

# OM HOLDINGS LIMITED

(ARBN 081 028 337)

(Malaysian Registration No. 202002000012 (995782-P))

Incorporated in Bermuda



No. of Pages Lodged: 9      Covering letter  
23      ASX Appendix 4D

27 August 2021

ASX Market Announcements  
ASX Limited  
4<sup>th</sup> 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**”) is pleased to provide a copy of the consolidated interim financial report and the Group Appendix 4D for the half-year ended 30 June 2021.

## HIGHLIGHTS

- **Profit after tax for the half-year ended 30 June 2021 (“1H 2021”) of A\$23.5 million as compared to a profit after tax of A\$14.2 million for the half-year ended 30 June 2020 (“1H 2020”)**
- **Earnings Before Interest, Tax and Depreciation (“EBITDA”) of A\$63.4 million for 1H 2021 compared with A\$53.1 million for 1H 2020**
- **Basic and diluted earnings per share of the Group of 2.36 cents for 1H 2021 as compared to basic and diluted earnings per share of 1.84 cents for 1H 2020**
- **Revenue from operating activities for 1H 2021 was A\$450.6 million, representing a 17% increase over 1H 2020 revenue from operating activities of A\$386.5 million. This increase was a result of higher tonnages of ores and alloys traded and the strengthening of ferrosilicon (“FeSi”) and silicomanganese (“SiMn”) prices from the strong global recovery since the beginning of 2021**
- **Gross profit margin increased to 18.9% in 1H 2021 from 13.8% in 1H 2020. This was predominantly attributed to higher volumes of manganese ores and ferroalloys traded and the price rebound of FeSi and SiMn in 1H 2021**
- **Total borrowings decreased from A\$415.0 million as at 31 December 2020 to A\$398.6 million as at 30 June 2021 which included repayments against the Sarawak Project Finance loans of approximately US\$9.6 million (equivalent to approximately A\$12.7 million) during 1H 2021, and the full redemption of the balance 12.5 million unsecured convertible notes of approximately A\$13.9 million in March 2021. As a result, total borrowings to equity ratio decreased from 0.86 times as at 31 December 2020 to 0.79 times as at 30 June 2021**
- **Net cash generated from operating activities of A\$23.6 million for 1H 2021**
- **Consolidated cash position increased to A\$77.9 million as at 30 June 2021 compared to A\$63.1 million as at 31 December 2020**

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#### HIGHLIGHTS (CONT'D)

- **Net asset backing per ordinary share of the Group decreased to 68.89 cents per ordinary share as at 30 June 2021 as compared to 71.26 cents as at 30 June 2020 but increased against the 63.56 cents per ordinary share as at 31 December 2020**

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## OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

KEY DRIVERS (Tonnes)	Period Ended 30 June 2021	Period Ended 30 June 2020	Variance %
Sales volumes of Ores	867,603	499,069	74
Sales volumes of Alloys	200,017	189,452	6

FINANCIAL RESULTS (A\$ million)			
<b>Total sales</b>	<b>450.6</b>	386.5	17
<b>Gross profit</b>	<b>85.3</b>	53.3	60
<b>Gross profit margin (%)</b>	<b>18.9%</b>	13.8%	
Other income	13.6	3.3	>100
Distribution costs	(29.2)	(19.7)	48
Administrative expenses	(9.0)	(8.2)	10
Other operating expenses	(25.8)	(14.8)	74
Exchange (loss)/gain	(9.1)	10.4	NM
Finance costs	(10.0)	(17.4)	(43)
Share of results of associates <sup>(3)</sup>	4.3	7.9	(46)
<b>Profit before income tax</b>	<b>20.1</b>	14.8	36
Income tax credit/(expense)	3.4	(0.6)	NM
<b>Profit for the period</b>	<b>23.5</b>	14.2	65
Non-controlling interests	(6.1)	(0.7)	>100
<b>Profit after tax attributable to owners of the Company</b>	<b>17.4</b>	13.5	29

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (A\$ million)	Period Ended 30 June 2021	Period Ended 30 June 2020
<b>Net profit after tax</b>	<b>23.5</b>	14.2
<b>Adjustments:</b>		
Depreciation/amortisation <sup>(2)</sup>	26.9	28.3
Unrealised exchange (gain)/loss	6.6	(6.9)
Finance costs (net of income)	9.8	16.9
Income tax (credit)/expenses	(3.4)	0.6
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>63.4</b>	53.1

(1) Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, net finance costs, income tax, 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' disclosures.

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

(3) Includes the 13% effective interest in the Tshipi Borwa Manganese Mine.



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## FINANCIAL ANALYSIS

The Group recorded revenue of A\$450.6 million for 1H 2021, representing a 17% increase from A\$386.5 million recorded in 1H 2020. The increase in revenue was mainly attributed to higher total product volumes traded in 1H 2021 primarily from the increase in tonnages sold for manganese ore and manganese alloys and the strengthening of FeSi and SiMn prices. Despite the ongoing COVID-19 pandemic, there has been strong global recovery since the beginning of 2021 with increased regional demand for manganese ores and ferroalloys since the global lockdown which started in the second quarter of 2020.

Due to the shut-down of 4 FeSi furnaces (2 furnaces in February 2020, 1 furnace in May 2020 and 1 furnace in July 2020) due to border closures and local restrictions imposed on the hiring of new foreign workers because of the COVID-19 pandemic, the Group's FeSi volumes produced and traded from the Group's 75% owned smelter in Sarawak (the "Plant") decreased by 28% in 1H 2021. This was compounded by the temporary suspension of the Plant in Sarawak from the end of May 2021 to the end of June 2021 as a result of positive COVID-19 cases which also contributed to the decrease. FeSi volumes traded in 1H 2021 were 58,324 tonnes, with a total revenue contribution of approximately A\$103.8 million (1H 2020: 80,538 tonnes with a revenue contribution of A\$128.9 million). Despite a 28% decrease in FeSi volumes traded in 1H 2021, the average transacted prices of FeSi for 1H 2021 recorded an increase of approximately 11% (from A\$1,601 per tonne in 1H 2020 to A\$1,780 per tonne in 1H 2021). This decrease was offset by an increase in manganese alloys (mainly SiMn) volumes traded in 1H 2021 of approximately 30%. A total of 141,693 tonnes of manganese alloys were traded in 1H 2021 (with a revenue contribution of approximately A\$190.3 million) as compared to 108,914 tonnes of manganese alloys traded in 1H 2020 (with a revenue contribution of approximately A\$151.8 million).

Total manganese ore volumes traded (including from the Group's wholly-owned Bootu Creek Manganese Mine (the "Mine") and other third party ores) increased significantly in 1H 2021 due to stronger global demand. Total manganese ore volumes traded increased by 368,751 tonnes (approximately 78%) to 842,327 tonnes, with a revenue contribution of A\$150.1 million in 1H 2021 (as compared to 473,576 tonnes with a revenue contribution of A\$102.0 million in 1H 2020). Manganese ore volumes traded from the Mine in 1H 2021 increased by approximately 72% (by 165,314 tonnes) to 393,762 tonnes, with a revenue contribution of A\$62.1 million (an increase of approximately 39%, as compared to a revenue contribution in 1H 2020 of A\$44.5 million). The increase was mainly due to OMM's mining and production operations being conducted for the entire 1H 2021. However, in 1H 2020, mining and production efficiencies were impacted by a slow restart to mining activities early in 2020, following a 4 month mining suspension period with lower than budgeted yields achieved due to OMM's position in the mining cycle. In addition, mining activities were also impacted by a number of significant Northern Territory wet season rainfall events which flooded some pits and resulted in lower than forecasted ore extraction and availability of material feed to the process plants which affected product availability. Other third party manganese ore volumes traded (including ores from South Africa) in 1H 2021 also increased by approximately 83% (by 203,437 tonnes) to 448,565 tonnes (as compared to 245,128 tonnes in 1H 2020). Revenue contributed from other third party manganese ores in 1H 2021 was A\$87.9 million as compared to A\$57.4 million in 1H 2020, an increase of 53%.

