

OM HOLDINGS LIMITED

(ARBN 081 028 337)



No. of Pages Lodged: 7 Covering letter
29 ASX Appendix 4D – Preliminary Final Report

29 August 2016

ASX Market Announcements
ASX Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

The Board of OM Holdings Limited (“OMH” or the “Company”, and together with its subsidiaries, the “Group”) reports a 24% increase in revenue for the 6 months period ended 30 June 2016 from A\$148.3 million to A\$183.4 million.

HIGHLIGHTS

- **H1 2016 revenue of A\$183.4 million, representing a 24% increase on H1 2015, mainly from higher tonnages of alloys traded, and a moderate rebound in prices of manganese ores**
- **Gross profit margin improved from -0.5% in H1 2015 to 16.2% in H1 2016, in line with stronger ore prices, mainly from the sale of OMM manganese ore, and run-down of existing OMM ore and manganese alloys from our China subsidiaries**
- **Exchange losses for the period in H1 2016 of A\$83.2 million was the main contributor to the Group’s losses of A\$82.2 million. This resulted predominantly from the foreign exchange hedging contracts entered into under the OM Sarawak project finance facility (as required by the financing banks)**
- **A total of 720,607 tonnes of ores (H1 2015: 838,313 tonnes) and 57,860 tonnes of alloys (H1 2015: 18,695 tonnes) were sold during H1 2016**
- **Inventories decrease to A\$247.1 million (31 December 2015: A\$259.8 million) from the sale and run-down of inventories in our China subsidiaries**
- **Total borrowings decrease by 5% from A\$570.1 million as at 31 December 2015 to A\$541.7 million as at 30 June 2016 from the partial repayment of the Group’s borrowings during the period**
- **Cash reserves of A\$17.1 million as at 30 June 2016**

OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

KEY DRIVERS (Tonnes)	Period Ended 30 Jun 2016	Period Ended 30 Jun 2015	Variance %
Sales volumes of Ores	720,607	838,313	(14)
Sales volumes of Alloys	57,860	18,695	>100

FINANCIAL RESULTS			
Total sales	183.4	148.3	24
Gross profit	29.7	(0.7)	>NM
Gross profit margin (%)	16.2%	(0.5%)	
Other income	17.3	0.6	>100
Distribution costs	(8.4)	(6.6)	27
Administrative expenses	(7.2)	(9.4)	(23)
Other operating expenses	(7.7)	(16.5)	(53)
Exchange (loss) / gain	(83.2)	7.5	NM
Impairment charge	(0.6)	(0.8)	(25)
Finance costs	(18.2)	(8.5)	>100
Share of results of associates	1.9	4.4	(57)
Loss before income tax	(76.3)	(30.0)	>100
Income tax	(5.9)	0.4	NM
Loss for the period	(82.2)	(29.6)	>100
Non-controlling interests	24.0	(1.7)	NM
Loss after tax attributable to owners of the Company	(58.2)	(31.3)	86

OPERATING RESULTS ADJUSTED FOR NON-CASH ITEMS		
Net loss after tax	(82.2)	(29.6)
Adjust for non-cash items:		
Inventory write-down/(write-back)/, net	(5.2)	3.2
Impairment charge	0.6	1.3
Fair value gain	(3.4)	(0.5)
Depreciation/amortisation ⁽²⁾	7.8	14.2
Unrealised exchange loss	62.1	1.5
Finance costs (net of income)	18.1	8.3
Income tax expenses	5.9	(0.4)
Adjusted EBITDA⁽¹⁾	3.7	(2.0)

(1) Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, non-cash inventory write-downs, deferring stripping, and other non-cash items. Adjusted EBITDA is not a uniformly defined measure and other companies in the mining industry may calculate this measure differently. Consequently, the Group's presentation of Adjusted EBITDA may not be readily comparable to other companies' figures.

(2) Inclusive of depreciation and amortisation charges recorded through cost of sales.

FINANCIAL ANALYSIS

The Group achieved revenue of A\$183.4 million in H1 2016, representing a 24% increase from the A\$148.3 million recorded for H1 2015 despite a 9% decrease in total sales volume traded of 778,467 tonnes. This increase in revenue was mainly from the Smelting and Marketing and Trading segments as a result of higher ferrosilicon volumes produced and traded from the Group's 75% owned smelter in Sarawak, which contributed 53,480 tonnes of sales made with revenue of A\$66.4 million for H1 2016. This increase was offset by lower manganese ore volumes traded from the Group's wholly-owned Bootu Creek Manganese Mine (which was put into voluntary administration at the end of 2015) and other third party ores (including ores from the Tshipi Borwa Mine), which decreased 21% in the current period (657,801 tonnes) as compared to the same corresponding period in 2015 (827,495 tonnes).

Prices of manganese ores and ferro-manganese alloys recorded a moderate rebound in the beginning of the second quarter of 2016 and this had a positive impact on sales revenue and gross profit margins. The Group's overall margin improved from a negative 0.5% in H1 2015 to a positive of 16.2% in H1 2016 mainly attributed to the higher prices of manganese ore realised from the sale of OMM manganese ore. In addition, with the improvement in ore prices, the run-down of the existing OMM manganese ore and manganese alloys from our China subsidiaries during the period also contributed positively to the improvement in the Group's margins.

Distribution costs increased in H1 2016 as compared to H1 2015 mainly due to the increased tonnages of ferrosilicon shipped and sold in H1 2016 against H1 2015. Finance costs increased from A\$8.5 million in H1 2015 to A\$18.2 million in H1 2016 mainly from the OM Sarawak project financing loan.

Administrative and other operating expenses for the current period decreased to A\$7.2 million and A\$7.7 million respectively, from A\$9.4 million and A\$16.5 million in H1 2015 mainly due to lower legal and professional fees incurred of A\$1.3 million in the current period (H1 2015: A\$4.2 million), and a reduction in depreciation and amortization expenses in H1 2016.

The exchange loss of A\$83.2 million for H1 2016 was predominantly contributed from OM Sarawak's exchange losses of A\$77.2 million. This was mainly from the transfer of exchange losses from hedge contracts (which was a requirement under the OM Sarawak project finance facility) previously recognised in Hedging Reserve amounting to A\$48.8 million was charged to the profit or loss as these hedge contracts were no longer hedge effective as at 30 June 2016. Primarily, as there was a change in the underlying asset of the hedge contracts with the reduction in the nominated power capacity in OM Sarawak, the hedge contracts were deemed ineffective. In addition, with the strengthening of the Malaysian Ringgit ("MYR") against the USD during the current period, there was a further unrealised exchange loss recognised of A\$28.5 million mainly from the translation of MYR denominated payables.

