

# REVIEWED PROVISIONAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009



## HIGHLIGHTS

- Revenue increased by 51% to R11 billion
- Net profit for the year increased by 57% to R491 million
- Basic earnings per share increased by 54% to 1107,4 cents
- Headline earnings per share increased by 54% to 1114,2 cents
- Capitalisation award of 150 cents per share brings the total dividend to 250 cents for the year, representing an increase of 25% from the prior year

OMNIA HOLDINGS LIMITED (Incorporated in the Republic of South Africa)  
Registration number 1967/003680/06 JSE code OMN ISIN ZAE00005153  
("Omnia" or "the Group")

## CONDENSED CONSOLIDATED INCOME STATEMENT for the year ended 31 March 2009

Rm	Reviewed 2009	%	Audited 2008
<b>Revenue</b>	<b>11 111</b>	51	7 340
Cost of sales	(9 045)	55	(5 841)
<b>Gross profit</b>	<b>2 066</b>	38	1 499
Operating expenses	(1 189)	30	(915)
<b>Operating profit</b>	<b>877</b>	50	584
Net finance cost	(164)	46	(112)
Interest paid	(210)	47	(143)
Interest received	41	64	25
Forex gain	5	(17)	6
Income from associate	5		–
<b>Profit before taxation</b>	<b>718</b>	52	472
Taxation	(227)	43	(159)
<b>Net profit for the year</b>	<b>491</b>	57	313
<b>Attributable to:</b>			
– Equity holders of the Company	491	55	317
– Minority interest	–		(4)
	<b>491</b>		313
Basic earnings per share (cents)	<b>1 107,4</b>	54	718,2
Fully diluted basic earnings per share (cents)	<b>1 062,2</b>	54	687,9
Final dividend paid per share (cents) in respect of prior year	<b>117,0</b>	30	90,0
Interim dividend per share (cents) paid in respect of current year	<b>100,0</b>	20	83,0
Weighted average number of shares in issue ('000)	<b>44 316</b>		44 132
Weighted average number of fully diluted shares in issue ('000)	<b>46 204</b>		46 073
Number of shares in issue ('000)	<b>44 370</b>		44 263

## CONDENSED CONSOLIDATED BALANCE SHEET as at 31 March 2009

Rm	Reviewed 2009	%	Audited 2008
<b>Assets</b>			
Property, plant and equipment	<b>1 114</b>	15	965
Intangible assets	<b>517</b>	–	517
Investments	<b>41</b>	37	30
Deferred taxation	<b>14</b>	75	8
Current assets	<b>4 071</b>	39	2 919
	<b>5 757</b>	30	4 439
<b>Equity and liabilities</b>			
Shareholders' equity	<b>2 137</b>	35	1 581
Deferred taxation	<b>118</b>	13	104
Non-current liabilities	<b>671</b>	133	288
Current liabilities	<b>2 831</b>	15	2 466
	<b>5 757</b>	30	4 439
Net interest-bearing debt	<b>952</b>	111	451
Net asset value per share (Rand)	<b>48,16</b>	35	35,72
<b>Capital expenditure</b>			
Depreciation	<b>101</b>		71
Amortisation	<b>21</b>		21
Incurred	<b>258</b>		284
Authorised and committed	<b>9</b>		–
Authorised but not contracted for	<b>91</b>		102

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2009

Rm	Reviewed 2009	Audited 2008
Operating profit	<b>877</b>	584
Depreciation and amortisation	<b>122</b>	92
Adjustment for non-cash items	<b>54</b>	13
Utilised by working capital	<b>(744)</b>	(138)
	<b>309</b>	551
Interest paid	<b>(210)</b>	(143)
Interest received	<b>41</b>	25
Taxation paid	<b>(283)</b>	(134)
(Utilised)/generated by operations	<b>(143)</b>	299
Cash outflow from investing activities	<b>(257)</b>	(413)
Cash inflow from financing activities	<b>389</b>	323
Dividends paid	<b>(96)</b>	(76)
Net (decrease)/increase in cash	<b>(107)</b>	133
Net overdraft at beginning of year	<b>(103)</b>	(234)
Effects of exchange rate movements	<b>(4)</b>	(2)
Net overdraft at end of year	<b>(214)</b>	(103)