As a result of the increase in product volumes traded in 1H 2021, the price rebound of FeSi and SiMn in 1H 2021, and the improved operational performance of OMM, the Group recorded a gross profit of approximately A\$85.3 million in 1H 2021 (with a gross profit margin of approximately 19%) as compared to a gross profit of A\$53.3 million in 1H 2020 (with a gross profit margin of approximately 14%).

Platts reported that prices of FeSi continued an upward trend from December 2020, closing at US\$1,465 per metric tonne CIF Japan at the end of March 2021, and continued to rally to close at US\$1,920 per metric tonne CIF Japan at the end of June 2021. The price of FeSi has been supported in 1H 2021 due to policy changes relating to power consumption in Inner Mongolia, reducing supply from the largest FeSi producing region in China. The price of SiMn to Japan also closed higher at US\$1,280 per metric tonne CIF Japan at the end of March 2021, and continued to increase to close at US\$1,545 per metric tonne CIF Japan at the end of June 2021. In addition to emissions policies in China dampening national ferroalloy production, the increase in FeSi and SiMn prices were also supported by stronger regional demand amidst reduced supply



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due to disruptions in India and at OM Sarawak with the temporary shutdown of the Plant in late May 2021 after an active COVID-19 case detection exercise was identified.

As an indication, the index manganese ore prices (44% Mn published by Fastmarkets MB) closed at US\$5.15/dmtu CIF China at the end of June 2021, an increase from US\$4.21/dmtu CIF China at the end of December 2020. Manganese ore prices have remained resilient during this period after adjustments at the end of April 2021 and are currently hovering within a marginal range difference to the index price at the end July 2021.

The increase in other income in 1H 2021 is mainly attributed to a one-off gain from the de-recognition of financial liabilities realised from the redenomination of the Malaysian Ringgit ("MYR") portion of the project finance loan to United States dollar ("USD") (approximately A\$8.7 million) and A\$0.8 million realised gain from the disposal of other non-core investments (i.e. 1.25 million E25 shares) in March 2021.

Total distribution costs increased by 48% in 1H 2021 which is in line with the increase in the total volume of products traded and sold during the current 6 months period.

Administrative expenses for 1H 2021 increased by approximately 10% to A\$9.0 million as compared to 1H 2020 of A\$8.2 million mainly due to higher legal and professional fees associated with the Company's secondary listing on Bursa Malaysia Securities Berhad ("Bursa Securities").

Other operating expenses increased to A\$25.8 million in 1H 2021 from A\$14.8 million in 1H 2020 mainly due to approximately A\$12.0 million of furnace shut-down expenses of 4 FeSi furnaces in OM Sarawak for 6 months. However, in 1H 2020, furnaces shut-down expenses were lower (at A\$4.2 million) as the FeSi furnaces were shut down in stages (ie. 2 furnaces in February 2020, 1 furnace in May 2020, and the 4th furnace only in July 2020) for maintenance and upgrading due to local restrictions imposed on the hiring of new foreign workers due to the COVID-19 pandemic.

Foreign exchange losses of A\$9.1 million were recorded in 1H 2021 as compared to foreign exchange gains in 1H 2020 of A\$10.4 million. Foreign exchange losses of A\$9.1 million were mainly due to the discontinuation in cash flow hedges and exchange losses from OM Sarawak. The foreign exchange gains in 1H 2020 were mainly attributed to the translation of MYR denominated payables and borrowings to USD due to the weakening of the MYR against the USD in 1H 2020.

Finance costs for 1H 2021 also decreased by approximately 43% to A\$10.0 million (as compared to A\$17.4 million) for 1H 2020 mainly due to the reduction in bank borrowings with the scheduled repayments of the Project Finance loans by OM Sarawak.

A tax credit was recorded for 1H 2021 of A\$3.4 million associated with deferred tax assets in two subsidiaries.

As the global economy responds to the COVID-19 pandemic, there has been a strong global recovery since the beginning of 2021 with increased regional demand for manganese ores and ferroalloys. The Group has benefited from this as evidenced from the increase in total product volumes traded in 1H 2021. The Group recorded a profit after tax of A\$23.5 million for 1H 2021 (against a profit after tax of A\$14.2 million for 1H 2020). The Group's basic and diluted profit per ordinary share for 1H 2021 was 2.36 cents as compared to basic and diluted earnings per share of 1.84 cents for 1H 2020.

The Group recorded a positive EBITDA of A\$63.4 million in 1H 2021 as compared with A\$53.1 million for 1H 2020, an increase of approximately 19%, on the back of higher product volumes traded in the current 6 months period, and the one-off gain from the de-recognition of financial liabilities realised from the redenomination of the MYR portion of the project finance loan to USD.



## Results Contributions

The contributions from the Group's business segments were as follows:

A\$ million	Period ended 30 June 2021		Period ended 30 June 2020	
	Revenue*	Contribution	Revenue*	Contribution
Mining	47.1	(21.7)	41.1	(8.2)
Smelting	255.3	40.5	272.1	22.3
Marketing, logistics and trading	420.1	13.8	328.3	12.9
Others	14.4	(7.1)	11.4	(3.2)
<b>Net profit before finance costs</b>		<b>25.6</b>		<b>23.8</b>
Finance costs (net of income)		(9.8)		(16.9)
Share of results of associates		4.3		7.9
<b>Profit before tax</b>		<b>20.1</b>		<b>14.8</b>

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

### Mining

This category includes the contribution from the Bootu Creek Manganese Mine (the "Mine").

The Mine (100% owned and operated by the Company's wholly owned subsidiary OMM) produced 414,549 tonnes of manganese ore with an average grade of 28.29% Mn in 1H 2021 as compared to 301,148 tonnes of manganese ore with an average grade of 28.38% Mn in 1H 2020, an increase of approximately 38%. The higher tonnes produced in 1H 2021 were mainly due to OMM having operated mining and production activities for the entire 1H 2021. In 1H 2020, production volumes were affected by the slow restart of mining and processing activities following a 4 month suspension of mining activities in August 2019. In addition, wet ore extracted from the Masai pits impacted the processing plants feed and further affected the production of product in 1H 2020. OMM shipped 410,211 tonnes of manganese ore with an average grade of 28.70% Mn in 1H 2021, an increase of approximately 53% as compared to 268,941 tonnes of manganese ore with an average grade of 28.07% Mn in 1H 2020. In addition, 968 tonnes of manganese ore was sold domestically in 1H 2020 and none was sold domestically in 1H 2021.

Revenue for 1H 2021 amounted to A\$47.1 million and OMM recorded a negative contribution of A\$21.7 million for the period ended 30 June 2021. The increase in revenue for 1H 2021 was mainly due to the higher tonnages of manganese ore sold during the 6 month period. Despite the increase in revenue, OMM recorded a negative contribution for 1H 2021 as a result of the continued soft manganese ore prices in 1H 2021, coupled with higher mining and production costs with increased mining and production tonnages, higher depreciation and amortization expenses, and an inventory write-down of approximately A\$2.5 million in 1H 2021.