There was an income tax expense of A\$5.9 million in H1 2016 mainly from the write-off of deferred tax assets from a China subsidiary which amounted to A\$4.6 million.

The exchange losses for H1 2016 of A\$83.2 million was the main contributor to the Group's losses for the period of A\$82.2 million. The Group's loss per share increased to A\$0.080 in H1 2016 from A\$0.043 in H1 2015.

Results Contributions

The contributions from the OMH Group business segments were as follows:

A\$ million	Period ended 30 Jun 2016		Period ended 30 Jun 2015	
	Revenue*	Contribution	Revenue*	Contribution
Mining	-	-	38.9	(20.2)
Smelting	78.9	(74.3)	23.8	5.4
Marketing, logistics and trading	152.6	19.5	150.6	(6.7)
Other	0.4	(5.3)	0.2	(4.5)
Net loss before finance costs		(60.1)		(26.0)
Finance costs (net of income)		(18.1)		(8.3)
Share of results of associates		1.9		4.4
Loss before tax **		(76.3)		(30.0)

* revenue contribution from segments is subsequently adjusted for intercompany sales on consolidation

** numbers may not add due to rounding

Mining

On 15 December 2015, the mining operations at the Bootu Creek Manganese Mine were suspended due to the ongoing and material fall in the manganese price. As announced to ASX on 4 January 2016, OMM was placed into voluntary administration on that date.

As a result of this, there was no mining and production activity carried out at the Bootu Creek Manganese Mine for H1 2016.

Smelting

This business segment currently covers the operations of the Qinzhou manganese alloy smelter operated by OM Materials (Qinzhou) Co Ltd ("OMQ"), as well as OM Materials (Sarawak) Sdn Bhd ("OM Sarawak"), where construction was completed at the end of 2015.

The operations in OMQ (which has ceased operations temporarily since October 2015) and OM Sarawak recorded revenue of A\$78.9 million for H1 2016 against A\$23.8 million for H1 2015. The increase in revenue was mainly due to higher tonnages of ferrosilicon produced in H1 2016 of 61,858 tonnes (H1 2015: 31,361 tonnes) with a revenue contribution of A\$66.4 million for the period ended 30 June 2016. There was no production activity in OMQ during the current period, but the company recorded revenue contribution of A\$11.7 million from the sale of its existing inventories for H1 2016.

The loss of A\$74.3 million in this segment was mainly from exchange losses in OM Sarawak from hedging contracts previously recognised in hedging reserve which was transferred to the Statement of Comprehensive Income as these hedge contracts were no longer hedge effective as at 30 June 2016, and unrealised exchange losses from the translation of MYR denominated payables.

Marketing, logistics and trading

Revenue from the Group's trading operations increased marginally by 1% from A\$150.6 million (H1 2015) to A\$152.6 million (H1 2016), primarily due to higher ferrosilicon volumes traded in H1 2016. However this increase was marginally offset by lower volumes of manganese ores sold during the period. In addition, with the moderate rebound in prices of manganese ores and ferro-manganese

alloys, especially in the 2nd quarter of 2016, this had a positive impact on sales revenue and overall trading margins in H1 2016.

Other

The revenue recognised in this segment relates to marketing fees received for marketing services. The loss in this segment was mainly the result of non-cash unrealised exchange losses.

FINANCIAL POSITION

The Group's property, plant and equipment ("PPE") decreased from A\$613.0 million as at 31 December 2015 to A\$605.0 million as at 30 June 2016 mainly from the depreciation of PPE in OM Sarawak.

The Group's consolidated cash position was A\$17.1 million (including cash collateral of A\$5.8 million) as at 30 June 2016 as compared to A\$23.9 million (including cash collateral of A\$11.2 million) as at 31 December 2015. During the six months ended 30 June 2016, the net cash generated from operating activities was A\$15.2 million (H1 2015: net cash used was A\$42.1 million).

Inventories decreased to A\$247.1 million as at 30 June 2016 from A\$259.8 million as at 31 December 2015. This was mainly a result of the sale and run-down of inventories in our China subsidiaries during the period

Trade and other receivables and prepayments decreased to A\$49.8 million as at 30 June 2016 from A\$54.9 million as at 31 December 2015. This decline is mainly from the reduction of VAT receivables from our China trading subsidiary.

Available for sale financial assets as at 31 December 2015 of A\$0.8 million was fully impaired as at 30 June 2016 as both NFE and SRR went into voluntary administration during the period.

The Group's total borrowings decreased to A\$541.7 million as at 30 June 2016 from A\$570.1 million as at 31 December 2015, mainly from the partial repayment of the project finance loan facility, the Mezzanine Loan facility and land financing facility during H1 2016.

Trade and other payables increased to A\$303.3 million as at 30 June 2016 from A\$294.1 million as at 31 December 2015 mainly from payables in OM Sarawak.

Capital Structure

As at 30 June 2016, the Company had 733,423,337 ordinary shares, 25,000,000 convertible notes and 31,200,000 unlisted warrants on issue.

No interim dividend has been declared during the period.

Yours faithfully
OM HOLDINGS LIMITED



Heng Siow Kwee/Julie Wolseley
Company Secretary

Important note from page 1

Earnings before interest, taxation, depreciation and amortisation (ie 'EBITDA') and earnings before interest and tax (ie 'EBIT') are non-IFRS profit measures based on statutory net profit after tax adjusted for significant items and changes in the fair value of financial instruments. The Company believes that such measures provide a better understanding of its financial performance and allows for a more relevant comparison of financial performance between financial periods.

The Company believes that EBITDA and EBIT are useful measures as they remove significant items that are material items of revenue or expense that are unrelated to the underlying performance of the Company's various businesses thereby facilitating a more representative comparison of financial performance between financial periods. In addition, these profit measures also remove changes in the fair value of financial instruments recognised in the statement of comprehensive income to remove the volatility caused by such changes.

