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

28 August 2023

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

Dear Sir/Madam

The Board of OM Holdings Limited ("**OMH**", or the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to provide a copy of the consolidated interim financial report and the Group Appendix 4D for the half-year ended 30 June 2023.

HIGHLIGHTS

- **Profit after tax for the half-year ended 30 June 2023 ("1H 2023") of US$19.3 million as compared to a profit after tax of US$60.0 million for the half-year ended 30 June 2022 ("1H 2022")**
- **Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") of US$49.8 million for 1H 2023 compared with US$105.1 million for 1H 2022**
- **Basic and diluted earnings per share of the Group of 2.59 US cents for 1H 2023 as compared to basic and diluted earnings per share of 6.69 US cents for 1H 2022**
- **Revenue from operating activities for 1H 2023 was US$319.7 million, representing a 31% decrease over 1H 2022 revenue from operating activities of US$466.7 million. This decrease was a result of lower average selling prices for manganese ores, ferrosilicon ("FeSi") and silicomanganese ("SiMn") despite similar total product volumes traded**
- **Gross profit margin decreased to 21.4% in 1H 2023 from 27.7% in 1H 2022. This was predominantly attributed to lower average selling prices for manganese ores, FeSi and SiMn in 1H 2023**
- **Total borrowings increased from US$254.7 million as at 31 December 2022 to US$290.2 million as at 30 June 2023 which was mainly due to drawdowns on revolving credit facilities and higher utilisation of trade financing facilities as at 30 June 2023, offset by principal repayments of the Sarawak Project Finance loans of approximately US$18.5 million in 1H 2023. As a result, total borrowings to equity ratio increased from 0.64 times as at 31 December 2022 to 0.71 times as at 30 June 2023**

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ASX Code: OMH | Bursa Code: OMH (5298)

HIGHLIGHTS (CONT'D)

- **Net cash used in operating activities of US$3.6 million for 1H 2023**
- **Consolidated cash position decreased to US$60.7 million as at 30 June 2023 compared to US$62.4 million as at 31 December 2022**
- **Net asset backing per ordinary share of the Group as at 30 June 2023 of 55.39 US cents per ordinary share, as compared to 54.26 US cents per ordinary share as at 31 December 2022**

OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

KEY DRIVERS (Tonnes)	Period Ended 30 June 2023	Period Ended 30 June 2022	Variance %
Sales volumes of Ores and Raw Materials	**525,061**	535,425	(2)
Sales volumes of Alloys	**195,553**	194,255	1

FINANCIAL RESULTS (US$ million)			
Total revenue	**319.7**	466.7	(31)
Gross profit	**68.4**	129.2	(47)
Gross profit margin (%)	**21%**	28%	
Other income	**2.0**	1.3	54
Distribution costs	**(12.9)**	(25.9)	(50)
Administrative expenses	**(7.2)**	(9.6)	(25)
Other operating expenses	**(16.1)**	(10.6)	52
Foreign exchange gain	**6.2**	1.3	>100
Finance costs	**(13.1)**	(8.5)	54
Share of results of associates(1)	**3.2**	4.8	(33)
Profit before tax	**30.5**	82.0	(63)
Income tax	**(11.2)**	(22.0)	(49)
Profit after tax	**19.3**	60.0	(68)
Non-controlling interests	**(0.2)**	(10.7)	(98)
Profit after tax attributable to owners of the Company	**19.1**	49.3	(61)

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (US$ million)	Period Ended 30 June 2023	Period Ended 30 June 2022
Profit after tax	**19.3**	60.0
Adjustments:		
Depreciation/amortisation(2)	**13.8**	14.7
Unrealised exchange (gain)/loss	**(7.1)**	0.1
Finance costs (net of income)	**12.6**	8.3
Income tax	**11.2**	22.0
Adjusted EBITDA(3)	**49.8**	105.1

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

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

(3) 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 similar industries may calculate this measure differently. Consequently, the Group's presentation of Adjusted EBITDA may not be readily comparable to other companies' disclosures.

FINANCIAL ANALYSIS

The Group recorded revenue of US$319.7 million for 1H 2023, representing a 31% decrease from US$466.7 million recorded in 1H 2022. The decrease in revenue was mainly attributed to lower average selling prices of ore and alloys in 1H 2023, despite similar total volumes of ores and alloys traded.

Average selling prices in 1H 2023 were significantly lower as compared to 1H 2022 mainly due to the high prices in 1H 2022, driven by the strong global recovery from the COVID-19 pandemic, and the uncertainty caused by the conflict between Ukraine and Russia. The impact of these factors subsided across 2H 2022, and the suppressed demand from steel mills amid higher energy costs and the weakening global steel market has caused a decrease in prices since the second half of 2022 and carrying forward into 1H 2023.

Platts reported that prices of FeSi continued its downwards trend since late 2022 into the first half of 2023, with prices decreasing from US$1,630 per metric tonne CIF Japan at the end of December 2022, to US$1,550 per tonne CIF Japan at the end of March 2023, and further declining to close at US$1,440 per tonne CIF Japan at the end of June 2023. The prices of SiMn in 1H 2023 also followed the same trajectory as FeSi. SiMn prices declined from US$1,030 per metric tonne CIF Japan at the end of December 2022, to US$1,010 per tonne CIF Japan at the end of March 2023, and further declined to US$935 per tonne CIF Japan at the end of June 2023.