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Rm	Ordinary Shareholders' Equity				Minority interest	Total
	Stated capital	Treasury shares	Other reserves	Retained earnings		
At 31 March 2007 (audited)	201	(16)	36	1 027	2	<b>1 250</b>
Net profit for the year ended 31 March 2008				317	(4)	<b>313</b>
Increase in foreign currency translation reserve			65			<b>65</b>
Share-based payment			26			<b>26</b>
Treasury shares sold		3				<b>3</b>
Ordinary dividends paid				(76)		<b>(76)</b>
At 31 March 2008 (audited)	201	(13)	127	1 268	(2)	<b>1 581</b>
Net profit for the year ended 31 March 2009				491		<b>491</b>
Increase in foreign currency translation reserve			127			<b>127</b>
Share-based payment			32			<b>32</b>
Treasury shares sold		2				<b>2</b>
Ordinary dividends paid				(96)		<b>(96)</b>
<b>At 31 March 2009 (reviewed)</b>	<b>201</b>	<b>(11)</b>	<b>286</b>	<b>1 663</b>	<b>(2)</b>	<b>2 137</b>

## OTHER RESERVES

Rm	2009	2008
Reserves comprise of:		
Net discount arising on acquisition of shares of subsidiaries	<b>3</b>	3
Foreign currency translation reserve	<b>206</b>	79
Share-based payment reserve	<b>77</b>	45
	<b>286</b>	127

## SEGMENTAL ANALYSIS for the year ended 31 March 2009

Rm	Reviewed 2009	% of total	Audited 2008	% of total
Revenue, net of intersegmental sales	<b>11 111</b>	100	7 340	100
Chemicals	<b>4 528</b>	41	3 334	45
Mining	<b>2 111</b>	19	1 281	17
Agriculture	<b>4 472</b>	40	2 725	38
Operating profit	<b>877</b>	100	584	100
Chemicals	<b>198</b>	23	148	25
Mining	<b>269</b>	31	125	21
Agriculture	<b>410</b>	46	311	54

## RECONCILIATION OF HEADLINE EARNINGS

Rm	Reviewed 2009	%	Audited 2008
Net profit for the year	<b>491</b>		317
Loss on disposal of fixed assets	<b>–</b>		2
Impairment of assets	<b>3</b>		–
<b>Headline earnings</b>	<b>494</b>	55	319

**Headline earnings**  
Headline earnings is 1 114,2 cents per share (2008: 724,5 cents per share)  
Diluted headline earnings is 1 068,7 cents per share (2008: 694,0 cents per share)

## NOTES

### Accounting policies

The Group results are reported in accordance with International Financial Reporting Standards (IFRS). The condensed consolidated financial statements for the year ended 31 March 2009 were prepared in accordance with IAS 34 – Interim Financial Reporting, AC500 Standards as issued by the Accounting Practices Board, the requirements of the Companies Act of South Africa and in compliance with the Listing Requirements of the JSE Limited. The condensed consolidated financial statements do not include all of the information required by IFRS for full annual financial statements.

The principal policies used in the preparation of the results for the year ended 31 March 2009 are consistent with those applied for the year ended 31 March 2008.

### Dividends

A dividend of 117 cents per share was declared on 13 June 2008 in respect of the earnings of the previous financial year. This dividend is reflected in the current year to 31 March 2009. In addition an interim dividend of 100 cents per share was declared on 26 November 2008 in respect of the current year.

Capitalisation award of 150 cents per share brings the total dividend to 250 cents for the year, representing an increase of 25% from the prior year.

### Review opinion

The Group's auditors, PricewaterhouseCoopers Inc., have reviewed the condensed consolidated financial information for the year ended 31 March 2009 contained in this report. The unmodified review opinion is available for inspection at the company's registered office during normal business hours.

### Commitments

The future minimum lease payments under non-cancellable operating leases are R17 million (2008: R23 million) within one year, R22 million (2008: R21 million) between two and five years and R1 million (2008: R1 million) later than five years, giving a total of R40 million (2008: R45 million).

### Goodwill

An annual impairment test on the balance of goodwill has been performed at 30 September 2008 and updated 31 March 2009. No impairment loss has occurred.

## INTRODUCTION

Omnia is a diversified and specialist chemical services company which provides customised solutions in the chemical, mining and agriculture markets. The notable performance for the year ended 31 March 2009 was underpinned by the fundamental benefits arising from the balanced businesses created by the Group's diversified business model.

