

# OM HOLDINGS LIMITED

(ARBN 081 028 337)

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

Incorporated in Bermuda



No. of Pages Lodged: 8      Covering letter  
23      ASX Appendix 4D

29 August 2022

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 2022.

## HIGHLIGHTS

- **The Group voluntarily changed its presentation currency from Australian Dollars to United States Dollars (US\$) with effect from 1 January 2022**
- **Profit after tax for the half-year ended 30 June 2022 (“1H 2022”) of US\$60.0 million as compared to a profit after tax of US\$18.1 million for the half-year ended 30 June 2021 (“1H 2021”)**
- **Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) of US\$104.6 million for 1H 2022 compared with US\$48.7 million for 1H 2021**
- **Basic and diluted earnings per share of the Group of 6.69 US cents for 1H 2022 as compared to basic and diluted earnings per share of 1.82 US cents for 1H 2021**
- **Revenue from operating activities for 1H 2022 was US\$466.7 million, representing a 35% increase over 1H 2021 revenue from operating activities of US\$345.9 million. This increase was a result of higher average selling prices for manganese ores, ferrosilicon (“FeSi”) and silicomanganese (“SiMn”) despite lower total product volumes traded in 1H 2022**
- **Gross profit margin increased to 27.7% in 1H 2022 from 19.0% in 1H 2021. This was predominantly attributed to higher transacted prices of manganese ores and ferroalloys in 1H 2022**
- **Total borrowings decreased from US\$296.8 million as at 31 December 2021 to US\$261.7 million as at 30 June 2022 which included repayments against the Sarawak Project Finance loans of approximately US\$12.9 million in 1H 2022, and lower utilisation of trade financing facilities as at 30 June 2022. As a result, total borrowings to equity ratio decreased from 0.67 times as at 31 December 2021 to 0.54 times as at 30 June 2022**

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1



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#### HIGHLIGHTS (CONT'D)

- Net cash generated from operating activities of US\$72.1 million for 1H 2022
- Consolidated cash position increased to US\$82.8 million as at 30 June 2022 compared to US\$81.5 million as at 31 December 2021
- Net asset backing per ordinary share of the Group increased to 66.34 US cents per ordinary share as at 30 June 2022 as compared to 51.91 US cents and 60.23 US cents per ordinary share as at 30 June 2021 and 31 December 2021 respectively

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## OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

KEY DRIVERS (Tonnes)	Period Ended 30 June 2022	Period Ended 30 June 2021	Variance %
Sales volumes of Ores and Raw Materials	535,425	867,603	(38)
Sales volumes of Alloys	194,255	200,017	(3)

FINANCIAL RESULTS (US\$ million)			
<b>Total revenue</b>	<b>466.7</b>	345.9	35
<b>Gross profit</b>	<b>129.2</b>	65.6	97
<b>Gross profit margin (%)</b>	<b>27.7%</b>	19.0%	
Other income	1.3	10.4	(88)
Distribution costs	(25.9)	(22.4)	16
Administrative expenses	(9.6)	(6.9)	39
Other operating expenses	(10.6)	(19.8)	(46)
Foreign exchange gain/(loss)	1.3	(7.0)	NM
Finance costs	(8.5)	(7.7)	10
Share of results of associates <sup>(3)</sup>	4.8	3.3	45
<b>Profit before income tax</b>	<b>82.0</b>	15.5	>100
Income tax (expense)/credit	(22.0)	2.6	NM
<b>Profit for the period</b>	<b>60.0</b>	18.1	>100
Non-controlling interests	(10.7)	(4.7)	>100
<b>Profit after tax attributable to owners of the Company</b>	<b>49.3</b>	13.4	>100

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (US\$ million)	Period Ended 30 June 2022	Period Ended 30 June 2021
<b>Net profit after tax</b>	<b>60.0</b>	18.1
<b>Adjustments:</b>		
Depreciation/amortisation <sup>(2)</sup>	14.2	20.6
Unrealised exchange loss	0.1	5.0
Finance costs (net of income)	8.3	7.6
Income tax expenses/(credit)	22.0	(2.6)
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>104.6</b>	48.7

<sup>(1)</sup> Adjusted EBITDA is defined as operating profit before depreciation and amortisation, 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.

<sup>(2)</sup> Inclusive of depreciation and amortisation charges recorded through cost of sales.

<sup>(3)</sup> Includes the 13% effective interest in the Tshipi Borwa Manganese Mine.



## FINANCIAL ANALYSIS

The Group recorded revenue of US\$466.7 million for 1H 2022, representing a 35% increase from US\$345.9 million recorded in 1H 2021. The increase in revenue was mainly attributed to higher average selling prices despite lower total product volumes traded in 1H 2022. The decrease in total volume of products traded was primarily from manganese ore which decreased by approximately 39%. With the borders of many countries opening up and the relatively stable handling of the COVID-19 pandemic after 2 years, there has been a strong global recovery since the middle of 2021 with increased regional demand for manganese ores and ferroalloys which have driven up prices. In addition, the conflict between Ukraine and Russia has also created uncertainty in the global supply of ferroalloys which has also contributed to the support of ferroalloy prices in 1H 2022.

As at 30 June 2022, the Group's 75% owned smelter in Sarawak (the "Plant") was still operating 12 out of 16 furnaces. The Group's FeSi volumes traded increased by 17% in 1H 2022 mainly due to pent up global demand, as well as higher stock balances at the end of FY2021. Revenue contribution from FeSi increased significantly to US\$182.7 million (1H 2021: US\$79.7 million), as average transacted prices for FeSi doubled for 1H 2022 as compared to the same corresponding period in 2021.

Revenue contribution from manganese alloys (mainly silicomanganese ("SiMn")) increased to US\$201.1 million (1H 2021: US\$146.0 million) as average transacted prices increased by approximately 55%, despite approximately 11% lower manganese alloys volumes traded in 1H 2022.