### Smelting

This business segment covers the operations of the FeSi and manganese alloy smelter operated by OM Sarawak and the Qinzhou manganese alloy smelter operated by OM Materials (Qinzhou) Co Ltd ("OMQ").

The operations within OM Sarawak and OMQ recorded revenue of A\$255.3 million for 1H 2021 as compared to A\$272.1 million for 1H 2020. The decrease in revenue was mainly due to the lower volumes of ferroalloys produced and sold in 1H 2021 as compared to 1H 2020. OM Sarawak produced a total of 61,472 tonnes and 94,827 tonnes of FeSi and manganese alloy respectively in 1H 2021 (1H 2020: 96,508 tonnes of FeSi and 109,415 tonnes of manganese alloy) and sold 55,360 tonnes and 101,944 tonnes of FeSi and manganese alloy respectively (1H 2020: 80,538 tonnes of FeSi and 99,833 tonnes of manganese alloy). Total revenue contribution for 1H 2021 was A\$232.8 million as compared to A\$256.1 million for 1H 2020. 4 FeSi furnaces have were shut-down since the second quarter of 2020 due to limited manpower at the Plant because of labour disruptions coupled with lockdowns and strict travel restrictions as a result of



the COVID-19 pandemic. In addition, operations at the Plant were also temporarily suspended for about 1 month as a result of positive COVID-19 cases which also contributed to the decrease in production tonnages and sales volume in 1H 2021.

OMQ's production was suspended after the shut-down of its 2 furnaces at the end of March 2020 for scheduled maintenance and furnace upgrading. A furnace transformer was subsequently upgraded from 16.5MVA to 25.5MVA to improve production efficiency and to provide the Qinzhou smelter with added flexibility to produce either SiMn or HCFeMn. Full commercial operations for the upgraded furnace commenced in late January 2021 and the second furnace was subsequently restarted in March 2021. OMQ produced 24,684 tonnes of manganese alloy and 14,469 tonnes of manganese sinter ore in 1H 2021 (1H 2020: 10,140 tonnes of manganese alloy and 8,051 tonnes of manganese sinter ore) and had a revenue contribution of A\$22.5 million for 1H 2021 as compared to A\$16.0 million for 1H 2020.

The smelting segment recorded a higher contribution of A\$40.5 million for 1H 2021 as compared to A\$22.3 million for 1H 2020 predominantly due to the improved prices for ferroalloys, particularly FeSi, which resulted in improved margins achieved, and the one-off gain from the de-recognition of financial liabilities realised from the redenomination of the MYR portion of the project finance loan to USD. This increase was also contributed by OMQ having resumed full operations in the first quarter of FY2021.

### **Marketing, logistics and trading**

Revenue from the Group's trading operations increased by 28%, from A\$328.3 million for 1H 2020 to A\$420.1 million for 1H 2021. This increase was primarily due to higher total volumes of ores and ferroalloys traded in 1H 2021, fuelled by the strong global recovery since the beginning of 2021 with increased regional demand for manganese ores and ferroalloys since the global lockdown which started in the second quarter of 2020. Correspondingly, the profit contribution from the Group's trading operations also increased to A\$13.8 million in the current period as compared to A\$12.9 million in 1H 2020.

### **Others**

This segment includes the corporate activities of OMH, logistics services as well as procurement services rendered by a number of the Group's subsidiaries.

The revenue recognised in this segment mainly related to procurement fees, logistics services and other services rendered by subsidiaries. The negative contribution of A\$7.1 million reported by this segment for 1H 2021 included administrative and operating expenses for corporate activities, interest on the 12.5 million Hanwa convertible notes which were fully redeemed on 6 March 2021 and operational expenses incurred by a subsidiary in Malaysia for providing logistical services to the Sarawak Plant.

## **FINANCIAL POSITION**

The Group's property, plant and equipment ("PPE") as at 30 June 2021 of A\$611.3 million was similar to that as at 31 December 2020.

As at 30 June 2021, the Group's consolidated cash position increased to A\$77.9 million (including cash collateral of A\$16.4 million) compared to A\$63.1 million (including cash collateral of A\$17.1 million) as at 31 December 2020. For 1H 2021, the net cash generated from operating activities was A\$23.6 million as compared to net cash generated of A\$52.7 million for 1H 2020.

Inventories increased to A\$297.3 million as at 30 June 2021 from A\$216.3 million as at 31 December 2020. This was mainly due to increased inventories of raw materials (including power inventory) as a result of the Sarawak Plant running 12 out of 16 furnaces in total and contributed further by the 1 month shut-down of the Plant from the end of May to the end of June 2021.



Trade and other receivables decreased to A\$51.5 million as at 30 June 2021 from A\$63.0 million as at 31 December 2020 mainly due to the general increase in sales at the end of December 2020 with associated receipts collected within the 1<sup>st</sup> quarter of 2021.

Trade and other payables increased to A\$266.8 million as at 30 June 2021 from A\$210.6 million as at 31 December 2020 arising from higher purchases of ore and alloys towards the end of June 2021, and extended credit terms offered by some suppliers due to the COVID-19 pandemic.

The Group's total borrowings decreased from A\$415.0 million as at 31 December 2020 to A\$398.6 million as at 30 June 2021. The decrease was mainly attributed to the full redemption of the balance of 12.5 million unsecured convertible notes of approximately A\$13.9 million in March 2021 and repayments of the Sarawak Project Finance loans during the 6 month period ended 30 June 2021 of approximately US\$9.6 million (equivalent to approximately A\$12.7 million). This was partially offset by an increase of approximately A\$5.1 million in trade facilities utilised as at 30 June 2021. The Group's total borrowings to equity ratio decreased from 0.89 times as at 31 December 2020 to 0.79 times as at 30 June 2021. The borrowings as at 30 June 2021 comprised approximately A\$364.5 million of Sarawak Project Finance loans associated with the smelter operations.

The Group's net asset backing per ordinary share decreased to 68.89 cents per ordinary share as at 30 June 2021 as compared to 71.26 cents as at 30 June 2020 but increased against the 63.56 cents per ordinary share as at 31 December 2020. This represented a 3% (or 2.37 cents) decrease as compared to 30 June 2020 but a 8% (or 5.33 cents) increase as compared to 31 December 2020.

### **Capital Structure**

As at 30 June 2021, the Company had on issue 738,623,337 ordinary shares.

### **INVESTMENT IN NTSIMBINTLE MINING LIMITED (FORMERLY KNOWN AS MAIN STREET 774 PROPRIETARY LIMITED)**

Ntsimbintle Mining Proprietary Limited ("NMPL") holds a 50.1% interest in Tshipi é Ntle Manganese Mining (Pty) Ltd ("Tshipi"), an independently operated and managed black-empowered manganese mining company that operates the Tshipi Borwa Manganese Mine located in the world class Kalahari Manganese field in South Africa. The Tshipi Borwa Manganese Mine currently has a production target of approximately 3.3 to 3.6 million tonnes per annum. The Company has a 13% effective beneficial interest in this project via its NMPL investment holding. The Group equity accounts its 13% effective interest in Tshipi's results which equated to a contribution of A\$4.3 million for 1H 2021 compared to A\$7.9 million for 1H 2020). The decrease from the share of results from Tshipi was mainly due to the continued soft Mn ore prices in 1H 2021 as compared to the same period in FY2020.