While the Company's EBITDA and EBIT results are presented in this announcement having regard to the presentation requirements contained in Australian Securities and Investment Commission Regulatory Guide 230 titled 'Disclosing non-IFRS financial information' (issued in December 2011) investors are cautioned against placing undue reliance on such measures as they not necessarily presented uniformly across the various listed entities in a particular industry or generally.

BACKGROUND PROFILE OF OM HOLDINGS LIMITED

OMH Holdings Limited (OMH) was listed on the ASX in March 1998 and has its foundations in metals trading – incorporating the sourcing and distribution of manganese ore products.

OMH is involved in mining manganese product in Australia and South Africa and smelting in Sarawak, East Malaysia.

The smelter in Sarawak is 75% owned by OMH and physical construction of Phase 1 of the ferrosilicon production facility has been completed.

Having commenced construction in Q3 2012, first tapping was achieved on 22 September 2014. The facilities' capacity of 308,000 tonnes per annum will make it one of the largest ferrosilicon smelters in the world. Manganese Alloy production is under review and is expected to commence in 2016.

OMH, through a wholly owned subsidiary, owns the Bootu Creek manganese mine in the Northern Territory. This mine has the capacity to produce up to 1,000,000 tonnes of manganese product per annum.

OMH also owns a 26% investment in Main Street 774 (Pty) Limited, which, in turn owns 50.1% interest in the world class Tshipi Borwa ("Tshipi") manganese mine in South Africa. This mine has the capacity to produce up to 2,400,000 tonnes of manganese product per annum when the permanent processing plant is completed.

The manganese products of Bootu Creek, and those from Tshipi, are exclusively marketed through the OMH's trading division and OM Tshipi Pte Ltd (33.33% owned) respectively. Through all these activities OMH has established itself as a significant manganese supplier to the global market.

OM HOLDINGS LIMITED

A.R.B.N 081 028 337

Appendix 4D

Half Yearly Report

For the period ended 30 June, 2016

(previous corresponding period being the period ended 30 June, 2015)

OM Holdings Limited and Controlled Entities
Half Yearly Report
APPENDIX 4D
Results for Announcement to the Market
OM Holdings Limited
For the period ended 30 June 2016

Name of Entity:	OM Holdings Limited	
ARBN:	081 028 337	
1. Details of the current and prior reporting period		
Current Period:	1 Jan 2016 to 30 Jun 2016	
Prior Period:	1 Jan 2015 to 30 Jun 2015	
2. Results for announcement to the market		
		A\$'000
2.1 Revenue	Up 24% to	183,442
2.2 Loss after taxation	Up 178% to	(82,211)
2.3 Net loss for the period attributable to owners of the Company	Up 86% to	(58,194)
2.4 Dividend distributions	Amount per security	Franked amount per security
	Nil	Nil
2.5 Record date for determining entitlements to the dividend	Nil	
3. Consolidated statement of comprehensive income		
	Refer Interim Financial Report	
4. Consolidated statements of financial position		
	Refer Interim Financial Report	
5. Consolidated statement of cash flows		
	Refer Interim Financial Report	
6. Details of dividends or distributions		
	N/A	
7. Consolidated statement of changes in equity		
	Refer Interim Financial Report	
	Current Period A\$	Previous Corresponding Period A\$
8. Net asset backing per ordinary security	18.96 cents	30.03 cents

OM Holdings Limited and Controlled Entities
Preliminary Half Yearly Report

9. Control gained over entities during the period	N/A	
10. Other matters	Refer Interim Financial Report	
11. Accounting Standards used by foreign entities	N/A	
12. Commentary on the result for the period		
	Current Period A\$	Previous Corresponding Period A\$
12.1 Loss per share	7.95 cents	4.28 cents
12.2 Segment results	Refer Interim Financial Report	
13. Status of audit or review	The accounts have been subject to review	
14. Dispute or qualification – account not yet audited	N/A	
15. Qualifications of audit/review	N/A	

OM Holdings Limited
ARBN 081 028 337
(Incorporated in Bermuda)
and its subsidiaries

Interim Financial Report
For the six months ended 30 June 2016

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2015 and any public announcements made by OM Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Australian Securities Exchange (“ASX”) Listing Rules.

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Directors' statement

The Directors present their statement and the interim financial statements of OM Holdings Limited (the "Company") and its controlled entities (together the "Group") for the six months ended 30 June 2016.

In the opinion of the directors,

- (a) the accompanying consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group as at 30 June 2016 and of the financial performance of the business, changes in equity and cash flows of the Group for the six month period ended on that date; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised the interim financial statements for issue.

DIRECTORS

The Directors of the Company during the period were as follows:

Low Ngee Tong	(Executive Chairman)
Zainul Abidin Rasheed	(Independent Deputy Chairman)
Julie Anne Wolseley	(Non-Executive Director and Joint Company Secretary)
Tan Peng Chin	(Independent Non-Executive Director)
Thomas Teo Liang Huat	(Independent Non-Executive Director)
Peter Church OAM	(Independent Non-Executive Director)
Ivo Philipps	(Non-Executive Director)

REVIEW OF OPERATIONS

The Board of OM Holdings Limited (ASX Code: OMH) reported a consolidated net loss after tax and non-controlling interests of A\$58.2 million for the six months ended 30 June 2016, compared with a consolidated net loss after tax and non-controlling interests of A\$31.3 million for the previous corresponding period.

Signed in accordance with a resolution of the Directors.

On Behalf of the Directors



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LOW NGEE TONG
Executive Chairman
Singapore

Dated: 29 August 2016

Review report to the members of OM Holdings Limited

Introduction

We have reviewed the accompanying consolidated statement of financial position of OM Holdings Limited (“the Company”) and its subsidiaries (“the Group”) as at 30 June 2016, and the related statements of consolidated comprehensive income, consolidated changes in equity and consolidated cash flows for the six months period then ended, and selected explanatory notes. Management is responsible for the preparation and fair presentation of this consolidated interim financial information in accordance with the provisions of the International Financial Reporting Standards. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the Group as at 30 June 2016, and of the Group’s financial performance and its cash flows for the six months then ended in accordance with the International Financial Reporting Standards.



Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Partner in charge: Mr Ong Soo Ann
(with effect from the financial year ended 31 December 2011)

Singapore,

Consolidated statement of financial position

	Note	30 June 2016 A\$'000	31 December 2015 A\$'000
Assets			
Non-Current			
Property, plant and equipment		604,969	613,023
Land use rights		9,752	18,112
Exploration and evaluation costs		1,908	1,676
Deferred tax assets		-	4,608
Interests in associates		108,518	106,662
		725,147	744,081
Current			
Inventories		247,116	259,848
Trade and other receivables		47,072	54,018
Prepayments		2,760	861
Available-for-sale financial assets		-	798
Cash collateral		5,759	11,202
Cash and cash equivalents		11,352	12,711
		314,059	339,438
Land use rights classified as held-for-sale		12,849	20,311
		326,908	359,749
Total assets		1,052,055	1,103,830
Equity			
Capital and Reserves			
Share capital	7	36,671	36,671
Treasury shares		(2,330)	(2,330)
Reserves		41,575	52,826
		75,916	87,167
Non-controlling interests		62,782	32,496
Total equity		138,698	119,663
Liabilities			
Non-Current			
Borrowings	8	393,805	435,249
Land use rights obligation		-	2,937
Derivative financial liabilities		41,487	73,464
Trade and other payables		185,115	131,563
		620,407	643,213
Current			
Trade and other payables		118,187	162,551
Derivative financial liabilities		24,151	30,461
Borrowings	8	147,893	134,886
Land use rights obligation		-	3,173
Provisions		-	8,318
Income tax payables		2,719	1,565
		292,950	340,954
Total equity and liabilities		1,052,055	1,103,830

Consolidated statement of comprehensive income

	Note	6 months to 30 June 2016 A\$'000	6 months to 30 June 2015 A\$'000
Revenue		183,442	148,331
Cost of sales		(153,716)	(149,007)
Gross profit/(loss)		29,726	(676)
Other revenue		17,293	580
Distribution costs		(8,384)	(6,640)
Administrative expenses		(7,216)	(9,438)
Other operating expenses		(8,376)	(17,247)
Exchange (loss)/gain		(83,163)	7,517
Finance costs		(18,166)	(8,460)
Loss from operations		(78,286)	(34,364)
Share of results of associates		1,929	4,359
Loss before tax		(76,357)	(30,005)
Income tax (expense)/benefit		(5,854)	448
Loss after taxation		(82,211)	(29,557)
Other comprehensive income/(expenses), net of tax:			
Items that may be reclassified subsequently to profit or loss			
Net fair value loss on available-for-sale financial assets	12	(217)	(579)
Currency translation differences		(1,447)	12,417
Cash flow hedges	13	65,100	(25,002)
Other comprehensive income/(expenses) for the period, net of tax		63,436	(13,164)
Total comprehensive expenses for the period		(18,775)	(42,721)
(Loss)/profit attributable to:			
Owners of the Company		(58,194)	(31,310)
Non-controlling interests		(24,017)	1,753
		(82,211)	(29,557)
Total comprehensive expenses attributable to:			
Owners of the Company		(11,252)	(41,444)
Non-controlling interests		(7,523)	(1,277)
		(18,775)	(42,721)
Loss per share	9	Cents	Cents
- Basic		(7.95)	(4.28)
- Diluted		(7.95)	(4.28)

Consolidated statement of changes in equity

	Share capital A\$'000	Share premium A\$'000	Treasury shares A\$'000	Non-distributable reserve A\$'000	Capital reserve A\$'000	Fair value reserve A\$'000	Hedging reserve A\$'000	Exchange fluctuation reserve A\$'000	Accumulated losses A\$'000	Total attributable to equity holders of the parent A\$'000	Non-controlling interests A\$'000	Total equity A\$'000
Balance at 1 January 2016	36,671	176,563	(2,330)	5,553	16,513	217	(56,962)	19,718	(108,776)	87,167	32,496	119,663
Loss for the period	-	-	-	-	-	-	-	-	(58,194)	(58,194)	(24,017)	(82,211)
Other comprehensive (expenses)/income for the period (Note 12 and 13)	-	-	-	(20)	-	(217)	48,825	(1,646)	-	46,942	16,494	63,436
Total comprehensive (expenses)/income for the period	-	-	-	-	-	(217)	48,825	(1,646)	(58,194)	(11,252)	(7,523)	(18,775)
Issue of convertible preference shares	-	-	-	-	-	-	-	-	-	-	37,810	37,810
Balance at 30 June 2016	36,671	176,563	(2,330)	5,533	16,513	-	(8,137)	18,072	(166,970)	75,915	62,783	138,698

	Share capital A\$'000	Share premium A\$'000	Treasury shares A\$'000	Non-distributable reserve A\$'000	Capital reserve A\$'000	Fair value reserve A\$'000	Hedging reserve A\$'000	Exchange fluctuation reserve A\$'000	Retained profits/(accumulated losses) A\$'000	Total attributable to equity holders of the parent A\$'000	Non-controlling interests A\$'000	Total equity A\$'000
Balance at 1 January 2015	36,671	176,563	(2,330)	5,553	572	833	(37,119)	8,241	18,153	207,137	32,522	239,659
Loss for the period	-	-	-	-	-	-	-	-	(31,310)	(31,310)	1,753	(29,557)
Other comprehensive (expenses)/income for the period (Note 12 and 13)	-	-	-	-	-	(579)	(19,886)	10,331	-	(10,134)	(3,030)	(13,164)
Total comprehensive (expenses)/income for the period	-	-	-	-	-	(579)	(19,886)	10,331	(31,310)	(41,444)	(1,277)	(42,721)
Disposal of non-controlling interests without a change in control	-	-	-	-	15,854	-	-	-	-	15,854	6,846	22,700
Balance at 30 June 2015	36,671	176,563	(2,330)	5,553	16,426	254	(57,005)	18,572	(13,157)	181,547	38,091	219,638