Total manganese ore volumes traded (including from the Group's wholly-owned Bootu Creek Manganese Mine (the "Mine") which entered a care and maintenance phase in January 2022 and other third party ores) decreased 39% in 1H 2022. As a result, despite the increase in average selling prices, total revenue contribution from manganese ore decreased 30% to US\$80.4 million (1H 2021: US\$115.2 million in 1H 2021).

The Group recorded an improved gross profit of US\$129.2 million in 1H 2022 (with a gross profit margin of 27.7%) as compared to a gross profit of US\$65.6 million (with a gross profit margin of 19.0%) mainly due to higher transacted prices of manganese ores and ferroalloys in 1H 2022.

For 1H 2022, FeSi price increased from US\$2,110 per metric tonne CIF Japan at the end of December 2021 to close at US\$2,225 per metric tonne CIF Japan at the end of March 2022, before closing at US\$1,925 per metric tonne CIF Japan at the end of June 2022. SiMn price followed the same trajectory as FeSi, which increased from US\$1,535 per metric tonne CIF Japan at the end of December 2021 to US\$1,775 per metric tonne CIF Japan at the end of March 2022, before closing at US\$1,225 per metric tonne CIF Japan at the end of June 2022. The increase in FeSi and SiMn prices in 1Q 2022 was mainly attributed to the Russia-Ukraine war as Russia and Ukraine were the second largest exporting countries of FeSi and manganese alloys respectively in FY2021. However, ferroalloy prices reduced in 2Q 2022 mainly due to reduced demand from steel mills amid higher energy costs and a weaker global steel market.

As an indication, Fastmarkets MB reported that the price of 44% Mn ore increased from US\$5.60/dmtu CIF China at the end of December 2021 to US\$7.80/dmtu at the end of March 2022, before softening to close at US\$7.27/dmtu at the end of June 2022.

Other income decreased in 1H 2022 as compared to 1H 2021 because in 1H 2021, the Group recognised 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 US\$6.8 million) and a US\$0.6 million realised gain from the disposal of other non-core investments in March 2021.

Total distribution costs increased by approximately 15% in 1H 2022 despite a decrease in the total volume of products sold and exported mainly due to freight markets and rates, which increased significantly since the middle of FY2021 and remained elevated in the current period.



Administrative expenses for 1H 2022 increased by approximately 39% to US\$9.6 million as compared to 1H 2021 of US\$6.9 million mainly due to higher staff costs arising from a higher provision for profit sharing as a result of stronger 1H 2022 performance, and retrenchment benefits as a result of the stoppage in operations at the plant in Qinzhou.

Other operating expenses decreased to US\$10.6 million in 1H 2022 from US\$19.9 million in 1H 2021 mainly due to:

- lower depreciation and amortization mainly due to the Australian mining subsidiary ceasing production and operating under a care and maintenance phase since the end of January 2022 with no depreciation and amortization recorded for the fixed assets for the period when there was no production; and
- lower furnace shut-down expenses from the Plant in Sarawak in 1H 2022. There was a temporary shut-down of the Plant as a result of COVID-19 for about 1 month (i.e. from end May 2021 to end June 2021), which resulted in higher furnace shut-down expenses in 1H 2021.

Foreign exchange gains of US\$1.3 million were recorded in 1H 2022 as compared to foreign exchange losses of US\$7.0 million in 1H 2021 mainly from the translation of MYR denominated payables and borrowings to USD due to the weakening of the MYR against the USD in 1H 2022. The foreign exchange losses in 1H 2021 were mainly attributed to the discontinuation in cash flow hedging and foreign exchange losses from OM Sarawak.

Finance costs for 1H 2022 increased by approximately 10% to US\$8.5 million (as compared to US\$7.7 million) for 1H 2021 despite a reduction in bank borrowings mainly due to the rise in interest rates in 1H 2022.

Tax expense was recorded for 1H 2022 of US\$22.0 million mainly from deferred tax liabilities of OM Sarawak as compared to a tax credit of US\$2.6 million in 1H 2021 associated with deferred tax assets in two subsidiaries.

The Group's share of results from its associates of US\$4.8 million was mainly contributed by its 13% interest in Tshipi é Ntle Manganese Mining (Pty) Ltd.

Selling prices benefited from a strong global recovery throughout 1H 2022, and was supported given the uncertainty around the global supply of ferroalloys surrounding the conflict between Ukraine and Russia. The Group has benefited from this as evidenced from the strong increase in revenue and gross profits in the current period driven by stronger prices despite lower volume of products traded and sold. The Group recorded a profit after tax of US\$60.0 million for 1H 2022 (against a profit after tax of US\$18.1 million for 1H 2021). The Group's basic and diluted profit per ordinary share for 1H 2022 was 6.69 US cents as compared to a basic and diluted earnings per share of 1.82 US cents for 1H 2021.

The Group recorded a positive EBITDA of US\$104.6 million in 1H 2022 as compared with US\$48.7 million for 1H 2021 on the back of higher product prices in the current 6 months period.



## Results Contributions

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

US\$ million	Period ended 30 June 2022		Period ended 30 June 2021	
	Revenue*	Contribution	Revenue*	Contribution
Mining	20.5	(2.3)	36.2	(16.6)
Smelting	370.6	79.2	196.0	31.1
Marketing, logistics and trading	382.1	11.0	322.6	10.7
Others	22.1	(2.4)	11.0	(5.5)
<b>Net profit before finance costs</b>		<b>85.5</b>		<b>19.7</b>
Finance costs (net of income)		(8.3)		(7.6)
Share of results of associates		4.8		3.3
<b>Profit before tax</b>		<b>82.0</b>		<b>15.5</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 OM (Manganese) Ltd ("OMM")) produced 18,071 tonnes of manganese ore with an average grade of 28.69% Mn in 1H 2022 as compared to 414,549 tonnes of manganese ore with an average grade of 28.29% Mn in 1H 2021, a decrease of approximately 96%. Mining activities ceased in December 2021 and the processing plant ceased production on 24 January 2022. The Mine was placed under care and maintenance since the end of January 2022 with no further mining and processing activities. OMM shipped 144,352 tonnes of manganese ore with an average grade of 28.87% Mn in 1H 2022, a decrease of approximately 65% as compared to 410,211 tonnes of manganese ore with an average grade of 28.70% Mn in 1H 2021.