As an indication, the index manganese ore prices (44% Mn published by Fastmarkets MB) increased from US$5.13/dmtu CIF China at the end of December 2022, to US$5.30/dmtu CIF China at the end of March 2023, before decreasing by 14.3% to close at US$4.54/dmtu CIF China at the end of June 2023.

As a result of the above, the Group recorded a lower gross profit of US$68.4 million in 1H 2023 (with a gross profit margin of 21%) as compared to a gross profit of US$129.2 million in 1H 2022 (with a gross profit margin of 28%).

Total distribution costs decreased by approximately 50% in 1H 2023, despite a marginal 1% decrease in total volume of products traded in 1H 2023 as compared to 1H 2022. This was mainly due to the elevated freight rates in 1H 2022, which peaked in mid-2022 and have since gradually declined.

Administrative expenses for 1H 2023 decreased by approximately 25% to US$7.2 million as compared to 1H 2022 of US$9.6 million mainly due to lower staff costs, as there was a higher provision for profit sharing as a result of stronger 1H 2022 performance, and a one-off retrenchment benefit paid out in 1H 2022 as a result of the stoppage in operations of the plant in Qinzhou China in 1H 2022.

Other operating expenses increased to US$16.1 million in 1H 2023 from US$10.6 million in 1H 2022 mainly due to a US$5.9 million write-off of property, plant and equipment as a result of the dismantling of assets arising from the ongoing major maintenance works by OM Sarawak.

Foreign exchange gains of US$6.2 million were recorded in 1H 2023 as compared to foreign exchange gains of US$1.3 million in 1H 2022 mainly from the translation of Malaysian Ringgit (“MYR”) denominated payables to United States dollar (“USD”) due to the weakening of the MYR against the USD in 1H 2023.

Finance costs for 1H 2023 increased by approximately 54% to US$13.1 million (as compared to US$8.5 million for 1H 2022) mainly due to higher interest rates in 1H 2023.

The Group’s share of results from its associates of US$3.2 million was mainly contributed by its 13% interest in Tshipi é Ntle Manganese Mining (Pty) Ltd.

Income tax expense decreased by 49% to US$11.2 million in 1H 2023 as compared to 1H 2022, mainly due to the lower pre-tax profits.

In the backdrop of weaker global economic activities and declining prices, the Group recorded a profit after tax of US$19.3 million for 1H 2023 (against a profit after tax of US$60.0 million for 1H 2022). The Group's basic and diluted profit per ordinary share for 1H 2023 was 2.59 US cents as compared to basic and diluted earnings per share of 6.69 US cents for 1H 2022.

The Group recorded a lower positive EBITDA of US$49.5 million in 1H 2023 as compared with US$104.6 million for 1H 2022, due to the lower product prices.

Results Contributions

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

US$ million	**Period ended 30 June 2023**		**Period ended 30 June 2022**	
	Revenue*	**Contribution**	Revenue*	Contribution
Mining	**–**	**(3.0)**	20.5	(2.3)
Smelting	**202.0**	**38.9**	370.6	79.2
Marketing, logistics and trading	**292.1**	**3.0**	382.1	11.0
Others	**23.3**	**1.0**	22.1	(2.4)
Net profit before finance costs		**39.9**		85.5
Finance costs (net of income)		**(12.6)**		(8.3)
Share of results of associates		**3.2**		4.8
Profit before tax		**30.5**		82.0

** 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 is 100% owned and operated by the Company's wholly owned subsidiary OM (Manganese) Ltd ("**OMM**"). Mining activities ceased in December 2021 and the processing plant also 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. The last shipment of products was in 1H 2022.

As a result, there was no revenue in 1H 2023, and OMM recorded a negative contribution of US$3.0 million for the period ended 30 June 2023.

The review of the Ultra Fines Plant ("UFP") rectification plan and the financial model is ongoing. Evaluations are continuing to determine the most appropriate and optimal production and timing outcomes.

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 smelting segment recorded revenue of US$202.0 million for 1H 2023 as compared to US$370.6 million for 1H 2022. The decrease in revenue was mainly due to lower average prices for ferroalloy sales in 1H 2023. The Group produced 59,598 tonnes, 122,927 tonnes and 72,342 tonnes of FeSi, manganese alloys and manganese sinter ore respectively in 1H 2023 (1H 2022: 68,929 tonnes, 121,307 tonnes and 56,093 tonnes of FeSi, manganese alloys and manganese sinter ore respectively).

OMQ suspended its operations since December 2021 due to elevated power-tariffs from power rationing imposed by the government authorities in China. In May 2023, the Group committed to a plan to sell 90% of OMQ, a wholly owned subsidiary of the Group, held by OM Materials (S) Pte Ltd ("OMS"). OMS has entered into preliminary discussions with a third party, who has expressed an interest to acquire 90% of OMQ. Due diligence by the third party is ongoing and the proposed sale is expected to be completed within 12 months from May 2023.

The smelting segment recorded a lower contribution of US$38.9 million for 1H 2023 as compared to US$79.2 million for 1H 2022 predominantly due to the lower prices for ferroalloys, particularly FeSi and SiMn, which resulted in lower margins.