The year under review is characterised by unprecedented market conditions, in that it reflects neither the typical trading nor growth patterns experienced in previous years, and can best be described as a year of two distinctly different halves. This was clearly illustrated in the Agriculture division, in which spiralling raw material input costs resulted in similar increases in the division's selling prices. Volumes and revenue grew exponentially in the first half as farmers, uncertain of what the future held, stockpiled fertilizer. The unexpected situation proved short-lived, however, as an equally dramatic reversal in input costs saw volumes and revenue decline significantly in the second half on the back of the acute reversal in selling prices. Traditionally Omnia's fertilizer sales peak is in the second half of the year but this, therefore, did not materialise in the year under review.

The review period also brings to a close the five year target set for management by shareholders in 2004. This target was to achieve a 10% real growth in earnings per annum over the five years that ended 31 March 2009. It is pleasing to report that the target has been exceeded by a comfortable margin. This is the third successive five year target that has been achieved by Omnia's management, emphasising the real growth of the Group over the past fifteen years.

Notwithstanding the dramatic decline in commodity prices that has taken place, Omnia's businesses all remain well positioned to grow in the years ahead and stand to benefit from ongoing positive trends.

One example of this lies in the growing shortage of potable water, which has for some time emerged as a major concern in the 21<sup>st</sup> century. Omnia's acquisition last year of Zetchem, a chemical company that supplies custom designed water treatment chemicals used in the purification of water is, therefore, not only complementary to the Group's existing chemicals business, but marks Omnia's intention to become a major participant in the water care industry. The critical importance of uncontaminated water will see the demand for specialised chemical solutions in water treatment increase exponentially.

Another fundamental facet of the macro economic environment which exercises the Group's attention is the continuing drive for alternative energy. Strong demand for coal has been sustained by Eskom, which is dependent on coal fired technology. Recent announcements have indicated that an additional 40 coal mines are needed in South Africa by 2020 to meet the expected demand for electricity. In the wake of the ever increasing burning of fossil fuels, however, concerns over global warming are driving the demand for more eco-friendly sources of energy. Omnia is well placed to provide biofuels with its interests in jatropha in Zambia where research in the agronomics of the plant as well as the subsequent production of biofuels is being undertaken.

There has also been a renewed focus worldwide on cleaner nuclear energy as an alternative to coal-generated power. Omnia is also well placed to benefit from this new development, which is poised to grow at an accelerated pace, by virtue of its involvement in the supply of explosives and mining chemicals to uranium mining activities in southern Africa.

The strategic importance of agriculture and related food security has taken on a new emphasis with the growing world population and changing dietary habits in the developing world. In the face of relatively low grain stocks, agriculture will be required to increase yields per hectare significantly, introduce innovative production practices and address the challenges caused by increasing urbanisation, which has reduced the arable land available for cultivation. In Africa it is imperative that countries are made self sufficient in food production by using available arable land effectively. Omnia, with its agronomic expertise and extensive research and development activities, is well placed to work with Government, agricultural bodies and sector experts to achieve this goal.

### FINANCIAL REVIEW

Revenue for the year increased by 51% to R11 billion (2008: R7 billion) while net profit increased by 57% to R491 million (2008: R313 million). Basic earnings per share rose to 1107,4 cents per share (2008: 718,2 cents per share), reflecting a 54% increase. Headline earnings per share increased by 54% to 1114,2 cents (2008: 724,5 cents).

Operating expenses net of other income increased by 30% to R1,2 billion (2008: R915 million) reflecting the increased level of activity. The 30% expenses increase is, however, below the revenue growth as focus on containing costs remains a priority.

The Group commenced generating carbon credits (CER's) with the commissioning of its "EnviNox™" plant over a year ago. It was anticipated that some R30 million would have been realised from the sale of these CER's in the year under review. The verification of the credits by independent international auditors, however, took substantially longer and was much more involved than was anticipated with the result that, together with the uncertainty regarding the tax treatment of these credits, the decision was made to hold over the sale to the coming year. By the end of January 2009 503 000 CER's had been audited with subsequent production due to be audited shortly. These CER's are carried forward as inventory and are valued at the cost of production which totaled R9,5 million.

As a result of the increase in raw material prices, working capital levels were on average higher than during the previous financial year, offset by early purchasing by farming customers who were wishing to limit the impact of

continually increasing commodity prices. The higher levels of working capital resulted in an increase in net interest paid of 43% to R169 million (2008: R118 million).