Revenue for 1H 2022 amounted to US\$20.5 million and OMM recorded a negative contribution of US\$2.3 million for the period ended 30 June 2022.

Works are continuing on the Ultra Fines Plant ("UFP") rectification plan to resolve poor screening efficiencies, tails pumping issues and to increase water supply to the UFP.

### 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"). However, OMQ's production has been suspended since December 2021 due to elevated power tariffs in China.

The smelting segment recorded revenue of US\$370.6 million for 1H 2022 as compared to US\$196.0 million for 1H 2021. The increase in revenue was mainly due to higher average prices achieved for ferroalloy sales in 1H 2022. OM Sarawak produced 68,929 tonnes and 121,307 tonnes and 56,093 tonnes of FeSi, manganese alloy and sinter ore respectively in 1H 2022 (1H 2021: 61,472 tonnes of FeSi, 94,827 tonnes of manganese alloy and 37,049 tonnes of sinter ore) and sold 68,497 tonnes and 109,804 tonnes of FeSi and manganese alloy respectively (1H 2021: 55,360 tonnes of FeSi, 101,944 tonnes of manganese alloy and 7,132 tonnes of sinter ore). OM Sarawak operated 12 out of 16 furnaces throughout the 6 month period in 1H 2022 as well as for 1H 2021. However, in 1H 2021, there was a temporary shut-down of the Plant in Sarawak for about 1 month (i.e from end May 2021 to end June 2021) as a result of COVID-19 which negatively affected production tonnages and sales volume in 1H 2021.

The smelting segment recorded a higher contribution of US\$79.2 million for 1H 2022 as compared to US\$31.1 million for 1H 2021 predominantly due to the improved prices for ferroalloys,



particularly FeSi and SiMn, which resulted in improved margins achieved, and marginally higher volumes of products sold by OMQ despite the suspension of its operations in 1H 2022.

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

Revenue from the Group's trading operations increased by 18%, from US\$322.6 million for 1H 2021 to US\$382.1 million for 1H 2022. This increase was primarily due to higher average prices of ores and ferroalloys traded in 1H 2022, offset by lower total volumes of products sold. With the borders of many countries opening up and the relatively stable handling of the COVID-19 pandemic after 2 years, there has been a strong global recovery since the middle of 2021 with increased regional demand for manganese ores and ferroalloys which have driven up prices. In addition, the conflict between Ukraine and Russia has also created uncertainty in the global supply of ferroalloys which has also contributed to the support of ferroalloy prices in 1H 2022. Correspondingly, the profit contribution from the Group's trading operations also increased to US\$11.0 million in the current period as compared to US\$10.7 million in 1H 2021.

### **Others**

This segment includes the corporate activities of OMH as well as the engineering, logistics, procurement, design and technical 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 US\$2.4 million reported by this segment for 1H 2022 included administrative and operating expenses of the Company, provision for profit sharing for 1H 2022 performance and operational expenses incurred by 2 subsidiaries in Malaysia for providing logistical and engineering services to the Sarawak Plant.

### **FINANCIAL POSITION**

The Group's property, plant and equipment ("PPE") as at 30 June 2022 of US\$446.4 million was marginally higher than the balance of US\$444.0 million as at 31 December 2021.

As at 30 June 2022, the Group's consolidated cash position increased to US\$82.8 million (including cash collateral of US\$9.3 million) compared to US\$81.5 million (including cash collateral of US\$11.7 million) as at 31 December 2021. For 1H 2022, the net cash generated from operating activities was US\$72.1 million as compared to net cash generated of US\$34.4 million for 1H 2021.

Inventories as at 30 June 2022 of US\$248.8 million were marginally lower than the balance of US\$256.4 million as at 31 December 2021. For the six months ended 30 June 2022, a write down of inventories of US\$51.3 million (1H 2021: US\$1.6 million) was recorded.

Trade and other receivables increased to US\$50.1 million as at 30 June 2022 from US\$40.9 million as at 31 December 2021 mainly due to the general increase in sales towards the end of June 2022 and receipts expected to be collected in the 3rd quarter of 2022.

Trade and other payables decreased to US\$145.7 million as at 30 June 2022 from US\$167.7 million as at 31 December 2021 mainly from settlements made to suppliers during the current period for purchases of ore and alloys transacted at the end of December 2021, and also from lower trade payables from the Australian mining subsidiary as the Mine has been placed in care and maintenance since mining activities ceased in December 2021.

The Group's total borrowings decreased from US\$296.8 million as at 31 December 2021 to US\$261.7 million as at 30 June 2022. The decrease was mainly attributed to repayments of the Sarawak Project Finance loans during the 6 month period ended 30 June 2022 of approximately US\$12.9 million and lower utilisation of trade financing facilities as at 30 June 2022. The Group's total borrowings to equity ratio decreased from 0.67 times as at 31 December 2021 to 0.54 times as at 30 June 2022.



The Group's net asset backing per ordinary share increased 10% to 66.34 US cents per ordinary share as at 30 June 2022 as compared to 60.23 US cents per ordinary share as at 31 December 2021.

### **Capital Structure**

As at 30 June 2022, the Company had on issue 738,623,337 ordinary shares.

As at 11 July 2022, a total of 110,170,986 shares were listed on Bursa Malaysia and 628,452,351 shares were listed on the Australian Securities Exchange.

### **INVESTMENT IN NTSIMBINTLE MINING 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 US\$4.8 million for 1H 2022 compared to US\$3.3 million for 1H 2021.

In February 2022, Tshipi declared and paid a dividend of ZAR 500 million (approximately US\$32.3 million) for the 6 months ended 28 February 2022 to its shareholders. The Group received its share of the dividend of ZAR 60.7 million (approximately US\$3.9 million) net of withholdings tax from NMPL in March 2022.