Marketing, logistics and trading

Revenue from the Group's trading operations decreased by 24%, from US$382.1 million for 1H 2022 to US$292.1 million for 1H 2023. This decrease was primarily due to lower average prices of ores and ferroalloys traded in 1H 2023, despite relatively similar total volume of products sold. Correspondingly, the profit contribution from the Group's trading operations also decreased to US$3.0 million in the current period as compared to US$11.0 million in 1H 2022.

Others

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

The revenue recognised in this segment mainly relates to procurement fees, logistics services and other services rendered by certain subsidiaries of the Group. The positive contribution of this segment of US$1.0 million in 1H 2023 as compared to a negative contribution of US$2.4 million in 1H 2022, was mainly due to lower administrative expenses as there was a higher provision for profit sharing in 1H 2022 as a result of stronger financial performance of the Group in 1H 2022.

FINANCIAL POSITION

The Group's property, plant and equipment ("PPE") as at 30 June 2023 decreased to US$436.4 million from US$445.6 million as at 31 December 2022 mainly due to PPE depreciation charge, reclassification of OMQ's previous PPE to "Assets held for sale", and write-off of PPE arising from ongoing furnace major maintenance works by OM Sarawak, offset by PPE additions for the period.

The Group's consolidated cash position decreased to US$60.7 million (including cash collateral of US$9.0 million) as at 30 June 2023 as compared to US$62.4 million (including cash collateral of US$9.1 million) as at 31 December 2022. For 1H 2023, the net cash used in operating activities was US$3.6 million as compared to net cash generated of US$72.1 million for 1H 2022.

Inventories as at 30 June 2023 of US$285.8 million was higher than the inventories balance of US$235.4 million as at 31 December 2022 mainly due to a US$35.1 million write-back of previously written-down inventories. The write-back was due to a higher estimated net realisable value of inventories as at 30 June 2023.

There were no significant changes to trade and other receivables as at 30 June 2023 as compared to 31 December 2022.

Trade and other payables decreased to US$171.9 million as at 30 June 2023 from US$180.9 million as at 31 December 2022 mainly from settlements made to suppliers during the current period for purchases of ore and alloys transacted at the end of December 2022, and also from lower trade purchases in general in 1H 2023.

The Group's total borrowings increased from US$254.7 million as at 31 December 2022 to US$290.2 million as at 30 June 2023. The increase was mainly attributed to the drawdowns on revolving credit facilities and higher utilisation of trade financing facilities as at 30 June 2023, offset by repayments of the Sarawak Project Finance loans of approximately US$18.5 million in 1H 2023. As a result, the Group's total borrowings to equity ratio increased from 0.64 times as at 31 December 2022 to 0.71 times as at 30 June 2023.

With the committed plan to sell 90% of OMQ, in accordance with International Financial Reporting Standards, the assets and liabilities of OMQ were classified as "Assets held for sale" and "Liabilities directly associated with assets held for sale" respectively in the Consolidated Statement of Financial Position as at 30 June 2023.

The Group's net asset backing per ordinary share increased by 2% to 55.39 US cents per ordinary share as at 30 June 2023 as compared to 54.26 US cents per ordinary share as at 31 December 2022.

Capital Structure

As at 30 June 2023, the Company had on issue 738,623,337 ordinary shares.

As at 24 August 2023, a total of 103,042,686 shares were listed on Bursa Malaysia and 635,580,651 shares were listed on the Australian Securities Exchange.

Taking the Company's dividend policy into consideration, the Board has resolved that there will be no interim dividend declared for 1H 2023.

INVESTMENT IN NTSIMBINTLE MINING PROPRIETARY LIMITED

OMH has an effective 13% interest in Tshipi through its 26% strategic partnership with Ntsimbintle Holdings Proprietary Limited.

OMH (26%) and Ntsimbintle Holdings Proprietary Limited (74%) are shareholders in Ntsimbintle Mining Proprietary Limited ("NMPL"). NMPL holds a 50.1% interest in 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 capacity of 3.3 to 3.6 million tonnes per annum.

The Group equity accounts its 13% effective interest in Tshipi's results which equated to a contribution of US$3.2 million for 1H 2023 compared to US$4.8 million for 1H 2022.

In February 2023, Tshipi declared and paid a dividend of ZAR 750 million (approximately US$43.1 million) to its two shareholders. The Group received its share of this dividend of ZAR 99 million (approximately US$5.3 million, before withholding tax) from NMPL in March 2023. The Group's share of profit from NMPL for 1H 2023 was US$3.2 million (1H 2022: US$4.8 million).

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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Email: investor.relations@ommaterials.com

OM HOLDINGS LIMITED

A.R.B.N 081 028 337

Malaysian Registration No. 202002000012 (995782-P)

Appendix 4D

Half Yearly Report

For the period ended 30 June 2023

(previous corresponding period being the period ended 30 June 2022)

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 2023

Name of Entity:	OM Holdings Limited	
ARBN:	081 028 337	
Malaysian Registration No:	202002000012 (995782-P)	
1. Details of the current and prior reporting period		
Current Period:	1 Jan 2023 to 30 Jun 2023	
Prior Period:	1 Jan 2022 to 30 Jun 2022	
2. Results for announcement to the market		
	US$'000	**US$'000**
2.1 Revenue	Down 146,903 to	319,748
2.2 Profit after taxation	Down 40,671 to	19,318
2.3 Net profit for the period attributable to owners of the Company	Down 30,174 to	19,110
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	
3. Consolidated statement of comprehensive income	Refer Interim consolidated financial statements	
4. Consolidated statements of financial position	Refer Interim consolidated financial statements	
5. Consolidated statement of cash flows	Refer Interim consolidated financial statements	
6. Details of dividends or distributions	N/A	
7. Consolidated statement of changes in equity	Refer Interim consolidated financial statements	
	Current Period US$	Previous Corresponding Period (31 December 2022) US$
8. Net asset backing per ordinary security	**55.39 cents**	54.26 cents

