for the period ended 30 September 2020 (interim results) have been prepared in accordance with IAS 34 – *Interim Financial Reporting*, the framework concepts and the recognition and measurement requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, presentation and disclosures as required by the Listings Requirements of JSE Limited and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended.

The interim results do not include all the notes of the type normally included in the annual financial statements. Accordingly, the interim results are to be read in conjunction with the annual financial statements for the year ended 31 March 2020 and any public announcements made by Omnia. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The preparation of these interim results was supervised by the finance director, S Serfontein CA(SA). The board takes full responsibility for the preparation of the interim results and the results have not been reviewed or audited by the Group's auditors.

Group sustainability strategy and ESG management

At Omnia, safety and safety culture is a priority and this aspect received the highest level of attention and focus across the Group. This focus consisted of heightened leadership visibility, safety training, incident investigation and management of findings, and the consistent sharing of lessons learnt across the Group. The concerted efforts enabled the Group to significantly improve safety performance to an RCR rate of 0.30 from 0.36 in the prior half year.

As part of the overall sustainability strategy aligned to the business strategy, the Group has committed to an Environmental, Social and Governance (ESG) target-setting process which is aligned to the United Nations Sustainable Development Goals (UNSDGs). Using the set of 17 SDGs, the Group identified relevant goals directly influenced by our activities. A set of nine SDGs were identified as a priority, and targets for the period up to 2030 have been set for the Group. Climate action is one of the most critical SDGs identified and the Group has actively implemented mitigation measures for our activities.

In addition, during the Group's regular risk assessment and valuation processes, both risks and opportunities are addressed. Climate risks and opportunities have been identified and addressed on an ongoing basis. These have also been articulated in our CDP (formerly Climate Disclosure Project) Climate Change disclosure.

The Group also engages in an annual independent ESG assurance process, a materiality assessment, as well as regular stakeholder engagements – all of which have a keen focus on climate change-related aspects. This process, together with a robust sustainability strategy development approach, has supported the Group's ESG principles, processes, and practices that build economic, environmental and social sustainability, allowing us to meaningfully contribute to a shift from an extractive economy to a regenerative economy. The focus on the holistic lifecycle of our operations is embedded in our SDGs and in our sustainable development vision. As a signatory of the Responsible Care® Global Charter as well as an active member of the Chemicals and Allied Industries Association, the Group has participated in and committed to several initiatives which support Just Transition initiatives.

The impact of climate change and water scarcity and the occurrences of drought are key risks to Omnia's business. The Group continues to adopt more sustainable practices in order to increase its flexibility to adapt to these challenges. The Group has formulated a climate change policy which considers the developmental and progressive improvement work that has been undertaken and identified for ongoing implementation.

The policy has been formulated based on actual parameters and achievable objectives and is geared towards facilitating effective and meaningful reporting. Omnia appreciates and accepts the importance of identifying and mitigating climate change risks as well as taking advantage of opportunities arising as a result of climate change into overall business strategies. The Group supports a proactive approach to such integration and implementation.

Omnia continues to demonstrate commitment and leadership in southern Africa in the management, mitigation and destruction of greenhouse gases (GHGs). The Group previously reported that the GHG abatement units at our Sasolburg facility were not operating optimally due to failure of catalysts. This resulted in a significant increase in GHG emissions in FY2020. These catalysts have now been replaced and the Group can report a significant decrease in emissions at the Sasolburg site.

Based on commitments from the board, Omnia has emerged as a leader in the mitigation of GHGs by engaging in large-scale destruction of GHGs, advocating correct and optimal fertilizer application techniques, focusing on green chemistry and optimising blasting solutions.

In addition to our sustainability strategy, the Group has a Corporate Social Investment (CSI) strategy focused on community empowerment, entrepreneurship and development through training and collaborative projects. During the past few months of the COVID-19 pandemic, the Group has also been engaged in community outreach projects such as provision of food hampers, sanitisers and PPE to vulnerable communities. Technical expertise was also made available for initiatives such as the National Ventilator Project and the collaborative deployment of Hydrogen fuel cells at One Military Hospital in response to COVID-19.

Omnia announced another milestone in delivering value to all stakeholders by achieving a B-BBEE supplier recognition of 125%, being a Level 2 contributor. Full scores were awarded for Ownership, Enterprise & Supplier Development and Socio-Economic Development.

Transformation is a key focus of Omnia's turnaround and stabilisation plan, not only to strengthen its competitive position, but also because it is committed to driving the transformation of South Africa's business sector. Going forward, Omnia will ensure the sustainability and further improvement of this recognition level.

The Group remains committed to ensuring that it contributes meaningfully to the wellbeing of all stakeholders as well as operating in a responsible manner focused on leaving behind a better world.

Board of directors

Changes to the board of directors during the period:

- F Butler retired as chair of the social, ethics and risk committee and as non-executive director effective 23 September 2020
- Z Swanepoel was appointed as an independent non-executive director effective 1 October 2019 and as chair of the social, ethics and risk committee effective 23 September 2020

Ms Linda de Beer has tendered her resignation from the board of Omnia with effect from 1 February 2021. The board thanks Ms de Beer for her valued contribution to the Group both as an independent non-executive director and as chair of the Audit Committee, and wishes her well in her future endeavours. Mr George Cavaleros will assume as the chair of the Audit Committee with effect from 1 February 2021.

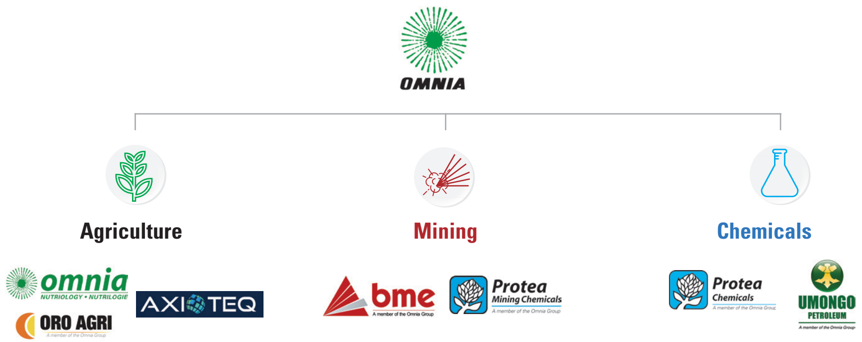
R Havenstein	**T Gobalsamy**	**S Serfontein**
Chair	*Chief executive officer*	*Finance director*

24 November 2020

Background information

Omnia is a diversified chemicals Group that supplies chemicals and specialised services and solutions to the agriculture, mining and chemical application industries. Using technical innovation combined with intellectual capital, Omnia adds value for customers at every stage of the supply and service chain. With its vision of leaving a Better World, the Group's solutions promote the responsible use of chemicals for health, safety and a lower environmental impact, with an increasing shift towards cleaner technologies.

Omnia's corporate office is based in Johannesburg, South Africa and its main production facility is in Sasolburg, some 70 kilometres south of Johannesburg. The Group had a physical presence in 45 countries and operations extending into the African continent, including South Africa, with additional focused operations in Australasia, Brazil, the US, Europe and China.



Executive directors: T Gobalsamy (chief executive officer), S Serfontein (finance director)
Non-executive directors: R Havenstein (chair), Prof N Binedell, R Bowen (British), G Cavaleros, L de Beer, T Eboka, S Mncwango, T Mokgosi-Mwantembe, W Plaizier (Dutch), Z Swanepoel

Company secretary: M Nana

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

Bastion