Working capital at year end increased by R846 million to R1,5 billion (2008: R696 million) due to a higher investment in inventories caused partly by the drop in fertilizer volume sales in the second half of the year, but also due to the Group running its nitric acid plant at full capacity to build up stock for the forthcoming season.

Additional term funding was secured during the year mainly as a result of the issue of R405 million in three year corporate bonds following the introduction of a R1,5 billion Domestic Medium Term Note program. This program will enable the Group to access a different form of funding and reduces its reliance on short term banking facilities. Non-current liabilities have accordingly risen to R671 million (2008: R288 million) the result being that the balance sheet is now in better equilibrium between long term funds supporting long term assets.

The Group is continuing to work on a number of innovative, technology driven projects that will significantly improve customer service and productivity. These improvements include supply chain optimisation, procurement, and the protection of the environment within which the Group operates.

These investments, together with the increase in working capital, led to an increase in net interest bearing debt at year end to R952 million (2008: R451 million) with a related increase in the debt:equity ratio to 45% (2008: 29%). This ratio compares to the 80% that was reported at the interim stage and reflects the traditional drop in debt each year end after the agriculture planting season for the previous year has ended.

During the year under review the Group utilised R143 million in cash in its operating activities (2008: generated R299 million) due to the increase in working capital. It is expected that cash flow will again be positive in the new financial year with the marked reduction in commodity prices to more normalised levels. Cash outflow from investing activities, mainly in the provision of plant and equipment, reduced to R257 million (2008: R413 million). The prior year included the acquisition of Zetchem.

On 19 June 2009, the Group successfully raised R400 million through an issue of six month commercial paper under its R1,5 billion DMTN programme. The proceeds will be utilized to fund, in part, Omnia's peak annual short-term working capital requirements.

## OPERATIONAL REVIEW

### Chemicals

Protea Chemicals is the leading distributor of speciality, functional and effect chemicals in southern Africa with an established presence in every sector of the chemical distribution market. The division contributed 23% to Group operating profit (2008: 25%), with revenue increasing by 36% to R4,5 billion (2008: R3,3 billion) and operating profit increasing by 34% to R198 million (2008: R148 million).

As a supplier to the manufacturing industry, Protea Chemicals benefited from the growth in the South African economy in the first half of the year. Volumes increased as a result of the division's activity in "EcoGypsum™" and the expansion of the polymer business in southern Africa in the first half while the weakening of the rand contributed to further price increases. Price increases also occurred as a result of global product shortages that prevailed in the first half of the year. The economic slowdown had a limited impact on the division, with strong performances still reported in most of the businesses during the period under review. This was not the case in the Polymer business though which was particularly affected by the high prices that prevailed during the first half of the year followed by steeply falling prices in the second half. Margins were severely squeezed as higher priced stock in the system was disposed of at near zero margins.

This feature together with the continuing change in product mix to include greater polymer and "EcoGypsum™" volumes resulted in a decrease in operating margin to a disappointing 4,4% (2008: 4,5%). Zetchem, the water treatment business acquired a year ago, performed well in completing its first full year as part of the Omnia Group.

### Mining

The market leader in blended bulk explosives formulations for surface mines, the Mining division also manufactures packaged explosives for underground mines and specialised surface blasting. The division also markets blasting accessories, and a complete range of mining chemicals. The Mining division contributed 31% to Group operating profits (2008: 21%).

While the mining industry was widely impacted by falling demand for base metals and minerals in the second half of the year, the Group's diversified activities in this sector shielded the division from the downturn. This is largely due to the escalating demand for coal and uranium used for power generation.

The division continued its volume growth, particularly in mining chemicals, both locally and internationally. Revenue increased by 65% to R2,1 billion (2008: R1,3 billion), with operating profit increasing by 115% to R269 million (2008: R125 million) resulting in an operating margin of 12,6% (2008: 9,6%). Renegotiated contract pricing allowed for expeditious adjustments but the continued growth in mining chemicals, which attract lower margins, result in subdued operating margins.

Continued focus on mine safety has resulted in mine operators moving away from the traditional capped fuse to the much safer shocktube detonating system. With the commissioning of Omnia's new shocktube assembly plant the Group is poised to commence marketing its blast solutions into deep-level mines, a market that it has hitherto had a modest share in.

### Agriculture

The Agriculture division produces and supplies granular, liquid and speciality fertilizers to individual farmers, co-operatives and wholesalers throughout South Africa and, increasingly, to sub-Saharan Africa, as well as Madagascar, Australia and New Zealand. The Agriculture division contributed 46% (2008: 54%) to the Group operating profit.