9. Control gained over entities during the period	N/A	
10. Other matters	Refer Interim consolidated financial statements	
11. Accounting Standards used by foreign entities	N/A	
12. Commentary on the result for the period		
	Current Period US$	Previous Corresponding Period US$
12.1 Profit per share	**2.59 cents**	6.69 cents
12.2 Segment results	Refer Interim consolidated financial statements	
13. Status of audit or review	The accounts have been subject to review	
14. Dispute or qualification – account not yet audited	N/A	
15. Qualifications of audit/review	N/A	

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

Interim consolidated financial statements
For the six months ended 30 June 2023

This interim consolidated financial statements does not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022 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") and Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Rules.

Contents

Directors' statement

The Directors present their statement and the interim consolidated financial statements of OM Holdings Limited (the "Company") and its controlled entities (together the "Group") for the six months ended 30 June 2023.

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 2023 and the financial performance, changes in equity and cash flows of the Group for the six months 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 consolidated financial statements for issue.

DIRECTORS

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

Low Ngee Tong	(Executive Chairman and Chief Executive Officer)
Zainul Abidin Rasheed	(Independent Deputy Chairman)
Julie Anne Wolseley	(Non-Executive Director and Joint Company Secretary)
Tan Peng Chin	(Independent Non-Executive Director)
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$19.1 million for the six months ended 30 June 2023, compared with a consolidated net profit after tax and non-controlling interests of US$49.3 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 and Chief Executive Officer
Singapore

Dated: 28 AUG 2023

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 2023, 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 interim 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 interim consolidated financial information does not give a true and fair view of the financial position of the Group as at 30 June 2023, 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

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,
28 August 2023

Consolidated statement of financial position

	Note	30 June 2023 US$'000	31 December 2022 US$'000
Assets			
Non-Current			
Property, plant and equipment		436,360	445,556
Land use rights		5,573	6,533
Exploration and evaluation costs		2,474	2,255
Mine development costs		1,595	1,878
Investment property		423	427
Right-of-use assets		2,981	4,163
Deferred tax assets		12,370	12,578
Interests in associates		77,136	80,875
		538,912	554,265
Current			
Inventories		285,783	235,415
Trade and other receivables		33,080	31,783
Capitalised contract costs		668	538
Prepayments		2,852	1,620
Cash and bank balances		60,705	62,383
		383,088	331,739
Assets held for sale	14	8,244	–
		391,332	331,739
Total assets		930,244	886,004
Equity			
Capital and Reserves			
Share capital	7	32,035	32,035
Treasury shares		(2,058)	(2,058)
Reserves	11	374,371	366,133
		404,348	396,110
Non-controlling interests		3,725	3,624
Total equity		408,073	399,734
Liabilities			
Non-Current			
Borrowings	8	163,256	204,817
Lease liabilities		984	1,753
Trade and other payables		43,498	54,323
Provisions		4,677	4,778
Deferred tax liabilities		27,862	18,393
Deferred capital grant		6,848	7,131
		247,125	291,195
Current			
Borrowings	8	126,977	49,923
Lease liabilities		1,512	1,757
Trade and other payables		128,418	126,604
Provisions		–	188
Deferred capital grant		567	567
Contract liabilities		13,541	10,536
Income tax payables		3,809	5,500
		274,824	195,075
Liabilities directly associated with assets held for sale	14	222	–
		275,046	195,075
Total liabilities		522,171	486,270
Total equity and liabilities		930,244	886,004

Consolidated statement of comprehensive income

	Note	6 months to 30 June 2023 US$'000	6 months to 30 June 2022 US$'000
Revenue	5	**319,748**	466,651
Cost of sales		**(251,351)**	(337,413)
Gross profit		**68,397**	129,238
Other income		**1,959**	1,325
Distribution costs		**(12,893)**	(25,874)
Administrative expenses		**(7,226)**	(9,618)
Other operating expenses		**(16,080)**	(10,624)
Foreign exchange gain		**6,218**	1,254
Finance costs		**(13,091)**	(8,461)
Profit from operations		**27,284**	77,240
Share of results of associates		**3,179**	4,777
Profit before tax		**30,463**	82,017
Income tax		**(11,145)**	(22,028)
Profit after tax		**19,318**	59,989
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from foreign subsidiaries (attributable to owners of the company)		**(3,544)**	(3,972)
Cash flow hedges	12	**(24)**	(24)
		(3,568)	(3,996)
Items that will not be reclassified subsequently to profit or loss			
Currency translation differences arising from foreign subsidiaries (attributable to non-controlling interests)		**(107)**	(380)
Other comprehensive income for the period, net of tax		**(3,675)**	(4,376)
Total comprehensive income for the period		**15,643**	55,613
Profit attributable to:			
Owners of the Company		**19,110**	49,284
Non-controlling interests		**208**	10,705
		19,318	59,989
Total comprehensive income attributable to:			
Owners of the Company		**15,542**	45,294
Non-controlling interests		**101**	10,319
		15,643	55,613
Earnings per share		**Cents**	Cents
- Basic	9	**2.59**	6.69
- Diluted	9	**2.59**	6.69