Consolidated statement of cash flows

	6 months to 30 June 2016 A\$'000	6 months to 30 June 2015 A\$'000
Cash Flows from Operating Activities		
Loss before taxation	(76,357)	(30,005)
Adjustments for:		
Amortisation land use rights	167	157
Amortisation of mine development costs	-	2,230
Depreciation of property, plant and equipment	7,830	11,816
Write off of exploration and evaluation costs	-	280
(Write-back)/write-down of inventories to net realisable value	(5,221)	3,249
Loss on disposal of property, plant and equipment	-	22
Gain on disposal of land use rights	(4,845)	-
Fair value loss on the settlement of cash flow hedge	52,943	-
Fair value gain on financial assets/liabilities through the profit or loss	(3,446)	(483)
Impairment loss of available-for-sale financial assets	581	1,260
Interest expense	16,998	8,460
Interest income	(72)	(131)
Share of results of associates	(1,929)	(4,359)
Operating loss before working capital changes	(13,351)	(7,504)
Decrease/(increase) in inventories	17,216	(102,324)
(Increase)/decrease in trade receivables	(364)	830
Decrease in prepayments, deposits and other receivables	6,599	2,579
(Decrease)/increase in trade and bill payables	(13,492)	88,531
Decrease in other payables and accruals	(32,695)	(22,859)
Long term liabilities:		
- Increase in lease obligation	-	27
- Increase in provision for restoration	-	136
- Increase in retirement benefit obligation	-	148
- Increase in other long term payables	51,353	-
Cash generated from/(used in) operations	15,266	(40,436)
Overseas income tax paid	(92)	(1,673)
Net cash generated from/(used in) operating activities	15,174	(42,109)
Cash Flows from Investing Activities		
Payments for exploration and evaluation costs	(232)	(493)
Payments for mine development costs	-	(95)
Purchase of property, plant and equipment	(8,152)	(47,377)
Proceeds from disposal of land use rights	13,411	-
Loan to an related party	(9,803)	-
Net proceeds from disposal of subsidiaries	-	22,700
Interest received	72	131
Net cash used in investing activities	(4,704)	(25,134)
Cash Flows from Financing Activities		
Repayment of bank and other loans	(19,472)	(5,440)
Proceeds from loans	-	78,944
Payment to finance lease creditors	(185)	(1,136)
Payment for derivative financial instruments	(18,042)	(9,371)
Issued of convertible preference shares	37,810	-
Decrease in cash collateral	5,443	8,857
Interest paid	(16,998)	(8,460)
Net cash (used in)/generated from financing activities	(11,444)	63,394
Net decrease in cash and cash equivalents	(974)	(3,849)
Cash and cash equivalents at the beginning of period	12,711	38,751
Exchange differences on translation of cash and bank balances at beginning of period	(385)	3,935
Cash and cash equivalents at the end of period	11,352	38,837

Notes to the Interim Consolidated Financial Statements

1 Nature of operations

The interim financial report of OM Holdings Limited (“the Company”) and its subsidiaries (“the Group”) for the period ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 29 August 2016.

The principal activities of the Company and the Group comprise the following:

- production of manganese product from the Bootu Creek Manganese Mine
- processing and sales of sinter ore, ferrosilicon and ferroalloy products
- trading of ore, ferrosilicon and ferroalloy products
- exploration and development activities aimed at further extending the mine life of the Bootu Creek Manganese Mine
- evaluation and assessment of strategic investment and project opportunities
- investment holdings, including the 13% effective interest in the Tshipi Borwa mine and other investments in ASX listed entities
- development of smelters and sintering projects in Malaysia

2 General information and basis of preparation

The interim consolidated financial statements are for the six months ended 30 June 2016 and are presented in Australian Dollars (AUD), which is the functional currency of the parent company. They have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2015.

OM Holdings Limited is the Group’s ultimate parent company. The company is a limited liability company and domiciled in Bermuda. The address of OM Holdings Limited’s registered office is located at Clarendon House, 2 Church Street Hamilton, HM11 Bermuda. OM Holdings Limited’s shares are listed on the Australian Securities Exchange (“ASX”).



3 Significant accounting policies

The interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2015, except for the adoption of the following accounting standards that became effective from 1 January 2016:

Reference	Description
Amendments to IFRS 10	Consolidated Financial Statements
Amendments to IAS 16	Property, Plant and Equipment
Amendments to IAS 27	Separate Financial Statements
Amendments to IAS 28	Investments in Associates
Amendments to IAS 38	Intangible Assets

The adoption of these new or amended IFRSs and IAS, where relevant to the Group, did not result in substantial changes to the Group's accounting policies or any significant impact on the Group's financial statements.

The following are the new or amended IFRSs and IAS issued that are not yet effective:

Reference	Description
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
Amendments to IAS 1	Presentation of Financial Statements

4 Estimates

The Group carries certain financial assets and liabilities at fair value. Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of the mathematical models. The input to these models are derived from observable market data where possible. Where observable data are not available, judgement are required to establish the fair value. The judgement includes considerations of liquidity and model inputs such as volatility and discount rate, prepayment rates and default rate assumptions, which fair value would differ if the Group utilised different valuation methodology. Any changes in fair values of these financial assets and liabilities would affect directly the Group's profit or loss.



5 Segment reporting

The Group identifies its operating segments based on the regular internal financial information reported to the executive Directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive Directors are determined following the Group's major products and services. The Group has identified the following reportable segments:

- *mining* - exploration and mining of manganese ore
- *smelting* - production of manganese ferroalloys, ferrosilicon and manganese sinter ore
- *marketing and trading* - trading of manganese ore, manganese ferroalloys, ferrosilicon and sinter ore, chrome ore and iron ore

The revenues and (loss)/profit generated by each of the Group's operating segments and segment assets are summarised as follows:

	Mining	Smelting	Marketing and trading	Others*	Total
6 months to June 2016	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Revenue					
From external customers	-	35,471	147,578	393	183,442
Inter-segment sales	-	43,477	4,990	-	48,467
Segment revenues	-	78,948	152,568	393	231,909
Segment operating (loss)/profit before tax	(5)	(74,343)	19,488	(5,332)	(60,192)
Segment assets	1,851	895,028	19,012	136,164	1,052,055
	Mining	Smelting	Marketing and trading	Others*	Total
6 months to June 2015	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Revenue					
From external customers	896	12,463	134,741	231	148,331
Inter-segment sales	38,038	11,327	15,821	-	65,186
Segment revenues	38,934	23,790	150,562	231	213,517
Segment operating (loss)/profit before tax	(20,197)	5,437	(6,756)	(4,519)	(26,035)
Segment assets	110,600	823,882	70,857	116,535	1,121,874

* Others relate to the corporate activities of the Company as well as the engineering, design and technical marketing services of one of its subsidiaries. None of these segments meet any of the quantitative thresholds for determining reportable segments.