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:  
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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, 2022**

**(previous corresponding period being the period ended 30 June, 2021)**

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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 2022

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 2022 to 30 Jun 2022	
Prior Period:	1 Jan 2021 to 30 Jun 2021	
<b>2. Results for announcement to the market</b>		
	<b>US\$'000</b>	<b>US\$'000</b>
2.1 Revenue	Up 120,782 to	466,651
2.2 Profit after taxation	Up 41,893 to	59,989
2.3 Net profit for the period attributable to owners of the Company	Up 35,889 to	49,284
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 US\$</b>	Previous Corresponding Period US\$
<b>8. Net asset backing per ordinary security</b>	<b>66.34 cents</b>	51.91 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 US\$</b>	Previous Corresponding Period US\$
12.1 Profit per share	<b>6.69 cents</b>	1.82 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 2022

*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 2021 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.*

## Contents

	Page
Directors' statement	1
Review report to the members of OM Holdings Limited	2
Consolidated statement of financial position	3
Consolidated statement of comprehensive income	4
Consolidated statement of changes in equity	5
Consolidated statement of cash flows	6
Notes to the interim consolidated financial statements	8

## 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 2022.

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 2022 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) (resigned on 20 May 2022)
Dato' Abdul Hamid Bin Sh Mohamed	(Independent Non-Executive Director)
Tan Ming-li	(Independent Non-Executive Director)

### 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 US\$49.3 million for the six months ended 30 June 2022, compared with a consolidated net profit after tax and non-controlling interests of US\$13.4 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 2022

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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 2022, 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 2022, 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 2022

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## Consolidated statement of financial position

	Note	30 June 2022 US\$'000	31 December 2021 US\$'000
<b>Assets</b>			
<b>Non-Current</b>			
Property, plant and equipment		446,352	443,975
Land use rights		6,632	6,755
Exploration and evaluation costs		2,246	2,142
Mine development costs		1,657	1,951
Investment property		430	434
Right-of-use assets		4,575	5,858
Deferred tax assets		11,870	13,408
Interests in associates		82,844	86,572
		<u>556,606</u>	<u>561,095</u>
<b>Current</b>			
Inventories		248,839	256,376
Trade and other receivables		50,107	40,900
Capitalised contract costs		1,946	1,077
Prepayments		2,576	2,664
Cash collateral		9,249	11,731
Cash and bank balances		73,531	69,793
		<u>386,248</u>	<u>382,541</u>
<b>Total assets</b>		<u><b>942,854</b></u>	<u><b>943,636</b></u>
<b>Equity</b>			
<b>Capital and Reserves</b>			
Share capital	7	32,035	32,035
Treasury shares		(2,058)	(2,058)
Reserves	11	373,043	338,009
		<u>403,020</u>	<u>367,986</u>
<b>Non-controlling interests</b>		<u>85,709</u>	<u>75,727</u>
<b>Total equity</b>		<u><b>488,729</b></u>	<u><b>443,713</b></u>
<b>Liabilities</b>			
<b>Non-Current</b>			
Borrowings	8	189,768	214,866
Lease liabilities		2,315	3,029
Trade and other payables		49,514	39,417
Provisions		5,132	5,786
Deferred tax liabilities		18,289	938
Deferred capital grant		7,414	7,698
		<u>272,432</u>	<u>271,734</u>
<b>Current</b>			
Trade and other payables		96,147	128,241
Provisions		-	1,390
Contract liabilities		5,851	7,028
Borrowings	8	71,936	81,927
Lease liabilities		1,698	2,565
Deferred capital grant		567	564
Income tax payables		5,494	6,474
		<u>181,693</u>	<u>228,189</u>
<b>Total liabilities</b>		<u><b>454,125</b></u>	<u><b>499,923</b></u>
<b>Total equity and liabilities</b>		<u><b>942,854</b></u>	<u><b>943,636</b></u>

Prior period comparatives have been restated into USD following a change in presentation currency as disclosed in Note 3 to the interim consolidated financial statements.



## Consolidated statement of comprehensive income

	Note	6 months to 30 June 2022 US\$'000	6 months to 30 June 2021 US\$'000
Revenue	5	466,651	345,869
Cost of sales		(337,413)	(280,269)
Gross profit		129,238	65,600
Other income		1,325	10,429
Distribution costs		(25,874)	(22,453)
Administrative expenses		(9,618)	(6,918)
Other operating expenses		(10,624)	(19,896)
Foreign exchange gain/(loss)		1,254	(6,956)
Finance costs		(8,461)	(7,664)
Profit from operations		77,240	12,142
Share of results of associates		4,777	3,330
Profit before tax		82,017	15,472
Income tax		(22,028)	2,624
<b>Profit after tax</b>		<b>59,989</b>	<b>18,096</b>
<b>Other comprehensive (loss)/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)		(3,972)	(1,701)
Cash flow hedges	12	(24)	2,196
		(3,996)	495
<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)		(380)	(100)
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>(4,376)</b>	<b>395</b>
<b>Total comprehensive income for the period</b>		<b>55,613</b>	<b>18,491</b>
<b>Profit attributable to:</b>			
Owners of the Company		49,284	13,395
Non-controlling interests		10,705	4,701
		59,989	18,096
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		45,294	13,341
Non-controlling interests		10,319	5,150
		55,613	18,491
<b>Earnings per share</b>			
- Basic	9	US Cents 6.69	US Cents 1.82
- Diluted	9	6.69	1.82

Prior period comparatives have been restated into USD following a change in presentation currency as disclosed in Note 3 to the interim consolidated financial statements.