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 2023	32,035	(2,058)	156,920	7,922	(10,947)	272	(40,139)	252,105	396,110	3,624	399,734
Profit for the period	–	–	–	–	–	–	–	19,110	19,110	208	19,318
Other comprehensive income for the period	–	–	–	–	–	(24)	(3,544)	–	(3,568)	(107)	(3,675)
Total comprehensive income for the period	–	–	–	–	–	(24)	(3,544)	19,110	15,542	101	15,643
Dividends	–	–	–	–	–	–	–	(7,304)	(7,304)	–	(7,304)
Transactions with owners	–	–	–	–	–	–	–	(7,304)	(7,304)	–	(7,304)
Transfer to statutory reserve	–	–	–	405	–	–	–	(405)	–	–	–
At 30 June 2023	32,035	(2,058)	156,920	8,327	(10,947)	248	(43,683)	263,506	404,348	3,725	408,073

	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 income for the period	–	–	–	–	–	(18)	(3,972)	–	(3,990)	(386)	(4,376)
Total comprehensive income for the period	–	–	–	–	–	(18)	(3,972)	49,284	45,294	10,319	55,613
Dividends	–	–	–	–	–	–	–	(10,260)	(10,260)	(337)	(10,597)
Transactions with owners	–	–	–	–	–	–	–	(10,260)	(10,260)	(337)	(10,597)
Transfer to statutory reserve	–	–	–	206	52	–	12	(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

Consolidated statement of cash flows

	6 months to 30 June 2023 US$'000	6 months to 30 June 2022 US$'000
Cash Flows from Operating Activities		
Profit before tax	30,463	82,017
Adjustments for:		
Amortisation of land use rights	69	72
Amortisation of deferred capital grant	(283)	(281)
Amortisation of mine development costs	245	202
Depreciation of property, plant and equipment	12,548	13,152
Depreciation of right-of-use assets	950	1,292
Depreciation of investment property	4	4
Write off of property, plant and equipment	5,924	61
Reclassification from hedging reserve to profit or loss	(24)	(24)
Interest expense	13,091	8,461
Interest income	(505)	(187)
Share of results of associates	(3,179)	(4,777)
Operating profit before working capital changes	59,303	99,992
(Increase)/decrease in inventories	(51,028)	8,016
Increase in trade receivables	(1,188)	(11,453)
Increase in capitalised contract cost	(130)	(869)
(Increase)/decrease in prepayments, deposits and other receivables	(1,333)	3,027
Increase/(decrease) in contract liabilities	3,006	(1,177)
Decrease in trade payables	(10,815)	(15,735)
Increase/(decrease) in other payables and accruals	1,948	(3,356)
Decrease in provisions	(101)	(2,044)
Cash (used in)/generated from operations	(338)	76,401
Income tax paid	(3,256)	(4,320)
Net cash (used in)/generated from operating activities	(3,594)	72,081
Cash Flows from Investing Activities		
Payments for exploration and evaluation costs	(264)	(104)
Purchase of property, plant and equipment	(17,956)	(18,123)
Purchase of right-of-use assets	(12)	–
Dividend received from an associate	5,309	3,956
Interest received	505	187
Net cash used in investing activities	(12,418)	(14,084)
Cash Flows from Financing Activities		
Repayments of bank and other loans (Note A)	(18,596)	(36,853)
Proceeds from bank and other loans (Note A)	54,718	1,541
Principal repayment of lease liabilities (Note A)	(968)	(1,432)
Decrease in cash collateral	130	2,482
Dividends paid	(7,278)	(10,597)
Interest paid (Note A)	(12,854)	(8,133)
Net cash generated from/(used in) financing activities	15,152	(52,992)
Net (decrease)/increase in cash and cash equivalents	(860)	5,005
Cash and cash equivalents at beginning of period	53,262	69,793
Exchange differences on translation of cash and cash equivalents at beginning of period	(688)	(1,267)
Cash and cash equivalents at end of period	51,714	73,531

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			
	1 January 2023 US$'000	Cash inflows US$'000	Cash outflows US$'000	Interest paid US$'000	New leases US$'000	Foreign exchange difference US$'000	Interest expense US$'000	30 June 2023 US$'000
Lease liabilities	**3,510**	**-**	**(968)**	**(71)**	**28**	**(74)**	**71**	**2,496**
Borrowings - bank and other loans	**254,740**	**54,718**	**(18,596)**	**-**	**-**	**(786)**	**157**	**290,233**
Trade and other payables								
- Interest payables	**103**	**-**	**-**	**(12,783)**	**-**	**-**	**12,863**	**183**
				(12,854)			**13,091**	

		Cash flows			Non-cash changes				
	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	30 June 2022 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
				(8,133)				8,461	

Notes to the interim consolidated financial statements

1 Nature of operations

The interim consolidated financial statements of OM Holdings Limited ("the Company") and its subsidiaries ("the Group") for the period ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 28 August 2023.