The division, in the period under review, experienced a significant once off change in the buying pattern of its customers. Traditionally the bulk of fertilizer sales take place in the second half of the year with the onset of the maize planting season. However, during the first half of the year fertilizer raw material prices, fuelled by world-wide shortages of product, continued their upward spiral to new record highs with a concomitant increase in local fertilizer prices. This phenomenon caused farmers to break with tradition and purchase their fertilizer requirements early, in an attempt to cap the ever increasing cost of fertilizer. This once off change in pattern resulted in the first half of the year recording unprecedented levels of sales. Thus a large component of traditional second half fertilizer sales took place in the first half, as reported at mid-year.

The onset of the financial crisis shortly afterwards caused commodity prices, including fertilizer products, to plummet. The Group found itself with high priced stock on hand, much of which was disposed of at considerably lower margins than usual, with the value of the residue of stock needing to be adjusted downwards in line with the drop in prices. This reduced margins in the second half to 4,2%. The margin for the period under review in consequence deteriorated to 9,2% (2008: 11,4%). However, the unusual sales gained in the first half resulted in revenue increasing by 64% to R4,5 billion (2008: R2,7 billion) and operating profit increased by 32% to R410 million (2008: R311 million).

The six year long investigation by the Competition Commission relates to a complaint filed by NutriFlo, a small blender and distributor of fertilizer, which was subsequently referred by the Commission to the Tribunal in May 2005 in respect of alleged collusion on the part of Sasol, Omnia and Yara in nitrogenous fertilizer products. This investigation has raised a range of complex issues that are in need of clarification so that certainty can prevail into the future. The charges levelled against Sasol are more numerous and wide ranging than those levelled against Omnia. The Group has always strongly adhered to the legal processes as set out by South Africa's Competition Commission and continues to cooperate with the authorities while defending its position.

### PROSPECTS

The year under review has been extraordinary and cannot be used as an indicator of the future. Commodity prices retreated dramatically in the second half of the year, normalising to 2007 levels. In determining Omnia's growth pattern over the next few years trends will be more closely aligned to the reporting periods prior to the one under review, returning to Omnia's historical growth pattern.

However the Group has some exciting potential developments that could be important growth drivers should they come to fruition. Most of these developments entail capital investments of some significance.

The current agricultural environment, arising from the prevailing international grain prices, and the related focus on biofuels, should continue to favour the fertilizer business and the Group. By increasing "Nitrophos" production the Agriculture division will be provided with the opportunity of further optimising raw material costs with the aim of improving the division's operating margins over the next year or two. In addition, the Agriculture division's strong position in Africa bodes well for future growth and the prospect of increased tonnage being sold.

The Group remains committed to environmental improvements. The sale of CER's will boost the earnings of the Group especially if the fiscus declares the production of primary CER's to be tax free as is being proposed in the draft taxation laws amendment bill.

The considerable growth in uranium mining, in which the Group already has a strong foothold, also augurs well for Omnia. The Group announced recently that an investigation into the feasibility of erecting a second nitric acid plant would be undertaken. This feasibility study is nearing its final stages and the board expects to be in a position to make a decision in regard to this major project in the near future.

The essence of Omnia's future strategy remains consistent. The Group will pursue opportunities and develop offerings positioned further up the chemical services value chain in each of its core markets, while leveraging Group-wide synergies and efficiencies to ensure cost effectiveness. In short, Omnia aims always to deliver competitive value propositions to its customers rather than merely low priced commodities.

### CAPITALISATION AWARD

Mindful of the growth prospects the directors have resolved to award capitalisation shares, emanating out of distributable reserves, to ordinary shareholders recorded in the company's register at the close of business on Friday 24 July 2009 ("record date"). Shareholders will have the right in respect of all or part of their shareholdings to elect to receive a final cash dividend of 145 cents per ordinary share ("the cash election") for the year ended 31 March 2009 which will be declared only on those ordinary shares for which capitalisation shares are not allocated. If the cash election is not made, shareholders will be deemed to have elected to receive capitalisation shares.

### The capitalisation award

The number of capitalisation shares to be awarded will be 150 cents per share divided by R59,02 (i.e. the volume weighted average traded price of the ordinary share of the company on the main board of the JSE Limited ("JSE") for the three trading