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## Consolidated statement of changes in equity

	Share capital US\$'000	Treasury shares US\$'000	Share premium US\$'000	Non-distributable reserve US\$'000	Capital Reserve US\$'000	Hedging reserve US\$'000	Exchange translation reserve US\$'000	Retained profits US\$'000	Total attributable to equity holders of the parent US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
At 1 January 2022	32,035	(2,058)	156,920	7,643	12,138	(818)	(33,032)	195,158	367,986	75,727	443,713
Profit for the period	-	-	-	-	-	-	-	49,284	49,284	10,705	59,989
Other comprehensive loss for the period	-	-	-	-	-	(18)	(3,972)	-	(3,990)	(386)	(4,376)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(18)	(3,972)	49,284	45,294	10,319	55,613
Dividends	-	-	-	-	-	-	-	(10,260)	(10,260)	(337)	(10,597)
Total contributions by and distributions to owners	-	-	-	-	52	-	12	(10,260)	(10,260)	(337)	(10,597)
Transfer to statutory reserve	-	-	-	206	-	-	-	(270)	-	-	-
At 30 June 2022	32,035	(2,058)	156,920	7,849	12,190	(836)	(36,992)	233,912	403,020	85,709	488,729
At 1 January 2021	32,035	(2,058)	156,920	7,643	12,138	(2,412)	(28,639)	133,638	309,265	52,387	361,652
Profit for the period	-	-	-	-	-	-	-	13,395	13,395	4,701	18,096
Other comprehensive income/(loss) for the period	-	-	-	-	-	1,647	(1,701)	-	(54)	449	395
Total comprehensive income/(loss) for the period	-	-	-	-	-	1,647	(1,701)	13,395	13,341	5,150	18,491
Capital injection from non-controlling interest	-	-	-	-	-	-	-	-	-	2,280	2,280
Total contributions by and distributions to owners	-	-	-	-	-	(765)	(30,340)	147,033	322,606	59,617	382,423
At 30 June 2021	32,035	(2,058)	156,920	7,643	12,138	(765)	(30,340)	147,033	322,606	59,617	382,423

Prior period comparatives have been restated into USD following a change in presentation currency as disclosed in Note 3 to the interim consolidated financial statements.

## Consolidated statement of cash flows

	6 months to 30 June 2022 US\$'000	6 months to 30 June 2021 US\$'000
<b>Cash Flows from Operating Activities</b>		
Profit before tax	82,017	15,472
Adjustments for:		
Amortisation of land use rights	72	72
Amortisation of deferred capital grant	(281)	(628)
Amortisation of mine development costs	202	3,120
Depreciation of property, plant and equipment	13,152	15,627
Depreciation of right-of-use assets	1,292	2,082
Depreciation of investment property	4	4
Write off of exploration and evaluation costs	-	59
Write off of property, plant and equipment	61	75
Gain on disposal of other investment	-	(571)
Unwinding of discount on non-current payables	-	59
Reclassification from hedging reserve to profit or loss	(24)	2,196
Gain from derecognition of financial liabilities	-	(6,829)
Interest expense	8,461	7,664
Interest income	(187)	(113)
Share of results of associates	(4,777)	(3,330)
Operating profit before working capital changes	99,992	34,959
Decrease/(Increase) in inventories	8,016	(56,567)
(Increase)/Decrease in trade receivables	(11,453)	8,777
Increase in capitalised contract cost	(869)	(131)
Decrease/(Increase) in prepayments, deposits and other receivables	3,027	(2,768)
Decrease in contract liabilities	(1,177)	(629)
(Decrease)/Increase in trade payables	(15,735)	31,012
(Decrease)/Increase in other payables and accruals	(3,356)	21,816
Decrease in provisions	(2,044)	(2,433)
Cash generated from operations	76,401	34,036
Income tax (paid)/refund	(4,320)	366
Net cash generated from operating activities	72,081	34,402
<b>Cash Flows from Investing Activities</b>		
Payments for exploration and evaluation costs	(104)	(382)
Purchase of property, plant and equipment	(18,123)	(4,992)
Proceeds from disposal of other investments	-	2,021
Dividend received from an associate	3,956	9,107
Interest received	187	113
Net cash (used) in/generated from investing activities	(14,084)	5,867
<b>Cash Flows from Financing Activities</b>		
Repayments of bank and other loans (Note A)	(36,853)	(27,962)
Proceeds from bank and other loans (Note A)	1,541	8,787
Principal repayment of lease liabilities (Note A)	(1,432)	(2,136)
Capital contribution from non-controlling interests	-	2,280
Decrease in cash collateral	2,482	526
Dividends paid	(10,597)	-
Interest paid (Note A)	(8,133)	(9,003)
Net cash used in financing activities	(52,992)	(27,508)
Net increase in cash and cash equivalents	5,005	12,761
Cash and cash equivalents at beginning of period	69,793	35,391
Exchange differences on translation of cash and cash equivalents at beginning of period	(1,267)	(1,903)
Cash and cash equivalents at end of period	73,531	46,249

*Prior period comparatives have been restated into USD following a change in presentation currency as disclosed in Note 3 to the interim consolidated financial statements.*

## 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 2022 US\$'000
	1 January 2022 US\$'000	Cash inflows US\$'000	Cash outflows US\$'000	Interest paid US\$'000	New leases US\$'000	Lease modification US\$'000	Foreign exchange difference US\$'000	Interest expense US\$'000	
Lease liabilities	5,594	-	(1,432)	(97)	27	(12)	(165)	98	4,013
Borrowings - bank and other loans	296,793	1,541	(36,853)	-	-	-	(186)	409	261,704
Trade and other payables - - Interest payables	171	-	-	(8,036)	-	-	-	7,954	89
				<u>(8,133)</u>				<u>8,461</u>	
Non-cash changes									
	Cash flows				Non-cash changes				30 June 2021 US\$'000
	1 January 2021 US\$'000	Cash inflows US\$'000	Cash outflows US\$'000	Interest paid US\$'000	New leases US\$'000	Derecognition of financial liabilities US\$'000	Foreign exchange difference US\$'000	Interest expense US\$'000	
Lease liabilities	1,287	-	(2,136)	(136)	7,422	-	(307)	136	6,266
Borrowings - bank and other loans	319,668	8,787	(27,962)	-	-	(6,829)	4,692	1,303	299,659
Trade and other payables									
- Interest payables	2,844	-	-	(8,867)	-	-	-	6,225	202
				<u>(9,003)</u>				<u>7,664</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 2022 was authorised for issue in accordance with a resolution of the Directors on 26 August 2022.