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

- processing and sales of ferrosilicon, manganese alloys, silicon metal and manganese sinter ore
- development and operation of smelters and sintering projects in Malaysia
- trading of ore, ferrosilicon, manganese alloys and silicon metal
- exploration of manganese ore
- 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 2023 and are presented in United States Dollar (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 2022.

OM Holdings Limited is the ultimate parent company of the Group. 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 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 2022, except for the adoption of new standards effective as of 1 January 2023. The adoption of these new standards does not result in significant changes to the Group's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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 and records any material realisable valuation adjustments accordingly. For the six months ended 30 June 2023, the Group recorded a US$35.1 million reversal of previously written-down inventories (1H 2022: a write-down of US$51.2 million).

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.

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 entitles in the Group are determined based on management's assessment of the economic environment in which the entitles 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

For management purposes, the Group is organised into the following reportable operating segments:

- *mining* - exploration of manganese ore
- *smelting* - production of ferrosilicon, manganese alloys, silicon metal and manganese sinter ore
- *marketing and trading* - trading of manganese ore, ferrosilicon, manganese alloys, silicon metal and manganese sinter 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[1]	Total
6 months to 30 June 2023	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Revenue					
From external customers	**–**	**80,560**	**239,165**	**23**	**319,748**
Inter-segment sales	**–**	**121,442**	**52,911**	**23,270**	**197,623**
Segment revenues	**–**	**202,002**	**292,076**	**23,293**	**517,371**
Reportable segment (loss)/profit	**(2,994)**	**38,847**	**3,022**	**995**	**39,870**
Reportable segment assets as at 30 June 2023	**46,018**	**736,698**	**67,006**	**80,522[2]**	**930,244**
6 months to 30 June 2022					
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
Reportable segment (loss)/profit	(2,324)	79,227	11,039	(2,428)	85,514
Reportable segment assets as at 30 June 2022	48,521	716,219	88,726	89,388[2]	942,854

1 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.

2 Amount includes interests in associates of US$77,136,000. (30 June 2022: US$82,844,000)

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

	6 months to 30 June 2023 US$'000	6 months to 30 June 2022 US$'000
Reportable segment profit	**39,870**	85,514
Share of result of associates	**3,179**	4,777
Finance costs	**(13,091)**	(8,461)
Interest income	**505**	187
Group's profit before tax	**30,463**	82,017

6 Analysis of selected items of the interim consolidated financial statements

The Group recorded revenue of US$319.7 million for 1H 2023, representing a 31% decrease from US$466.7 million recorded in 1H 2022. The decrease in revenue was mainly attributed to lower average selling prices of ore and alloys in 1H 2023, despite similar total volumes of ores and alloys traded.

Average selling prices in 1H 2023 were significantly lower as compared to 1H 2022 mainly due to the high prices in 1H 2022, driven by the strong global recovery from the COVID-19 pandemic, and the uncertainty caused by the conflict between Ukraine and Russia. The impact of these factors subsided across 2H 2022, and the suppressed demand from steel mills amid higher energy costs and the weakening global steel market has caused a decrease in prices since the second half of 2022 and carrying forward into 1H 2023.

Platts reported that prices of FeSi continued its downwards trend since late 2022 into the first half of 2023, with prices decreasing from US$1,630 per metric tonne CIF Japan at the end of December 2022, to US$1,550 per tonne CIF Japan at the end of March 2023, and further declining to close at US$1,440 per tonne CIF Japan at the end of June 2023. The prices of SiMn in 1H 2023 also followed the same trajectory as FeSi. SiMn prices declined from US$1,030 per metric tonne CIF Japan at the end of December 2022, to US$1,010 per tonne CIF Japan at the end of March 2023, and further declined to US$935 per tonne CIF Japan at the end of June 2023.

As an indication, the index manganese ore prices (44% Mn published by Fastmarkets MB) increased from US$5.13/dmtu CIF China at the end of December 2022, to US$5.30/dmtu CIF China at the end of March 2023, before decreasing by 14.3% to close at US$4.54/dmtu CIF China at the end of June 2023.

As a result of the above, the Group recorded a lower gross profit of US$68.4 million in 1H 2023 (with a gross profit margin of 21%) as compared to a gross profit of US$129.2 million in 1H 2022 (with a gross profit margin of 28%).

Total distribution costs decreased by approximately 50% in 1H 2023, despite a marginal 1% decrease in total volume of products traded in 1H 2023 as compared to 1H 2022. This was mainly due to the elevated freight rates in 1H 2022, which peaked in mid-2022 and have since gradually declined.

Administrative expenses for 1H 2023 decreased by approximately 25% to US$7.2 million as compared to 1H 2022 of US$9.6 million mainly due to lower staff costs, as there was a higher provision for profit sharing as a result of stronger 1H 2022 performance, and a one-off retrenchment benefit paid out in 1H 2022 as a result of the stoppage in operations of the plant in Qinzhou China in 1H 2022.

Other operating expenses increased to US$16.1 million in 1H 2023 from US$10.6 million in 1H 2022 mainly due to a US$5.9 million write-off of property, plant and equipment as a result of the dismantling of assets arising from the ongoing major maintenance works by OM Sarawak.

Foreign exchange gains of US$6.2 million were recorded in 1H 2023 as compared to foreign exchange gains of US$1.3 million in 1H 2022 mainly from the translation of Malaysian Ringgit ("MYR") denominated payables to United States Dollar ("USD") due to the weakening of the MYR against the USD in 1H 2023.