5 Segment reporting (Cont'd)

The Group's segment operating loss reconciles to the Group's loss before tax as presented in its financial statement as follows:

	6 months to 30 June 2016 A\$'000	6 months to 30 June 2015 A\$'000
Group loss before tax		
Segment results	(60,192)	(26,035)
Share of associate's result	1,929	4,359
Finance costs	(18,166)	(8,460)
Finance income	72	131
Group loss before tax	(76,357)	(30,005)

6 Analysis of selected items of the consolidated interim financial statements

The Group achieved revenue of A\$183.4 million in H1 2016, representing a 24% increase from the A\$148.3 million recorded for H1 2015 despite a 9% decrease in total sales volume traded of 778,467 tonnes. This increase in revenue was mainly from the Smelting and Marketing and Trading segments as a result of higher ferrosilicon volumes produced and traded from the Group's 75% owned smelter in Sarawak, which contributed 53,480 tonnes of sales made with revenue of A\$66.4 million for H1 2016. This increase was offset by lower manganese ore volumes traded from the Group's wholly-owned Bootu Creek Manganese Mine (which was put into voluntary administration at the end of 2015) and other third party ores (including ores from the Tshipi Borwa Mine), which decreased 21% in the current period (657,801 tonnes) as compared to the same corresponding period in 2015 (827,495 tonnes).

Prices of manganese ores and ferro-manganese alloys recorded a moderate rebound in the beginning of the second quarter of 2016 and this had a positive impact on sales revenue and gross profit margins. The Group's overall margin improved from a negative 0.5% in H1 2015 to a positive of 16.2% in H1 2016 mainly from the higher prices of manganese ore realised from the sale of OMM manganese ore as well as from the sale of the existing OMM ore and manganese alloys from our China subsidiaries. As an indication, the index ore prices (44% Mn published by Metal Bulletin) was at a low of US\$1.86/dmtu at the beginning of the year and rebounded to a high of US\$3.88/dmtu at the beginning of April 2016 before softening slightly to close at US\$3.17/dmtu at the end of June 2016. This is an increase of approximately 70% comparing the prices from beginning of the year until the closing price at 30 June 2016.

Distribution costs increased in H1 2016 as compared to H1 2015 mainly due to the increased tonnages of ferrosilicon shipped and sold in H1 2016 against H1 2015. Finance costs increased from A\$8.5 million in H1 2015 to A\$18.2 million in H1 2016 mainly from the OM Sarawak project financing loan.

Administrative and other operating expenses for the current period decreased to A\$7.2 million and A\$8.4 million respectively, from A\$9.4 million and A\$17.2 million in H1 2015 mainly due to lower legal and professional fees incurred of A\$1.3 million in the current period (H1 2015: A\$4.2 million), and a reduction in depreciation and amortization expenses in H1 2016.



The exchange loss of A\$83.2 million for H1 2016 was predominantly contributed from OM Sarawak's exchange losses of A\$77.2 million. This was mainly from the transfer of exchange losses from hedge contracts (which was a requirement under the OM Sarawak project finance facility) previously recognised in Hedging Reserve amounting to A\$48.8 million was charged to the profit or loss as these hedge contracts were no longer hedge effective as at 30 June 2016. Primarily, as there was a change in the underlying asset of the hedge contracts with the reduction in the nominated power capacity in OM Sarawak, the hedge contracts were deemed ineffective. In addition, with the strengthening of the Malaysian Ringgit ("MYR") against the USD during the current period, there was a further unrealised exchange loss recognised of A\$28.5 million mainly from the translation of MYR denominated payables.



6 Analysis of selected items of the consolidated interim financial statements (Cont'd)

There was an income tax expense of A\$5.9 million in H1 2016 mainly from the write-off of deferred tax assets from a China subsidiary which amounted to A\$4.6 million.

The exchange losses for H1 2016 of A\$83.2 million was the main contributor to the Group's loss for the period of A\$82.2 million. The Group's loss per share increased to A\$0.080 in H1 2016 from A\$0.043 in H1 2015.

The Group's property, plant and equipment ("PPE") decreased from A\$613.0 million as at 31 December 2015 to A\$605.0 million as at 30 June 2016 mainly from the depreciation charge of PPE in OM Sarawak.

The Group's consolidated cash position was A\$17.1 million (including cash collateral of A\$5.8 million) as at 30 June 2016 as compared to A\$23.9 million (including cash collateral of A\$11.2 million) as at 31 December 2015. During the six months ended 30 June 2016, the net cash generated from operating activities was A\$15.2 million (H1 2015: net cash used was A\$42.1 million).

Inventories decreased to A\$247.1 million as at 30 June 2016 from A\$259.8 million as at 31 December 2015. This was mainly a result of the sale and run-down of inventories in our China subsidiaries during the period.

Trade and other receivables and prepayments decreased to A\$49.8 million as at 30 June 2016 from A\$54.9 million as at 31 December 2015. This decline is mainly from the reduction of VAT receivables from our China trading subsidiary.

Available-for-sale financial assets as at 31 December 2015 of A\$0.8 million was fully impaired as at 30 June 2016 as both NFE and SRR went into voluntary administration during the period.

The Group's total borrowings decreased to A\$541.7 million as at 30 June 2016 from A\$570.1 million as at 31 December 2015, mainly from the partial repayment of the project finance loan facility, the Mezzanine Loan facility and land financing facility during H1 2016.

Trade and other payables increased to A\$303.3 million as at 30 June 2016 from A\$294.1 million as at 31 December 2015 mainly from payables in OM Sarawak.



7 Share capital

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regards to the Company's residual assets.