In February 2021, Tshipi declared and paid a dividend of ZAR1.1 billion (approximately US\$73.4 million) for the 6 months ended 28 February 2021 to its shareholders. The Group received its share of the dividend of ZAR131 million (approximately US\$8.7 million) net of withholdings tax from NMPL in March 2021.





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Yours faithfully  
**OM HOLDINGS LIMITED**

Heng Siow Kwee/Julie Wolseley  
**Joint Company Secretary**

**Important note from page 3**

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 are not necessarily presented uniformly across the various listed entities in a particular industry or generally.

This ASX announcement was authorised for release by the Board of OM Holdings Limited.

Further enquiries please contact:  
Ms Jenny Voon  
Tel: +65 6346 5515  
Email: investor.relations@ommaterials.com

**OM HOLDINGS LIMITED**

A.R.B.N 081 028 337

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**Appendix 4D**

**Half Yearly Report**

**For the period ended 30 June, 2021**

**(previous corresponding period being the period ended 30 June, 2020)**

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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 2021

Name of Entity:	OM Holdings Limited	
ARBN:	081 028 337	
<b>1. Details of the current and prior reporting period</b>		
Current Period:	1 Jan 2021 to 30 Jun 2021	
Prior Period:	1 Jan 2020 to 30 Jun 2020	
<b>2. Results for announcement to the market</b>		
	A\$'000	A\$'000
2.1 Revenue	Up 64,055 to	450,581
2.2 Profit after taxation	Up 9,246 to	23,486
2.3 Net profit for the period attributable to owners of the Company	Up 3,814 to	17,368
2.4 Dividend distributions	Amount per security	Franked amount per security
	Nil	Nil
2.5 Record date for determining entitlements to the dividend	N/A	
<b>3. Consolidated statement of comprehensive income</b>	Refer Interim Financial Report	
<b>4. Consolidated statements of financial position</b>	Refer Interim Financial Report	
<b>5. Consolidated statement of cash flows</b>	Refer Interim Financial Report	
<b>6. Details of dividends or distributions</b>	N/A	
<b>7. Consolidated statement of changes in equity</b>	Refer Interim Financial Report	
	<b>Current Period A\$</b>	Previous Corresponding Period A\$
<b>8. Net asset backing per ordinary security</b>	<b>68.89 cents</b>	71.26 cents

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OM Holdings Limited and Controlled Entities  
Preliminary Half Yearly Report

<b>9. Control gained over entities during the period</b>	N/A	
<b>10. Other matters</b>	Refer Interim Financial Report	
<b>11. Accounting Standards used by foreign entities</b>	N/A	
<b>12. Commentary on the result for the period</b>		
	<b>Current Period A\$</b>	Previous Corresponding Period A\$
12.1 Profit per share	<b>2.36 cents</b>	1.84 cents
12.2 Segment results	Refer Interim Financial Report	
<b>13. Status of audit or review</b>	The accounts have been subject to review	
<b>14. Dispute or qualification – account not yet audited</b>	N/A	
<b>15. Qualifications of audit/review</b>	N/A	

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

Interim Financial Report  
For the six months ended 30 June 2021

*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 2020 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 2021.

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 2021 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:

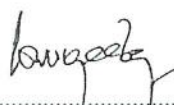
Low Ngee Tong	(Executive Chairman)
Zainul Abidin Rasheed	(Independent Deputy Chairman)
Julie Anne Wolseley	(Non-Executive Director and Joint Company Secretary)
Tan Peng Chin	(Independent Non-Executive Director)
Thomas Teo Liang Huat	(Independent Non-Executive Director)
Dato' Abdul Hamid Bin Sh Mohamed	(Independent Non-Executive Director) (appointed on 10 May 2021)
Tan Ming-li	(Independent Non-Executive Director) (appointed on 10 May 2021)
Peter Church OAM	(Independent Non-Executive Director) (resigned on 05 May 2021)

### REVIEW OF OPERATIONS

The Board of OM Holdings Limited (ASX Code: OMH / Bursa Code: OMH (5298)) reported a consolidated net profit after tax and non-controlling interests of A\$17.4 million for the six months ended 30 June 2021, compared with a consolidated net profit after tax and non-controlling interests of A\$13.6 million for the previous corresponding period.

Signed in accordance with a resolution of the Directors.

On Behalf of the Directors



.....  
LOW NGEE TONG  
Executive Chairman  
Singapore

Dated: 26 August 2021

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# 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 2021, 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 these interim consolidated financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated 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 condensed consolidated financial information does not give a true and fair view of the financial position of the Group as at 30 June 2021, and of the Group’s financial performance, its changes in equity and its cash flows for the six months period then ended in accordance with IAS 34 *Interim Financial Reporting*.



Foo Kon Tan LLP  
Public Accountants and  
Chartered Accountants

Partner in charge: Mr Ho Teik Tiong  
(with effect from the financial year ended 31 December 2018)

Singapore, 26 August 2021

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## Consolidated statement of financial position

	Note	30 June 2021 A\$'000	31 December 2020 A\$'000
<b>Assets</b>			
<b>Non-Current</b>			
Property, plant and equipment		611,303	612,684
Land use rights		9,062	8,922
Exploration and evaluation costs		2,746	2,326
Mine development costs		12,369	16,726
Investment property		583	574
Right-of-use assets		9,005	1,992
Deferred tax assets		20,461	13,788
Interests in associates		119,313	126,832
Other investment		-	1,888
		<b>784,842</b>	<b>785,732</b>
<b>Current</b>			
Inventories		297,302	216,307
Trade and other receivables		51,534	62,992
Capitalised contract costs		2,043	1,856
Prepayments		3,979	3,528
Cash and bank balances		77,913	63,031
		<b>432,771</b>	<b>347,714</b>
<b>Total assets</b>		<b>1,217,613</b>	<b>1,133,446</b>
<b>Equity</b>			
<b>Capital and Reserves</b>			
Share capital	7	36,931	36,931
Treasury shares		(2,330)	(2,330)
Reserves	11	392,670	365,042
		<b>427,271</b>	<b>399,643</b>
<b>Non-controlling interests</b>		<b>80,205</b>	<b>68,596</b>
<b>Total equity</b>		<b>507,476</b>	<b>468,239</b>
<b>Liabilities</b>			
<b>Non-Current</b>			
Borrowings	8	291,372	288,279
Lease liabilities		5,515	415
Trade and other payables		53,909	54,791
Provisions		9,212	10,869
Deferred tax liabilities		1,165	1,229
Deferred capital grant		10,616	10,730
		<b>371,789</b>	<b>366,313</b>
<b>Current</b>			
Trade and other payables		212,887	155,760
Provisions		3,059	1,806
Contract liabilities		5,163	6,064
Borrowings	8	107,217	126,766
Lease liabilities		2,818	1,255
Deferred capital grant		754	736
Income tax payables		6,450	6,507
		<b>338,348</b>	<b>298,894</b>
<b>Total liabilities</b>		<b>710,137</b>	<b>665,207</b>
<b>Total equity and liabilities</b>		<b>1,217,613</b>	<b>1,133,446</b>

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## Consolidated statement of comprehensive income