Finance costs for 1H 2023 increased by approximately 54% to US$13.1 million (as compared to US$8.5 million) for 1H 2022 mainly due to higher interest rates in 1H 2023.

The Group's share of results from its associates of US$3.2 million was mainly contributed by its 13% interest in Tshipi é Ntle Manganese Mining (Pty) Ltd.

Income tax expense decreased by 49% to US$11.1 million in 1H 2023 as compared to 1H 2022, mainly due to the lower pre-tax profits.

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

In the backdrop of weaker global economic activities and declining prices, the Group recorded a profit after tax of US$19.3 million for 1H 2023 (against a profit after tax of US$60.0 million for 1H 2022). The Group's basic and diluted profit per ordinary share for 1H 2023 was 2.59 US cents as compared to basic and diluted earnings per share of 6.69 US cents for 1H 2022.

The Group recorded a lower positive EBITDA of US$49.5 million in 1H 2023 as compared with US$104.6 million for 1H 2022, due to the lower product prices.

The Group's property, plant and equipment ("PPE") as at 30 June 2023 decreased to US$436.4 million from US$445.6 million as at 31 December 2022 mainly due to PPE depreciation charge, reclassification of the previous PPE of OM Materials (Qinzhou) Co Ltd ("OMQ") to "Assets held for sale", and write-off of PPE arising from ongoing furnace major maintenance works by OM Sarawak, offset by PPE additions for the period.

The Group's consolidated cash position decreased to US$60.7 million (including cash collateral of US$9.0 million) as at 30 June 2023 as compared to US$62.4 million (including cash collateral of US$9.1 million) as at 31 December 2022. For 1H 2023, the net cash used in operating activities was US$3.6 million as compared to net cash generated of US$72.1 million for 1H 2022.

Inventories as at 30 June 2023 of US$285.8 million was higher than the inventories balance of US$235.4 million as at 31 December 2022 mainly due to a US$35.1 million write-back of previously written-down inventories. The write-back was due to a higher estimated net realisable value of inventories as at 30 June 2023.

There were no significant changes to trade and other receivables as at 30 June 2023 as compared to 31 December 2022.

Trade and other payables decreased to US$171.9 million as at 30 June 2023 from US$180.9 million as at 31 December 2022 mainly from settlements made to suppliers during the current period for purchases of ore and alloys transacted at the end of December 2022, and also from lower trade purchases in general in 1H 2023.

The Group's total borrowings increased from US$254.7 million as at 31 December 2022 to US$290.2 million as at 30 June 2023. The increase was mainly attributed to the drawdowns on revolving credit facilities and higher utilisation of trade financing facilities as at 30 June 2023, offset by repayments of the Sarawak Project Finance loans of approximately US$18.5 million in 1H 2023. As a result, the Group's total borrowings to equity ratio increased from 0.64 times as at 31 December 2022 to 0.71 times as at 30 June 2023.

In May 2023, the Group committed to a plan to sell 90% of OMQ, a wholly owned subsidiary of the Group, held by OM Materials (S) Pte Ltd ("OMS"). OMS has entered into preliminary discussions with a third party, who has expressed an interest to acquire 90% of OMQ. Due diligence by the third party is ongoing and the proposed sale is expected to be completed within 12 months from May 2023. With the committed plan to sell 90% of OMQ, in accordance with International Financial Reporting Standards, the assets and liabilities of OMQ are classified as "Assets held for sale" and "Liabilities directly associated with assets held for sale" respectively in the Consolidated Statement of Financial Position as at 30 June 2023.

The Group's net asset backing per ordinary share increased by 2% to 55.39 US cents per ordinary share as at 30 June 2023 as compared to 54.26 US cents per ordinary share as at 31 December 2022.

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 2023 '000	As at 31 December 2022 '000	**As at 30 June 2023 US$'000**	As at 31 December 2022 US$'000
Authorised:				
Ordinary shares of A$0.05 (2022 – A$0.05) each	**2,000,000**	2,000,000		
Issued and fully paid:				
Ordinary shares of US$0.04337 (A$0.05) (2022 - US$0.04337 (A$0.05)) each as at beginning and end of period	**738,623**	738,623	**32,035**	32,035

8 Borrowings

The Group	**As at 30 June 2023 US$'000**	As at 31 December 2022 US$$'000
Non-current		
Bank loans, secured (Note 8.1)	**142,923**	175,675
Other borrowings (Note 8.2)	**20,535**	29,452
	163,458	205,127
Structuring and arrangement fee	**(202)**	(310)
	163,256	204,817
Current		
Bank loans, secured (Note 8.1)	**118,705**	50,200
Other borrowings (Note 8.2)	**8,500**	–
	127,205	50,200
Structuring and arrangement fee	**(228)**	(277)
	126,977	49,923
Total	**290,233**	254,740

8 Borrowings (Cont'd)

8.1 Bank loans

The Group	As at 30 June 2023 US$'000	As at 31 December 2022 US$'000
Bank loans, secured [Note (a)]	**8,265**	2,976
Bank loans, secured [Note (b)]	**223,363**	222,899
Bank loans, secured [Note (c)]	**30,000**	–
	261,628	225,875
Amount repayable not later than one year	**118,705**	50,200
Amount repayable after one year:		
Later than one year and not later than five years	**142,923**	175,675
	261,628	225,875

Notes:

(a) These loans are secured by a charge over certain Buildings and infrastructure, Plant and machinery, land use rights, and a corporate guarantee from a wholly owned subsidiary.