Shares issued and authorised are summarised as follows:

	No. of ordinary shares (amounts in thousand shares)		Amount	
	As at 30 June 2016 '000	As at 31 December 2015 '000	As at 30 June 2016 A\$'000	As at 31 December 2015 A\$'000
Authorised:				
Ordinary shares of A\$0.05 (2015 - A\$0.05) each	2,000,000	2,000,000	100,000	100,000
Issued and fully paid:				
Ordinary shares of A\$0.05 (2015 - A\$0.05) each as at beginning and end of period/year	733,423	733,423	36,671	36,671



8 Borrowings

The Group	As at 30 June 2016 A\$'000	As at 31 December 2015 A\$'000
Non-current		
Obligations under finance leases (Note 8.1)	1,537	1,741
Bank loans, secured (Note 8.2)	344,638	389,325
5% Convertible Note (Note 8.3)	26,889	-
Other loans (Note 8.4)	20,741	44,183
	393,805	435,249
Current		
Obligations under finance leases (Note 8.1)	619	600
Bank loans, secured (Note 8.2)	123,577	111,871
5% Convertible Note (Note 8.3)	-	20,362
Other loans (Note 8.4)	23,697	2,053
	147,893	134,886
	541,698	570,135

8.1 Obligations under finance leases

The Group	As at 30 June 2016 A\$'000	As at 31 December 2015 A\$'000
Minimum lease payments payable:		
Due not later than one year	743	736
Due later than one year and not later than five years	1,668	1,919
	2,411	2,655
Less: Finance charges allocated to future periods	(255)	(314)
Present value of minimum lease payments	2,156	2,341
Present value of minimum lease payments:		
Due not later than one year	619	600
Due later than one year and not later than five years	1,537	1,741
	2,156	2,341

The Group leases motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term. The finance lease obligations are secured by the underlying assets.

8.2 Bank loans

The Group	As at 30 June 2016 A\$'000	As at 31 December 2015 A\$'000
Bank loans, secured [Note (a)]	5,681	13,309
Bank loans, secured [Note (b)]	50,994	58,424
Bank loans, secured [Note (c)]	343,487	359,227
Bank loans, secured [Note (d)]	68,053	70,236
	468,215	501,196
Amount repayable not later than one year	123,577	111,871
Amount repayable after one year	344,638	389,325
	468,215	501,196



8 Borrowings (Cont'd)

8.2 Bank loans (Cont'd)

Notes:

- (a) The loan is secured by a charge over leasehold land and an irrevocable and unconditional corporate guarantee provided by the Company.
- (b) The loans are secured by charges over certain bank deposits.
- (c) These loans are project finance loans for OM Sarawak ferroalloy projects and are secured by:
- the Company's holding of 75% (2015 - 75%) shares of OM Materials (Sarawak) Sdn Bhd, a company incorporated in Malaysia;
 - charge over certain bank deposits;
 - charge over certain land use rights;
 - debenture;
 - borrower assignment;
 - assignment of insurances;
 - shareholder assignment;
 - assignment of reinsurances; and
 - corporate guarantee from the Company and a related company.
- (d) The loans are secured by:
- holding of 52,482,500 Northern Iron Limited ("NFE") shares listed on the ASX;
 - certain subsidiaries and an associated company and corporate guarantees from the Company and a subsidiary.

8.3 5% Convertible Note

On 7 March 2012 the Company issued to Hanwa Co. Ltd ("Hanwa") 25,000,000 convertible notes at an aggregate principal amount of A\$19,945,953 (US\$21,447,261) with a nominal interest of 5.0%, due on 6 March 2016 and convertible in accordance with the terms and conditions of issue including an initial conversion price of A\$0.80 per share. On 4 March 2016, the Company executed an amendment and restatement agreement with Hanwa to extend the Convertible Note for 4 years from the original maturity date of 6 March 2016 to 6 March 2020. As at the end of the reporting period, the host debt contract is recognised as a non-current liability amounting to A\$26,889,000 (2015 – current liability amounting to A\$20,362,000).



8.4 Other loans

The Group	As at 30 June 2016 A\$'000	As at 31 December 2015 A\$'000
Shareholder loan, unsecured [Note (a)]	20,741	20,605
Loan, secured [Note (b)]	8,081	10,264
Loan, secured [Note (c)]	15,616	15,367
	44,438	46,236
Amount repayable not later than one year	23,697	2,053
Amount repayable after one year	20,741	44,183
	44,438	46,236



8 Borrowings (Cont'd)

8.4 Other loans (Cont'd)

- (a) The loan is unsecured. Until all the secured borrowings as disclosed in Note 8.2(c) have been irrevocably paid in full, neither shareholders shall demand or receive payment or any distribution in respect of these loans.
- (b) The loan is repayable on 4 January 2017 and is guaranteed by the Company.
- (c) The loan has similar securities as disclosed in Note 8.2 (d).

Included in the Company's and the Group's non-current borrowings are bank loans of A\$39,805,000 and A\$68,053,000 respectively and other loans of A\$15,616,000 with a financial institution in which certain loan covenants were not met and the Group received a waiver letter from the financing bank subsequent to end of the reporting period.

9 Loss per share

The calculations of the basic and diluted loss per share attributable to owners of the Company are based on the following data:

	6 months to 30 June 2016 A\$'000	6 months to 30 June 2015 A\$'000
Loss		
Net loss attributable to owners of the Company	58,194	31,310
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	731,490	731,490
Weighted average number of ordinary shares for the purpose of diluted earnings per share	731,490	731,490

10 Dividend

There were no dividends paid during the six months to 30 June 2016.

11 Related parties transactions

During the interim period, Group entities entered into the following transactions with related parties:



(A) Related parties transactions

	6 months to 30 June 2016 A\$'000	6 months to 30 June 2015 A\$'000
Sales of goods to an associate	2,457	-
Services rendered by an associate	959	614
Commission charged by an associate	(1,123)	-



11 Related parties transactions (Cont'd)

(B) Compensation of directors and key management personnel

The remuneration of directors being members and key management is set out below:

	6 months to 30 June 2016 A\$'000	6 months to 30 June 2015 A\$'000
Salaries, wages and other related costs	2,251	3,182
Defined contribution plans	111	174

12 Other components of equity

The following tables show the movements in other components of equity:

	Non- distributable reserve A\$'000	Hedging reserve A\$'000	Exchange fluctuation reserve A\$'000	Fair value reserve A\$'000	Total A\$'000
Balance at 1 January 2016	5,553	(56,962)	19,718	217	(31,474)
Other comprehensive income for the period (all attributable to the parent)	(20)	48,825	(1,646)	(217)	46,942
Balance at 30 June 2016	5,533	(8,137)	18,072	-	15,468

	Non- distributable reserve A\$'000	Hedging reserve A\$'000	Exchange fluctuation reserve A\$'000	Fair value reserve A\$'000	Total A\$'000
Balance at 1 January 2015	5,553	(37,119)	8,241	833	(22,492)
Other comprehensive income for the period (all attributable to the parent)	-	(19,886)	10,331	(579)	(10,134)
Balance at 30 June 2016	5,533	(57,005)	18,572	254	(32,626)

13 Cash flow hedges

	6 months to 30 June 2016 A\$'000	6 months to 30 June 2015 A\$'000
The Group		
Cash flow hedges:		
Gain/(loss) arising during the period*	48,825	(19,886)
Non-controlling interest*	16,275	(5,116)
	65,100	(25,002)

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income ("OCI") and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Comprehensive Income.