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

- processing and sales of sinter ore, ferrosilicon and ferro alloy products
- development and operation of smelters and sintering projects in Malaysia
- trading of ore, ferrosilicon and ferro alloy products
- processing of manganese ore from the Bootu Creek Manganese Mine
- investment holdings, including the 13% effective interest in the Tshipi Borwa Mine
- evaluation and assessment of strategic investment and project opportunities

## 2 General information and basis of preparation

The interim consolidated financial statements are for the six months ended 30 June 2022 and are presented in United States dollars (USD). The functional currency of the parent company is Australian dollars (AUD). 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 2021.

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 2021, except for the adoption of new standards effective as of 1 January 2022 and change in presentation currency as disclosed below.

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

#### Functional and presentation currency

The Group's presentation currency has been changed from AUD to USD effective from 1 January 2022. The change in presentation currency in the consolidated financial statements is to provide more relevant information about the Group's financial position, financial performance and cashflows, as most of the Group's assets, liabilities, revenue and expenses are denominated in USD.

The change in presentation currency is a voluntary change which is accounted for retrospectively. The interim consolidated financial statements have been restated to USD using the procedures outlined below:

- Consolidated statement of comprehensive income and Consolidated statement of cash flows have been translated into USD using average foreign currency rates prevailing for the relevant period
- Assets and liabilities in the Consolidated statement of financial position have been translated into USD at the closing foreign currency rates on the relevant balance sheet dates
- The Equity section of the Consolidated statement of financial position, including foreign currency translation reserve, retained earnings, share capital and the other reserves, have been translated into USD using historical rates
- All resulting exchange differences were recognised in Other comprehensive income
- Earnings per share have also been restated to USD to reflect the change in presentation currency

The presentation currency of the Group is now in USD, whilst the functional currency of the Company remains as AUD and its subsidiaries' functional currencies remains unchanged.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations are adopted for the first time in 2022, but do not have a material impact on the interim condensed consolidated financial statements of the Group.

### 4 Significant accounting estimates and judgments

#### Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale. These estimates are based on the intended use of the inventories, the current market conditions and historical experiences of selling products of similar nature. It could change significantly as a result of events which changes the intended use of the inventories, as well as competitor actions in response to changes in market conditions. Management reassesses the estimations at the end of each reporting date. For the six months ended 30 June 2022, a write down of inventories of US\$51.3mil (1H 2021: US\$1.6mil) was recorded.

#### Income taxes

The Group has exposures to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such a determination is made.

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#### 4 Significant accounting estimates and judgments (Cont'd)

##### Determination of functional currency

The Group measures foreign currency translation in the respective currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

##### Deferred tax assets

The Group reviews the carrying amount of deferred tax assets at the end of each reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised. This involves judgement regarding future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. Management has assessed that it is reasonable to recognise deferred tax assets based on probable future taxable income.

##### Impairment of non-financial assets

Non-financial assets comprise property, plant and equipment, land use rights, exploration and evaluation costs, mine development costs and right-of-use assets. Determining whether the carrying value is impaired requires an estimation of the value in use of the cash-generating units. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of cash flows.

#### 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:

- *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
- *mining* - processing of manganese ore

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 2022	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue					
From external customers	-	142,054	324,597	-	466,651
Inter-segment sales	20,442	228,555	57,506	22,107	328,610
Segment revenues	20,442	370,609	382,103	22,107	795,261
Segment operating Profit/(Loss) before tax	(2,324)	79,227	11,039	(2,428)	85,514
Segment assets	48,521	716,219	88,726	89,388	942,854

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5 Segment reporting (Cont'd)

	Mining	Smelting	Marketing and trading	Others*	Total
6 months to 30 June 2021	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue					
From external customers	-	78,760	267,109	-	345,869
Inter-segment sales	36,172	117,288	55,449	11,031	219,940
Segment revenues	36,172	196,048	322,558	11,031	565,809
Segment operating Profit/(loss) before tax	(16,645)	31,123	10,681	(5,466)	19,693
Segment assets	70,593	686,713	65,340	93,567	916,213

\* Others relate to the corporate activities of the Company as well as the engineering, logistics, procurement, and design and technical services rendered by a number 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 2022 US\$'000	6 months to 30 June 2021 US\$'000
Group profit before tax		
Segment results	85,514	19,693
Share of results of associates	4,777	3,330
Finance costs	(8,461)	(7,664)
Interest income	187	113
Group's profit before tax	82,017	15,472

6 Analysis of selected items of the consolidated interim financial statements

The Group recorded revenue of US\$466.7 million for 1H 2022, representing a 35% increase from US\$345.9 million recorded in 1H 2021. The increase in revenue was mainly attributed to higher average selling prices despite lower total product volumes traded in 1H 2022. The decrease in total volume of products traded was primarily from manganese ore which decreased by approximately 39%. With the borders of many countries opening up and the relatively stable handling of the COVID-19 pandemic after 2 years, there has been a strong global recovery since the middle of 2021 with increased regional demand for manganese ores and ferroalloys which have driven up prices. In addition, the conflict between Ukraine and Russia has also created uncertainty in the global supply of ferroalloys which has also contributed to the support of ferroalloy prices in 1H 2022.

As at 30 June 2022, the Group's 75% owned smelter in Sarawak (the "Plant") was still operating 12 out of 16 furnaces. The Group's FeSi volumes traded increased by 17% in 1H 2022 mainly due to pent up global demand, as well as higher stock balances at the end of FY2021. Revenue contribution from FeSi increased significantly to US\$182.7 million (1H 2021: US\$79.7 million), as average transacted prices for FeSi doubled for 1H 2022 as compared to the same corresponding period in 2021.