(b) These loans are secured by:

- shares of OM Materials (Sarawak) Sdn Bhd, a company incorporated in Malaysia;
- a charge over its property, plant and equipment;
- 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

(c) This revolving credit facility is secured by a limited deed of debenture and a corporate guarantee from OM Holdings Limited.

8.2 Other borrowings

The Group	As at 30 June 2023 US$'000	As at 31 December 2022 US$'000
Bonds, unsecured [Note (a)]	**20,535**	20,952
Third party loan, secured [Note (b)]	**8,500**	8,500
	29,035	29,452
Amount repayable not later than one year	**8,500**	–
Amount repayable after one year:		
Later than one year and not later than five years	**20,535**	29,452
	29,035	29,452

8 Borrowings (Cont'd)

8.2 Other borrowings (Cont'd)

Notes:

(a) The bonds issued by a wholly owned subsidiary of A$30,926,000 in November 2022 are unsecured and are due for full repayment in 2025. Coupon of 10% is paid semi-annually in arrears on 30 May and 30 November each year, commencing on 30 May 2023 and continuing throughout the 3 years term. The subsidiary has the right to redeem the outstanding principal amount together with unpaid accrued interest, on or after the second anniversary of the issue date with prior written notice.

(b) The loan is secured by a corporate guarantee from OM Holdings Limited. In December 2022, the repayment date was extended to 4 January 2024.

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 2023 US$'000	6 months to 30 June 2022 US$'000
Profit		
Net profit attributable to owners of the Company for the purpose of:		
- basic earnings per share	**19,110**	49,284
- diluted earnings per share	**19,110**	49,284
Number of shares	'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 2023 US$'000	6 months to 30 June 2022 US$'000
(a) Trading and other transactions		
Commission charged by an associate	(223)	(300)
Purchase of goods from an associate	(46,621)	(31,866)
Sales of goods to an associate	-	854
Commission charged to an associate	946	1,025
(b) Key management personnel		
Interest expense on bonds invested by key management personnel	249	-

(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 2023 US$'000	6 months to 30 June 2022 US$'000
Salaries, wages and other related costs	3,008	5,213
Defined contribution plans	213	162

11 Other components of equity

(i) 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.

(ii) 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.

11 Other components of equity (Cont'd)

(iii) Capital reserve relates to:
a) Difference between the consideration paid and the carrying amount of the non-controlling interests acquired, and
b) 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.

(iv) 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.

(v) 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.

(vi) Retained earnings comprise the distributable reserves recognised 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 2023 US$'000**	6 months to 30 June 2022 US$'000
Cash flow hedges:		
Loss arising during the period	**(24)**	(24)

13 Commitments

Capital commitments

The following table summarises the Group's capital commitments:

The Group	**As at 30 June 2023 US$'000**	As at 31 December 2022 US$'000
Capital expenditure contracted but not provided for in the financial statements:		
- acquisition of property, plant and equipment	**9,101**	29,810

Environmental bonds

A subsidiary has environmental bonds to the value of US$7,825,000 (2022 - US$7,984,000) lodged with the Northern Territory Government (Department of Industry, Tourism and Trade) to secure environmental rehabilitation commitments. The US$7,825,000 (2022 - US$7,984,000) of bonds are secured by US$6,921,000 (2022 - US$7,062,000) of bonds issued under financing facilities and certain cash backed arrangements.

14 Assets held for sale and liabilities directly associated with assets held for sale

In May 2023, the Group committed to a plan to sell 90% of OM Materials Qinzhou Co Ltd ("OMQ"), a wholly owned subsidiary of the Group, held by OM Materials (S) Pte Ltd ("OMS"). OMS has entered into preliminary discussions with a third party, who has expressed an interest to acquire 90% of OMQ. Due diligence by the third party is ongoing and the proposed sale is expected to be completed within 12 months from May 2023.

As at 30 June 2023, the disposal group comprised assets of US$8,244,000 less liabilities of US$222,000, detailed as follows:

	As at 30 June 2023 US$'000
Assets	
Property, plant and equipment	5,854
Land use rights	847
Inventories	1,536
Trade and other receivables	7
	8,244
Liabilities	
Trade and other payables	222

15 Contingencies

Tourag Fatality

On 24 August 2020 a significant wall failure in Tourag pit resulted in the death 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 the Northern Territory Coroner to provide all information to assist with their investigations.

On 30 August 2021, NT WorkSafe served OMM with a summons to attend court, charging OMM with contraventions of Division 5 of the Work Health and Safety (National Uniform Legislation) Act 2011 (NT) ("Act"). OMM has indicated its intention to enter a guilty plea to a "Category Two" failure to comply with a work health and safety duty, contrary to section 32 of the Act. The maximum penalty for this offence is A$1.5 million. A final outcome is expected by the end of 2023.

Construction claim

On 8 July 2022, one of the subsidiaries of the Group received a claim for the sum of approximately MYR 30 million (equivalent to approximately US$6,423,000) and costs in respect of a construction project. As at the date of this report, no determination has been made of the possible outcome.