-
- * The Group has a 75% (2015 – 75%) shareholding in OM Materials (Sarawak) Sdn. Bhd., a subsidiary in which hedging takes place.



14 Contingent liabilities

GWA (North) Pty Ltd Wagon Derailment

On 5 June 2015, GWA (North) Pty Ltd (“GWAN”) filed (and subsequently served) a Statement of Claim in the Supreme Court of South Australia naming the Company as the defendant in relation to a train derailment event which occurred on 7 June 2012. The proceedings allege that a subsidiary, which has entered into Voluntary Administration (“the entity”), breached its contract with GWAN. A claim against the Company was made pursuant to a guarantee in the contract in lieu of the entity. The proceedings seek to recover the cost of repairs to a rail line in the amount of A\$5,470,352 plus interest and costs.

The Company has notified its insurers of the claim which has granted indemnity to the Company subject to the terms and conditions of the policy. The Company’s insurer is now handling the claim.

The Company has issued a letter of demand to the entity claiming an indemnity for any liability it has to GWAN by reason that the Company’s liability arises from the entity’s breach of the contract. On the back of this letter of demand, the entity has commenced proceedings against the downstream contractors, namely CFCL (which supplied the rail wagon which allegedly caused the derailment) and against Downer EDI (which CFCL engaged to maintain the wagon), namely OMM proceedings.

The entity’s insurer has also granted indemnity to the entity in relation to the Company’s claim for indemnity subject to the terms and conditions of the policy.

The Court has ordered that the GWAN proceedings be listed and tried immediately before the OMM proceedings before the same Judge or Justice of the Supreme Court and that subject to the pleaded cases, evidence in the one action shall be received as evidence in the other.

Downer EDI is due to serve its expert evidence in reply on 31 August 2016.

The next interlocutory court hearing is scheduled for 21 September 2016.”

Corporate guarantee for rehabilitation bond

The Company provided a corporate guarantee to a financial institution which issued the A\$7,451,000 bond secured with the Northern Territory Department of Resources for environmental rehabilitation commitments. The corporate guarantee provided will crystallise only upon cessation of mining activities of the subsidiary which went into Voluntary Administration during the year and the closure of the mine, resulting in rehabilitation works which will be required to restore the land to its pre-mining use.

15 Other matters

Sponsor guarantees issued under the terms of the Power Purchase Agreement with Syarikat Sesco Berhad

Pursuant to the execution of the Power Purchase Agreement (“PPA”) between a subsidiary and Syarikat Sesco Berhad (“SSB”), the Company issued sponsor



guarantees to SSB for its 75% (2015 - 80%) interest of the subsidiaries' obligations under the PPA.

The sponsor guarantee mentioned above does not fall into the category of financial guarantees as they do not relate to debt instruments as the purpose of these guarantees is essentially to enable SSB to provide the power supply to the subsidiaries on the condition that these guarantees are provided by the ultimate holding company in the event that there are any unpaid claims on the power cost owed to SSB during the term of the PPA. There are no bank loans involved in these guarantees. As such, there is no need for the guarantees to be fair valued.



15 Other matters (Cont'd)

Project Support guarantee issued under the terms of the Facilities Agreement and the Project Support Agreement

OM Materials (Sarawak) Sdn Bhd, a subsidiary of the Company entered into a project finance Facilities Agreement (“FA”) on 28 March 2013 for a limited recourse senior project finance debt facilities totaling USD215 million and MYR310 million, and bank guarantee facility of MYR126.

Concurrently, the Company also executed a Project Support Agreement (“PSA”) with OM Materials (Sarawak) Sdn Bhd (as Borrower), OM Materials (S) Pte. Ltd. (a wholly-owned subsidiary of the Company) and Samalaju Industries Sdn. Bhd and Cahya Mata Sarawak Berhad (as Obligors). The PSA governs the rights and obligations of the Obligors. These obligations and liabilities of the Company and the CMSB Group are several and pro-rata to their respective shareholding in OM Materials (Sarawak) Sdn. Bhd.

The PSA will lapse and the Project will become non-recourse 18 months after the satisfaction of pre-agreed project completion tests typical for a project financing facility of this nature.

Voluntary Administration (“VA”) of OM (Manganese) Ltd (Administrator Appointed)

On 15 December 2015, the mining operations at the Bootu Creek Manganese project owned and managed by OM (Manganese) Ltd (Administrator Appointed) (“OMM”) were suspended. Since that time, significant efforts have been made by OMM’s management (including active consultation with key stakeholders, and in particular with OMM’s creditors, financiers, contractors and suppliers) to improve efficiencies, reduce costs and restructure liabilities to enable OMM to continue trading through this sustained commodities downturn. Despite their efforts, and the marked reduction in the operating costs at the Bootu Creek project, management have formed the view that the project cannot continue to operate sustainably in the current market.

With the significant global decline in the demand of manganese and the market outlook, the directors of OMM have determined that the financial position of OMM has been adversely affected to the extent that OMM requires formal restructuring.

The board put OMM into Voluntary Administration in December 2015 to enable OMM to be restructured via the administration process with a view to recommence trading when the market for manganese has improved. James Thackray of The Headquarters Corporate Advisory consented to act as Administrator of OMM before the end of December 2015. The Group made an announcement of this on 4 January 2016.

On 27 June 2016, the second meeting of creditors of OMM was held in Perth, Western Australia, pursuant to section 439A(1) of the Australian Companies Act (the “Act”) at which it was resolved, amongst other things, that the Company execute a Deed of Company Arrangement (“DOCA”) pursuant to Part 5.3A of the Act and that James Thackray be appointed as the deed administrator of the DOCA.



The DOCA, which was executed on 12 July 2016, was effectuated on 24 August 2016 and the deed administration of the Company has consequently terminated in accordance with the DOCA terms. Day to day management and control of the Company has now reverted to its directors.