	Note	6 months to 30 June 2021 A\$'000	6 months to 30 June 2020 A\$'000
Revenue	5	450,581	386,526
Cost of sales		(365,233)	(333,197)
Gross profit		85,348	53,329
Other income		13,578	3,316
Distribution costs		(29,228)	(19,673)
Administrative expenses		(9,014)	(8,197)
Other operating expenses		(25,891)	(14,822)
Foreign exchange (loss)/gain		(9,078)	10,432
Finance costs		(9,976)	(17,361)
Profit from operations		15,739	7,024
Share of results of associates		4,335	7,850
Profit before tax		20,074	14,874
Income tax		3,412	(634)
<b>Profit after tax</b>		<b>23,486</b>	<b>14,240</b>
<b>Other comprehensive income, net of tax:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Currency translation differences arising from foreign subsidiaries (attributable to owners of the company)		8,112	4,773
Cash flow hedges	12	2,864	454
		10,976	5,227
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Currency translation differences arising from foreign subsidiaries (attributable to non-controlling interests)		1,776	1,331
<b>Other comprehensive income for the period, net of tax</b>		<b>12,752</b>	<b>6,558</b>
<b>Total comprehensive income for the period</b>		<b>36,238</b>	<b>20,798</b>
<b>Profit attributable to:</b>			
Owners of the Company		17,368	13,554
Non-controlling interests		6,118	686
		23,486	14,240
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		27,628	18,668
Non-controlling interests		8,610	2,130
		36,238	20,798
<b>Earnings per share</b>			
- Basic	9	2.36	1.84
- Diluted	9	2.36	1.84

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## Consolidated statement of changes in equity

	Share capital A\$'000	Treasury shares A\$'000	Share premium A\$'000	Non-distributable reserve A\$'000	Capital reserve A\$'000	Hedging reserve A\$'000	Exchange translation reserve A\$'000	Retained profits A\$'000	Total attributable to equity holders of the parent A\$'000	Non-controlling interests A\$'000	Total equity A\$'000
At 1 January 2021	36,931	(2,330)	178,363	8,868	16,064	(4,911)	6,021	160,637	399,643	68,596	468,239
Profit/(Loss) for the period	-	-	-	-	-	-	-	17,368	17,368	6,118	23,486
Other comprehensive income/(loss) for the period	-	-	-	-	-	2,148	8,112	-	10,260	2,492	12,752
Total comprehensive income/(loss) for the period	-	-	-	-	-	2,148	8,112	17,368	27,628	8,610	36,238
Capital injection from non-controlling interest	-	-	-	-	-	-	-	-	-	2,999	2,999
Dividends paid (Note 20(viii))	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-	-	-	2,999	2,999
At 30 June 2021	36,931	(2,330)	178,363	8,868	16,064	(2,763)	14,133	178,005	427,271	80,205	507,476

	Share capital A\$'000	Treasury shares A\$'000	Share premium A\$'000	Non-distributable reserve A\$'000	Capital reserve A\$'000	Hedging reserve A\$'000	Exchange translation reserve A\$'000	Retained profits A\$'000	Total attributable to equity holders of the parent A\$'000	Non-controlling interests A\$'000	Total equity A\$'000
At 1 January 2020	36,931	(2,330)	178,363	8,868	16,064	(5,851)	30,181	162,652	424,878	82,990	507,868
Profit for the period	-	-	-	-	-	-	-	13,554	13,554	686	14,240
Other comprehensive income for the period (Note 12)	-	-	-	-	-	341	4,773	-	5,114	1,444	6,558
Total comprehensive income for the period	-	-	-	-	-	341	4,773	13,554	18,668	2,130	20,798
Dividends (Note 10)	-	-	-	-	-	-	-	(3,683)	(3,683)	-	(3,683)
Transactions with owners	-	-	-	-	-	-	-	(3,683)	(3,683)	-	(3,683)
At 30 June 2020	36,931	(2,330)	178,363	8,868	16,064	(5,510)	34,954	172,523	439,863	85,120	524,983

## Consolidated statement of cash flows

	6 months to 30 June 2021 A\$'000	6 months to 30 June 2020 A\$'000
<b>Cash Flows from Operating Activities</b>		
Profit before tax	20,074	14,874
Adjustments for:		
Amortisation of land use rights	94	108
Amortisation of deferred capital grant	(817)	(431)
Amortisation of mine development costs	4,061	3,033
Depreciation of property, plant and equipment	20,340	22,412
Depreciation of right-of-use assets	2,710	3,086
Depreciation of investment property	5	6
Write off/(Recovery) of exploration and evaluation costs	77	(208)
Write off of property, plant and equipment	97	11
Gain on disposal of other investment	(743)	-
Unwinding of discount on non-current payables	77	-
Reclassification from hedging reserve to profit or loss	2,864	454
Write down of inventories	2,046	-
Gain from derecognition of financial liabilities	(8,888)	-
Interest expense	9,388	17,361
Interest income	(147)	(470)
Share of results of associates	(4,334)	(7,850)
Operating profit before working capital changes	46,904	52,386
Increase in inventories	(85,698)	(36,996)
Decrease in trade receivables	10,128	3,212
(Increase)/Decrease in capitalised contract cost	(193)	88
Increase in prepayments, deposits and other receivables	(4,094)	(5,239)
(Decrease)/Increase in contract liabilities	(931)	323
Increase in trade payables	35,488	48,293
Increase/(Decrease) in other payables and accruals	24,730	(4,300)
Decrease in provisions	(3,167)	(3,013)
Cash generated from operations	23,167	54,754
Income tax refund/(paid)	476	(2,006)
Net cash generated from operating activities	23,643	52,748
<b>Cash Flows from Investing Activities</b>		
Payments for exploration and evaluation costs	(497)	(391)
Purchase of property, plant and equipment	(6,498)	(9,529)
Proceeds from disposal of other investments	2,631	-
Loan repayment and dividend received from an associate	11,853	2,890
Interest received	147	470
Net cash used in investing activities	7,636	(6,560)
<b>Cash Flows from Financing Activities</b>		
Repayments of bank and other loans (Note A)	(17,043)	(27,300)
Proceeds from bank and other loans (Note A)	11,460	-
Principal repayment of lease liabilities (Note A)	(2,780)	(3,179)
Capital contribution from non-controlling interests	2,999	-
Increase in cash collateral	685	(976)
Dividend paid	-	(3,683)
Interest paid (Note A)	(12,086)	(17,273)
Net cash used in financing activities	(16,765)	(52,411)
Net increase/(decrease) in cash and cash equivalents	14,514	(6,223)
Cash and cash equivalents at beginning of period	45,951	48,900
Exchange differences on translation of cash and cash equivalents at beginning of period	1,053	580
Cash and cash equivalents at end of period	61,518	43,257

## Consolidated statement of cash flows (Cont'd)

### Note A Reconciliation of liabilities arising from financing activities

The following is the disclosure of the reconciliation of items for which cash flows have been, or will be, classified as financing activities, excluding equity items:

	Cash flows			Non-cash changes				30 June 2021 A\$'000		
	1 January 2021 A\$'000	Cash inflows A\$'000	Cash outflows A\$'000	Interest paid A\$'000	New leases A\$'000	Amortisation of PPA A\$'000	Derecognition of financial liabilities A\$'000		Foreign exchange difference A\$'000	Interest expense A\$'000
Lease liabilities	1,670	-	(2,780)	(177)	9,660	-	-	(217)	177	8,333
Borrowings - bank and other loans	415,045	11,460	(17,043)	-	-	(828)	(8,888)	(1,898)	741	398,589
Trade and other payables	3,692	-	-	(11,909)	-	-	-	-	8,470	253
- Interest payables				<u>(12,086)</u>					<u>9,388</u>	
	Cash flows			Non-cash changes				30 June 2020 A\$'000		
1 January 2020 A\$'000	Cash inflows A\$'000	Cash outflows A\$'000	Interest paid A\$'000	New leases A\$'000	Derecognition of lease liabilities A\$'000	Foreign exchange difference A\$'000	Interest expense A\$'000			
Lease liabilities	7,092	-	(3,179)	(213)	584	(143)	66	213	4,420	
Borrowings - bank and other loans	473,918	-	(27,300)	-	-	-	7,054	-	453,672	
Trade and other payables	7,112	-	-	(17,060)	-	-	-	17,148	7,200	
- Interest payables				<u>(17,273)</u>				<u>17,361</u>		



# 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 2021 was authorised for issue in accordance with a resolution of the Directors on 26 August 2021.