Revenue contribution from manganese alloys (mainly silicomanganese ("SiMn")) increased to US\$201.1 million (1H 2021: US\$146.0 million) as average transacted prices increased by approximately 55%, despite approximately 11% lower manganese alloys volumes traded in 1H 2022.

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

Total manganese ore volumes traded (including from the Group's wholly-owned Bootu Creek Manganese Mine (the "Mine") which entered a care and maintenance phase in January 2022 and other third party ores) decreased 39% in 1H 2022. As a result, despite the increase in average selling prices, total revenue contribution from manganese ore decreased 30% to US\$80.4 million (1H 2021: US\$115.2 million in 1H 2021).

The Group recorded an improved gross profit of US\$129.2 million in 1H 2022 (with a gross profit margin of 27.7%) as compared to a gross profit of US\$65.6 million (with a gross profit margin of 19.0%) mainly due to higher transacted prices of manganese ores and ferroalloys in 1H 2022.

For 1H 2022, FeSi price increased from US\$2,110 per metric tonne CIF Japan at the end of December 2021 to close at US\$2,225 per metric tonne CIF Japan at the end of March 2022, before closing at US\$1,925 per metric tonne CIF Japan at the end of June 2022. SiMn price followed the same trajectory as FeSi, which increased from US\$1,535 per metric tonne CIF Japan at the end of December 2021 to US\$1,775 per metric tonne CIF Japan at the end of March 2022, before closing at US\$1,225 per metric tonne CIF Japan at the end of June 2022. The increase in FeSi and SiMn prices in 1Q 2022 was mainly attributed to the Russia-Ukraine war as Russia and Ukraine were the second largest exporting countries of FeSi and manganese alloys respectively in FY2021. However, ferroalloy prices reduced in 2Q 2022 mainly due to reduced demand from steel mills amid higher energy costs and a weaker global steel market.

As an indication, Fastmarkets MB reported that the price of 44% Mn ore increased from US\$5.60/dmtu CIF China at the end of December 2021 to US\$7.80/dmtu at the end of March 2022, before softening to close at US\$7.27/dmtu at the end of June 2022.

Other income decreased in 1H 2022 as compared to 1H 2021 because in 1H 2021, the Group recognised 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 US\$6.8 million) and a US\$0.6 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 approximately 15% in 1H 2022 despite a decrease in the total volume of products sold and exported mainly due to freight markets and rates, which increased significantly since the middle of FY2021 and remained elevated in the current period.

Administrative expenses for 1H 2022 increased by approximately 39% to US\$9.6 million as compared to 1H 2021 of US\$6.9 million mainly due to higher staff costs arising from a higher provision for profit sharing as a result of stronger 1H 2022 performance, and retrenchment benefits as a result of the stoppage in operations at the plant in Qinzhou.

Other operating expenses decreased to US\$10.6 million in 1H 2022 from US\$19.9 million in 1H 2021 mainly due to:

- lower depreciation and amortization mainly due to the Australian mining subsidiary ceasing production and operating under a care and maintenance phase since the end of January 2022 with no depreciation and amortisation recorded for the fixed assets for the period when there was no production; and
- lower furnace shut-down expenses from the Plant in Sarawak in 1H 2022. There was a temporary shut-down of the Plant as a result of COVID-19 for about 1 month (i.e. from end May 2021 to end June 2021), which resulted in higher furnace shut-down expenses in 1H 2021.

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

Foreign exchange gains of US\$1.3 million were recorded in 1H 2022 as compared to foreign exchange losses of US\$7.0 million in 1H 2021 mainly from the translation of MYR denominated payables and borrowings to USD due to the weakening of the MYR against the USD in 1H 2022. The foreign exchange losses in 1H 2021 were mainly attributed to the discontinuation in cash flow hedging and foreign exchange losses from OM Sarawak.

Finance costs for 1H 2022 increased by approximately 10% to US\$8.5 million (as compared to US\$7.7 million) for 1H 2021 despite a reduction in bank borrowings mainly due to the rise in interest rates in 1H 2022.

Tax expense was recorded for 1H 2022 of US\$22.0 million mainly from deferred tax liabilities of OM Sarawak as compared to a tax credit of US\$2.6 million in 1H 2021 associated with deferred tax assets in two subsidiaries.

The Group's share of results from its associates of US\$4.8 million was mainly contributed by its 13% interest in Tshipi é Ntle Manganese Mining (Pty) Ltd.

Selling prices benefited from a strong global recovery throughout 1H 2022, and was supported given the uncertainty around the global supply of ferroalloys surrounding the conflict between Ukraine and Russia. The Group has benefited from this as evidenced from the strong increase in revenue and gross profits in the current period driven by stronger prices despite lower volume of products traded and sold. The Group recorded a profit after tax of US\$60.0 million for 1H 2022 (against a profit after tax of US\$18.1 million for 1H 2021). The Group's basic and diluted profit per ordinary share for 1H 2022 was 6.69 US cents as compared to a basic and diluted earnings per share of 1.82 US cents for 1H 2021.

The Group recorded a positive EBITDA of US\$104.6 million in 1H 2022 as compared with US\$48.7 million for 1H 2021 on the back of higher product prices in the current 6 months period.

The Group's property, plant and equipment ("PPE") as at 30 June 2022 of US\$446.4 million was marginally higher than the balance of US\$444.0 million as at 31 December 2021.

As at 30 June 2022, the Group's consolidated cash position increased to US\$82.8 million (including cash collateral of US\$9.3 million) compared to US\$81.5 million (including cash collateral of US\$11.7 million) as at 31 December 2021. For 1H 2022, the net cash generated from operating activities was US\$72.1 million as compared to net cash generated of US\$34.4 million for 1H 2021.

Inventories as at 30 June 2022 of US\$248.8 million were marginally lower than the balance of US\$256.4 million as at 31 December 2021. For the six months ended 30 June 2022, a write down of inventories of US\$51.3 million (1H2021: US\$1.6 million) was recorded).

Trade and other receivables increased to US\$50.1 million as at 30 June 2022 from US\$40.9 million as at 31 December 2021 mainly due to the general increase in sales towards the end of June 2022 and receipts expected to be collected in the 3rd quarter of 2022.