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 ferro alloy products
- trading of ore, ferrosilicon and ferro alloy 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 and operation 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 2021 and are presented in Australian Dollar (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 2020.

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 dual listed on the Australian Securities Exchange (“ASX”) and Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

## 3 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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### **3 Significant accounting policies (Cont'd)**

Several amendments and interpretations are adopted for the first time in 2021, but do not have a material impact on the interim condensed consolidated financial statements of the Group, as follows:

#### **Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform**

The amendments affect entities that apply the hedge accounting requirements in IFRS 9 and IAS 39 to hedging relationships directly affected by the interest rate benchmark reform. The amendments would mandatorily apply to all hedging relationships that are directly affected by the interest rate benchmark reform and modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform.

### **4 Significant accounting estimates and judgments**

#### **Fair value of financial assets and financial liabilities**

The Group carries certain financial assets and liabilities at fair value. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible. Where observable data are not available, judgements 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.

#### **Contractual obligations**

Operations were temporarily suspended at the Sarawak Plant from 27 May 2021 following directions from relevant Government Authorities after an active COVID-19 case detection exercise was carried out. OM Sarawak has subsequently been granted approval on 25 June 2021 to resume operations under strict standard operating procedures with additional COVID-19 precautionary measures in place. Operations have recommenced with an initial 4 furnaces in early July 2021. Production has subsequently ramped-up in stages, with 12 furnaces in full production as of 25 July 2021. Management has assessed and is of the view that there are no provisions required for material contractual obligations not fulfilled during the period from 27 May 2021 to 25 July 2021.

### **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

**5 Segment reporting (Cont'd)**

The revenues and profit/(loss) 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 30 June 2021	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Revenue					
From external customers	-	102,614	347,941	26	450,581
Inter-segment sales	47,081	152,659	72,172	14,408	286,320
Segment revenues	47,081	255,273	420,113	14,434	736,901
Segment operating Profit/(Loss) before tax	(21,664)	40,521	13,797	(7,085)	25,569
Segment assets	93,890	912,286	86,968	124,467	1,217,611
6 months to 30 June 2020	Mining	Smelting	Marketing and trading	Others*	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Revenue					
From external customers	-	111,774	274,752	-	386,526
Inter-segment sales	41,125	160,313	53,514	11,409	266,361
Segment revenues	41,125	272,087	328,266	11,409	652,887
Segment operating Profit/(Loss) before tax	(8,183)	22,373	12,971	(3,246)	23,915
Segment assets	86,311	968,092	57,178	126,692	1,238,273

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

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

	6 months to 30 June 2021	6 months to 30 June 2020
	A\$'000	A\$'000
<b>Group profit before tax</b>		
Segment results	25,569	23,915
Share of associate's result	4,335	7,850
Finance costs	(9,976)	(17,361)
Interest income	146	470
Group profit before tax	20,074	14,874

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## **6 Analysis of selected items of the consolidated interim financial statements**

The Group recorded revenue of A\$450.6 million for 1H 2021, representing a 17% increase from A\$386.5 million recorded in 1H 2020. The increase in revenue was primarily attributed to higher total product volumes traded in 1H 2021 mainly from the increase in tonnages sold for manganese ore and manganese alloys and the strengthening of ferrosilicon (“FeSi”) and silicomanganese (“SiMn”) prices. Despite the ongoing COVID-19 pandemic, there has been strong global recovery since the beginning of 2021 with increased regional demand for manganese ores and ferroalloys since the global lockdown which started in the second quarter of 2020.

Due to the shut-down of 4 FeSi furnaces (2 furnaces in February 2020, 1 furnace in May 2020 and 1 furnace in July 2020) due to border closures and local restrictions imposed on the hiring of new foreign workers because of the COVID-19 pandemic, the Group’s FeSi volumes produced and traded from the Group’s 75% owned smelter in Sarawak decreased by 28% in 1H 2021. This was compounded by the temporary suspension of the plant in Sarawak from the end of May 2021 to the end of June 2021 as a result of positive COVID-19 cases which also contributed to the decrease. FeSi volumes traded in 1H 2021 were 58,324 tonnes, with a total revenue contribution of approximately A\$103.8 million (1H 2020: 80,538 tonnes with a revenue contribution of A\$128.9 million). Despite a 28% decrease in FeSi volumes traded in 1H 2021, the average transacted prices of FeSi for 1H 2021 recorded an increase of approximately 11% (from A\$1,601 per tonne in 1H 2020 to A\$1,780 per tonne in 1H 2021). This decrease was offset by an increase in manganese alloys mainly SiMn volumes traded in 1H 2021 of approximately 30%. A total of 141,693 tonnes of manganese alloys were traded in 1H 2021 (with a revenue contribution of approximately A\$190.3 million) as compared to 108,914 tonnes of manganese alloys traded in 1H 2020 (with a revenue contribution of approximately A\$151.8 million).

Total manganese ore volumes traded (including from the Group’s wholly-owned Bootu Creek Manganese Mine (the “Mine”) and other third party ores) increased significantly in 1H 2021 due to stronger global demand. Total manganese ore volumes traded increased by 368,751 tonnes (approximately 78%) to 842,327 tonnes, with a revenue contribution of A\$150.1 million in 1H 2021 (as compared to 473,576 tonnes with a revenue contribution of A\$102.0 million in 1H 2020). Manganese ore volumes traded from the Mine in 1H 2021 increased by approximately 72% (by 165,314 tonnes) to 393,762 tonnes, with a revenue contribution of A\$62.1 million (an increase of approximately 39%, as compared to a revenue contribution in 1H 2020 of A\$44.5 million). The increase was mainly due to OMM’s mining and production operations being conducted for the entire 1H 2021. However, in 1H 2020, mining and production efficiencies were impacted by a slow restart to mining activities early in 2020, following a 4 month mining suspension period with lower than budgeted yields achieved due to OMM’s position in the mining cycle. In addition, mining activities were also impacted by a number of significant Northern Territory wet season rainfall events which flooded some pits and resulted in lower than forecasted ore extraction and availability of material feed to the process plants which affected product availability. Other third party manganese ore volumes traded (including ores from South Africa) in 1H 2021 also increased by approximately 83% (by 203,437 tonnes) to 448,565 tonnes (as compared to 245,128 tonnes in 1H 2020). Revenue contributed from other third party manganese ores in 1H 2021 was A\$87.9 million as compared to A\$57.4 million in 1H 2020, an increase of 53%.

As a result of the increase in product volumes traded in 1H 2021, the price rebound of FeSi and SiMn in 1H 2021, and the improved operational performance of OMM, the Group recorded a gross profit of approximately A\$85.3 million in 1H 2021 (with a gross profit margin of approximately 19%) as compared to a gross profit of A\$53.3 million in 1H 2020 (with a gross profit margin of approximately 14%).