Trade and other payables decreased to US\$145.7 million as at 30 June 2022 from US\$167.7 million as at 31 December 2021 mainly from settlements made to suppliers during the current period for purchases of ore and alloys transacted at the end of December 2021, and also from lower trade payables from the Australian mining subsidiary as the Mine has been placed in care and maintenance since mining activities ceased in December 2021.

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

The Group's total borrowings decreased from US\$296.8 million as at 31 December 2021 to US\$261.7 million as at 30 June 2022. The decrease was mainly attributed to repayments of the Sarawak Project Finance loans during the 6 month period ended 30 June 2022 of approximately US\$12.9 million and lower utilisation of trade financing facilities as at 30 June 2022. The Group's total borrowings to equity ratio decreased from 0.67 times as at 31 December 2021 to 0.54 times as at 30 June 2022.

The Group's net asset backing per ordinary share increased 10% to 66.34 US cents per ordinary share as at 30 June 2022 as compared to 60.23 US cents per ordinary share as at 31 December 2021.

## 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 2022 '000	As at 31 December 2021 '000	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
<b>Authorised:</b>				
Ordinary shares of US\$0.04337 (A\$0.05) (2021 – US\$0.04337 (A\$0.05)) each	2,000,000	2,000,000	87,000	87,000
<b>Issued and fully paid:</b>				
Ordinary shares of US\$0.04337 (A\$0.05) (2021 – US\$0.04337 (A\$0.05)) each as at beginning and end of period	738,623	738,623	32,035	32,035

## 8 Borrowings

	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
The Group		
<b>Non-current</b>		
Bank loans, secured (Note 8.1)	190,198	204,721
Other loans (Note 8.2)	-	10,731
	190,198	215,452
Structuring and arrangement fee	(430)	(586)
	189,768	214,866
<b>Current</b>		
Bank loans, secured (Note 8.1)	53,188	73,538
Other loans (Note 8.2)	19,107	8,814
	72,295	82,352
Structuring and arrangement fee	(359)	(425)
	71,936	81,927
<b>Total</b>	<b>261,704</b>	<b>296,793</b>

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## 8 Borrowings (Cont'd)

### 8.1 Bank loans

The Group	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Bank loans, secured [Note (a)]	1,568	6,295
Bank loans, secured [Note (b)]	241,818	271,964
	<b>243,386</b>	<b>278,259</b>
Amount repayable not later than one year	53,188	73,538
Amount repayable after one year:		
Later than one year and not later than five years	190,198	204,721
	<b>243,386</b>	<b>278,259</b>

#### Notes:

- (a) These loans are secured by a charge over land, buildings and machinery.
- (b) 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 Cahya Mata Sarawak Berhad (holds 25% effective interest in OM Materials (Sarawak) Sdn Bhd).

### 8.2 Other loans

The Group	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Shareholder loan, unsecured [Note (a)]	2,245	2,231
Shareholder loan, unsecured [Note (b)]	8,362	8,189
Third party loan, secured [Note (c)]	8,500	8,500
Third party loan, unsecured	-	625
	<b>19,107</b>	<b>19,545</b>
Amount repayable not later than one year	19,107	8,814
Amount repayable after one year:		
Later than one year and not later than five years	-	8,500
Later than five years	-	2,231
	<b>19,107</b>	<b>10,731</b>
	<b>19,107</b>	<b>19,545</b>

## 8 Borrowings (Cont'd)

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 provided to 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. The loan is repayable on 4 January 2023.

## 9 Earnings per share

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 2022 US\$'000	6 months to 30 June 2021 US\$'000
<b>Profit</b>		
Net profit attributable to owners of the Company for the purpose of:		
- basic earnings per share	49,284	13,395
- diluted earnings per share	49,284	13,395
<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

## 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 2022 US\$'000	6 months to 30 June 2021 US\$'000
Commission charged by an associate	300	119
Purchase of goods from an associate	31,866	48,689
Sales of goods to an associate	854	3,034
Commission charged to an associate	1,025	1,013

### (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 2022 US\$'000	6 months to 30 June 2021 US\$'000
Salaries, wages and other related costs	5,213	3,037
Defined contribution plans	162	185



## 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.
- (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 2022 US\$'000	6 months to 30 June 2021 US\$'000
Cash flow hedges:		
(Loss)/Gain arising during the period	(24)	2,196

### 13 Commitments

#### Capital commitments

The following table summarises the Group's capital commitments:

The Group	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Capital expenditure contracted but not provided for in the financial statements:		
- acquisition of property, plant and equipment	29,810	11,855

#### Environmental bonds

A subsidiary has environmental bonds to the value of US\$8,118,000 (A\$11,785,000) (31 December 2021 - US\$10,595,000 (A\$14,602,000)) lodged with the Northern Territory Government (Department of Industry, Tourism and Trade) to secure environmental rehabilitation commitments. The bonds are secured by US\$7,180,000 (A\$13,054,000) (31 December 2021 - US\$9,472,000 (A\$10,423,000)) of bonds issued under financing facilities and certain cash backed.

### 14 Contingencies

#### *Tourag Fatality*

On 24 August 2020 a significant wall failure in Tourag pit resulted in the fatality of an employee of OM (Manganese) Ltd. ("OMM"). The incident was immediately reported to NT Police, the Department of Industry, Tourism and Trade and NT Worksafe, with mining operations suspended immediately.

OMM has complied with all notices issued by NT Worksafe and continued to work with NT Worksafe and the Coroner to provide all information to assist with the investigation. At this stage the Coroner's inquiry is yet to be undertaken and NT Worksafe has not laid any charges.

On 30 August 2021, NT WorkSafe served the Company with a Summons to Attend Court. The case is ongoing, and an outcome is expected to be reached late 2022 / early 2023. A reliable estimate of the maximum penalty that could be levied cannot be determined at this point in time. OMM's intention is to defend the charges laid.

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