Platts reported that prices of FeSi continued an upward trend from December 2020, closing at US\$1,465 per metric tonne CIF Japan at the end of March 2021, and continued to rally to close at US\$1,920 per metric tonne CIF Japan at the end of June 2021. The price of FeSi has been supported in 1H 2021 due to policy changes relating to power consumption in Inner Mongolia, reducing supply from the largest FeSi producing region in China.

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

The price of SiMn to Japan also closed higher at US\$1,280 per metric tonne CIF Japan at the end of March 2021, and continued to increase to close at US\$1,545 per metric tonne CIF Japan at the end of June 2021. In addition to emissions policies in China dampening national ferroalloy production, the increase in FeSi and SiMn prices were also supported by stronger regional demand amidst reduced supply due to disruptions in India and at OM Sarawak with the temporary shut-down of the Plant in late May 2021 after an active COVID-19 case detection exercise was identified.

As an indication, the index manganese ore prices (44% Mn published by Fastmarkets MB) closed at US\$5.15/dmtu CIF China at the end of June 2021, an increase from US\$4.21/dmtu CIF China at the end of December 2020. Manganese ore prices have remained resilient during this period after adjustments at the end of April 2021 and are currently hovering within a marginal range difference to the index price at the end July 2021.

The increase in other income in 1H 2021 is mainly attributed to a one-off gain from the de-recognition of financial liabilities realised from the redenomination of the Malaysian Ringgit ("MYR") portion of the project finance loan to United States dollar ("USD") (approximately A\$8.7 million) and A\$0.8 million realised gain from the disposal of other non-core investments (i.e. 1.25 million E25 shares) in March 2021.

Total distribution costs increased by 48% in 1H 2021 which is in line with the increase in the total volume of products traded and sold during the current 6 months period.

Administrative expenses for 1H 2021 increased by approximately 10% to A\$9.0 million as compared to 1H 2020 of A\$8.2 million mainly due to higher legal and professional fees associated with the Company's secondary listing on Bursa Malaysia Securities Berhad ("Bursa Securities").

Other operating expenses increased to A\$25.8 million in 1H 2021 from A\$14.8 million in 1H 2020 mainly due to approximately A\$12.0 million of furnace shut-down expenses of 4 FeSi furnaces in OM Sarawak for 6 months. However, in 1H 2020, furnaces shut-down expenses were lower (at A\$4.2 million) as the FeSi furnaces were shut down in stages (i.e. 2 furnaces in February 2020, 1 furnace in May 2020, and the 4th furnace only in July 2020) for maintenance and upgrading due to local restrictions imposed on the hiring of new foreign workers due to the COVID-19 pandemic.

Foreign exchange losses of A\$9.1 million were recorded in 1H 2021 as compared to foreign exchange gains in 1H 2020 of A\$10.4 million. Foreign exchange losses of A\$9.1 million were mainly due to the discontinuation in cash flow hedge and exchange losses from OM Sarawak. The foreign exchange gains in 1H 2020 were mainly attributed to the translation of MYR denominated payables and borrowings to USD due to the weakening of the MYR against the USD in 1H 2020.

Finance costs for 1H 2021 also decreased by approximately 43% to A\$10.0 million (as compared to A\$17.4 million) for 1H 2020 mainly due to the reduction in bank borrowings with the scheduled repayments of the Project Finance loans by OM Sarawak.

The Group's share of results from an associate of A\$4.3 million mainly relates to the operating profit from its 13% effective interest in Tshipi é Ntle Manganese Mining (Pty) Ltd ("Tshipi").

A tax credit was recorded for 1H 2021 of A\$3.4 million associated with deferred tax assets in two subsidiaries.

As the global economy responds to the COVID-19 pandemic, there has been strong global recovery since the beginning of 2021 with increased regional demand for manganese ores and ferroalloys. The Group has benefited from this as evidenced from the increase in total product volumes traded in 1H 2021.

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

The Group recorded a profit after tax of A\$23.5 million for 1H 2021 (against a profit after tax of A\$14.2 million for 1H 2020). The Group's basic and diluted profit per ordinary share for 1H 2021 was 2.36 cents as compared to basic and diluted earnings per share of 1.84 cents for 1H 2020.

The Group's property, plant and equipment ("PPE") as at 30 June 2021 of A\$611.3 million was similar to that as at 31 December 2020.

As at 30 June 2021, the Group's consolidated cash position increased to A\$77.9 million (including cash collateral of A\$16.4 million) compared to A\$63.1 million (including cash collateral of A\$17.1 million) as at 31 December 2020. For 1H 2021, the net cash generated from operating activities was A\$23.6 million as compared to net cash generated of A\$52.7 million for 1H 2020.

Inventories increased to A\$297.3 million as at 30 June 2021 from A\$216.3 million as at 31 December 2020. This was mainly due to increased inventories of raw materials (including power inventory) as a result of the Sarawak Plant running 12 out of 16 furnaces in total notwithstanding the 1 month shut-down of the Plant from end May to end June 2021.

Trade and other receivables decreased to A\$51.5 million as at 30 June 2021 from A\$63.0 million as at 31 December 2020 mainly due to the general increase in sales at the end of December 2020 which receipts were collected within the 1st quarter of 2021.

Trade and other payables increased to A\$266.8 million as at 30 June 2021 from A\$210.6 million as at 31 December 2020 arising from higher purchases of ore and alloys towards the end of June 2021, and extended credit terms offered by some suppliers due to the COVID-19 pandemic.

The Group's total borrowings decreased from A\$415.0 million as at 31 December 2020 to A\$398.6 million as at 30 June 2021. The decrease was mainly attributed to the full redemption of the balance 12.5 million unsecured convertible notes of approximately A\$13.9 million in March 2021 and repayment of the Sarawak Project Finance loans during the 6 month period ended 30 June 2021 of approximately US\$9.6 million (equivalent to approximately A\$12.7 million). This was partially offset by an increase of approximately A\$5.1 million trade facility utilisation as at 30 June 2021. The Group's total borrowings to equity ratio decreased from 0.89 times as at 31 December 2020 to 0.79 times as at 30 June 2021. The borrowings as at 30 June 2021 comprised approximately A\$364.5 million of Sarawak Project Finance loans associated with the smelter operations.

The Group's net asset backing per ordinary share decreased to 68.89 cents per ordinary share as at 30 June 2021 as compared to 71.26 cents as at 30 June 2020 but increased against the 63.56 cents per ordinary share as at 31 December 2020. This represented a 3% (or 2.37 cents) decrease as compared to 30 June 2020 but a 8% (or 5.33 cents) increase as compared to 31 December 2020.

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**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 regard to the Company's residual assets.

Shares authorised and issued are summarised as follows:

	No. of ordinary shares (amounts in thousand shares)		Amount	
	As at 30 June 2021 '000	As at 31 December 2020 '000	As at 30 June 2021 A\$'000	As at 31 December 2020 A\$'000
<b>Authorised:</b>				
Ordinary shares of A\$0.05 (2020 - A\$0.05) Each	2,000,000	2,000,000	100,000	100,000
<b>Issued and fully paid:</b>				
Ordinary shares of A\$0.05 (2020 - A\$0.05) each as at beginning of period	738,623	738,623	36,931	36,931
Ordinary shares of A\$0.05 (2020 - A\$0.05) each as at end of period	738,623	738,623	36,931	36,931

**8 Borrowings**

	As at 30 June 2021 A\$'000	As at 31 December 2020 A\$'000
The Group		
<b>Non-current</b>		
Bank loans, secured (Note 8.1)	289,472	275,360
Other loans (Note 8.3)	2,950	13,893
	292,422	289,253
Structuring and arrangement fee	(1,050)	(974)
	291,372	288,279
<b>Current</b>		
Bank loans, secured (Note 8.1)	85,850	103,184
5% Convertible Note (Note 8.2)	-	14,003
Other loans (Note 8.3)	21,980	10,177
	107,830	127,364
Structuring and arrangement fee	(613)	(598)
	107,217	126,766
<b>Total</b>	<b>398,588</b>	<b>415,045</b>

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**8 Borrowings (Cont'd)**

**8.1 Bank loans**

The Group	As at 30 June 2021 A\$'000	As at 31 December 2020 A\$'000
Bank loans, unsecured	-	3,796
Bank loans, secured [Note (a)]	930	6,764
Bank loans, secured [Note (b)]	8,261	1,622
Bank loans, secured [Note (c)]	366,131	366,362
	<b>375,322</b>	<b>378,544</b>
Amount repayable not later than one year	85,850	103,184
Amount repayable after one year:		
Later than one year and not later than five years	289,472	275,360
Later than five years	-	-
	<b>289,472</b>	<b>275,360</b>
	<b>375,322</b>	<b>378,544</b>

Notes:

- (a) These loans are secured by charges over certain bank deposits.
- (b) These loans are secured by a charge over land and buildings and certain bank deposits.
- (c) These loans are secured by:
- shares of OM Materials (Sarawak) Sdn Bhd, a company incorporated in Malaysia;
  - a charge over certain bank accounts;
  - a charge over land use rights;
  - a debenture;
  - a borrower assignment;
  - an assignment of insurances;
  - a shareholder assignment;
  - an assignment of reinsurances; and
  - a corporate guarantee from OM Holdings Limited and Chaya Mata Sarawak Berhad (holds 25% ownership interest in OM Materials (Sarawak) Sdn Bhd).

**8.2 5% Convertible Note**

The Group	As at 30 June 2021 A\$'000	As at 31 December 2020 A\$'000
5% Convertible Note: Due not later than one year	-	14,003

As at 31 December 2020, the Company had 12,500,000 convertible notes on issue with Hanwa Co. Ltd, due on 6 March 2021. In March 2021, the 12,500,000 convertible notes were fully redeemed by the Company for A\$13,900,000 (approximately equivalent to US\$10,700,000).

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**8 Borrowings (Cont'd)**

**8.3 Other loans**

The Group	As at 30 June 2021 A\$'000	As at 31 December 2020 A\$'000
Shareholder loan, unsecured [Note (a)]	2,950	2,857
Shareholder loan, unsecured [Note (b)]	10,675	10,177
Third party loan, secured [Note (c)]	11,305	11,036
	<b>24,930</b>	<b>24,070</b>
Amount repayable not later than one year	21,980	10,177
Amount repayable after one year:		
Later than one year and not later than five years	-	11,036
Later than five years	2,950	2,857
	<b>2,950</b>	<b>13,893</b>
	<b>24,930</b>	<b>24,070</b>

Notes:

- (a) These loans are unsecured. None of the shareholders are entitled to demand or receive payment or any distribution in respect of any shareholders' loans from the Group. Repayment may be made subject to satisfaction of pre-agreed tests typical for a project financing of this nature.
- (b) The loan is unsecured and repayable on demand.
- (c) The loan is secured by a corporate guarantee from OM Holdings Limited and is repayable on 4 January 2022.

**9 Earnings per share**

For calculation of diluted earnings per share in the current period, the convertible notes are not included because they are anti-dilutive. These convertible notes can potentially dilute basic earnings per share in the future.

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

	6 months to 30 June 2021 A\$'000	6 months to 30 June 2020 A\$'000
<b>Profit</b>		
Net profit attributable to owners of the Company for the purpose of:		
- basic earnings per share	17,368	13,554
- diluted earnings per share	17,368	13,554
<b>Number of shares</b>	'000	'000
Weighted average number of ordinary shares for the purpose of:		
- basic earnings per share	736,690	736,690
- diluted earnings per share	736,690	736,690

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**10 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 2021 A\$'000	6 months to 30 June 2020 A\$'000
Commission charged by an associate	119	219
Purchase of goods from a related party	48,689	39,570
Sales of goods to an associate	3,034	668
Commission charged to a related party	1,013	1,074

(B) Compensation of directors and key management personnel

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

	6 months to 30 June 2021 A\$'000	6 months to 30 June 2020 A\$'000
Salaries, wages and other related costs	3,956	3,689
Defined contribution plans	242	220

**11 Other components of equity**

- (a) The share premium reserve comprises the value of shares that have been issued at a premium, meaning the price paid was in excess of the share's quotient value. The amount received in excess of the quotient value was transferred to the share premium reserve.
- (b) In accordance with the accounting principles and financial regulations applicable to Sino-foreign joint venture enterprises, the subsidiaries in the PRC are required to transfer part of their profits after tax to the "Statutory Reserves Fund", the "Enterprise Expansion Fund" and the "Staff Bonus and Welfare Fund", which are non-distributable, before profit distributions to joint venture partners. The quantum of the transfers is subject to the approval of the board of directors of these subsidiaries.

The annual transfer to the Statutory Reserves Fund should not be less than 10% of profit after tax, until it aggregates to 50% of the registered capital. However, foreign enterprises may choose not to appropriate profits to the Enterprise Expansion Fund.

The Statutory Reserves Fund can be used to make good previous years' losses while the Enterprise Expansion Fund can be used for the acquisition of property, plant and equipment and financing daily funds required. The Staff Bonus and Welfare Fund is utilised for employees collective welfare benefits and is included in other payables under current liabilities in the statements of financial position.

- (c) The capital reserve arose from the capitalisation of various reserves and retained profits in one of the Sino-foreign joint ventures of the Group. The purpose of the capitalisation is to increase the registered capital of the joint venture.

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**11 Other components of equity (Cont'd)**

- (d) The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated hedging reserves is reclassified to the profit or loss when the forecast transaction is ultimately recognised in the profit or loss.
- (e) The translation reserve comprises all foreign exchange differences arising on the translation of the financial statements of foreign subsidiaries and associates stated in a currency different from the Group's presentation currency.
- (f) Retained earnings comprise the distributable reserves recognised in the preceding year less any dividend declared. The total of such profits brought forward and the profit derived during the period constitute the total distributable reserves, which is the maximum amount available for distribution to the shareholders.

**12 Cash flow hedges**

The Group	6 months to 30 June 2021 A\$'000	6 months to 30 June 2020 A\$'000
Cash flow hedges:		
Gain arising during the period	2,864	454

**13 Commitments**

**Capital commitments**

The following table summarises the Group's capital commitments:

The Group	As at 30 June 2021 A\$'000	As at 31 December 2020 A\$'000
Capital expenditure contracted but not provided for in the financial statements - Requisition of property, plant and equipment	143	872

**Environmental bonds**

A subsidiary has environmental bonds to the value of A\$14,553,000 (2020 - A\$14,553,000) lodged with the Northern Territory Government (Department of Industry, Tourism and Trade) to secure environmental rehabilitation commitments. The A\$14,553,000 (2020 - A\$14,553,000) of bonds are secured by A\$12,973,000 (2020 - A\$12,973,000) of performance bonds guaranteed by financial institutions and all are cash backed.

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