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

28 February 2017

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 announce the financial statement for the year ended 31 December 2016. A copy of the Group's Appendix 4E and consolidated financial statements for the financial year ended 31 December 2016 are attached to this announcement.

HIGHLIGHTS

- **Revenue from ordinary activities for the year ended 31 December 2016 ("FY2016") was A$414.2 million, representing a 22% increase on the year ended 31 December 2015 ("FY2015") (where revenue from ordinary activities was A$338.5 million). This increase was underpinned by higher tonnages of alloys traded, and a strong rebound in prices of manganese ore.**
- **Gross profit margin improved to 14.5% in FY2016. This was predominantly attributed to stronger ore prices, the run-down of existing OM (Manganese) Ltd ("OMM") ore and manganese alloys from our China subsidiaries, and higher volume and margin of ferrosilicon traded from the production of our OM Materials (Sarawak) Sdn Bhd ("OM Sarawak") smelter.**
- **Foreign Exchange ("FOREX") losses of A$46.3 million contributed significantly to the Group's loss for the year of A$33.6 million. The FOREX losses were mainly attributed to the foreign exchange hedging contracts required by the financing banks under the OM Sarawak project finance facility.**
- **Other income of A$50.6 million included the gain on consolidation of a subsidiary previously de-consolidated of A$30.7 million.**
- **Consolidated cash position of A$29.3 million (including cash collateral of A$8.7 million) as at 31 December 2016 as compared to A$23.9 million (including cash collateral of A$11.2 million) as at 31 December 2015.**
- **Net cash generated from operating activities was A$13.2 million as at 31 December 2016 as compared to net cash used of A$34.9 million as at 31 December 2015.**

OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

KEY DRIVERS (Tonnes)	**Year ended 31 December 2016**	**Year Ended 31 December 2015**	**Variance %**
Sales volumes of Ores (Manganese, Semi-coke and Quartz)	**1,398,201**	**1,778,589**	(21)
Sales volumes of Alloys	**134,313**	**69,667**	93

FINANCIAL RESULTS (A$' million)			
Total sales	**414.2**	**338.5**	22
Gross profit	**60.1**	**6.1**	>100
Gross profit margin (%)	**14.5**	**1.8**	
Other income	**50.6**	**24.3**	>100
Distribution costs	**(13.9)**	**(17.7)**	(21)
Administrative expenses	**(23.1)**	**(18.5)**	25
Other operating expenses	**(19.6)**	**(71.7)**	(73)
Exchange loss	**(46.3)**	**(4.2)**	>100
Impairment charge	**(0.9)**	**(24.8)**	(96)
Finance costs	**(42.4)**	**(23.6)**	80
Share of results of associates	**10.6**	**(1.5)**	NM
Loss before income tax	**(24.9)**	**(131.6)**	(81)
Income tax	**(8.6)**	**6.6**	>100
Loss for the year	**(33.5)**	**(125.0)**	(73)
Non-controlling interests	**24.7**	**2.9**	>100
Loss after tax attributable to owners of the Company	**(8.8)**	**(122.1)**	(93)

OPERATING RESULTS ADJUSTED FOR NON-CASH ITEMS		
Net loss after tax	**(33.5)**	**(125.0)**
Adjust for non-cash items:		
Inventory write-down, net	**-**	**36.5**
Write back of third party payables	**-**	**(12.4)**
Loss/(gain) on deconsolidation of subsidiary	**0.2**	**(0.7)**
Impairment charge	**0.9**	**24.8**
Fair value gain	**(36.6)**	**(0.5)**
Depreciation/amortisation(2)	**23.7**	**31.5**
Unrealised exchange loss/(gain)	**29.0**	**(8.6)**
Finance costs (net of income)	**42.2**	**23.4**
Income tax expenses	**8.6**	**(6.6)**
Adjusted EBITDA(1)	**34.5**	**(37.6)**
Less Depreciation/amortisation	**(23.7)**	**(31.5)**
Adjusted EBIT	**10.8**	**(69.1)**

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

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

FINANCIAL ANALYSIS

The Group recorded revenue of A$414.2 million for FY2016, representing a 22% increase from the A$338.5 million recorded for FY2015. This was despite a 17% decrease in total sales volume traded of 1,532,514 tonnes (ore plus alloys). This increase in revenue was mainly from the smelting segment as a result of higher ferrosilicon volumes produced and traded from the Group's 75% owned smelter in Sarawak, which contributed 127,515 tonnes of sales corresponding to revenue of A$158.8 million for FY2016. This increase was offset by lower manganese ore volumes traded from the Group's wholly-owned Bootu Creek Manganese Mine (which was put into voluntary administration at the end of FY2015 – see Mining section below) and other third party ores, which decreased 22% in FY2016 (1,326,333 tonnes) as compared to FY2015 (1,703,163 tonnes). Despite the significant decrease in manganese ore volumes traded in FY2016, the rebound of the Manganese Ore Index and ore prices during the year resulted in a less significant decrease in revenue of only 3% (A$236.2 million recorded in FY2016 as compared to A$242.7 million in FY2015).

The increase in manganese ore prices as well as the increase in the volume of ferrosilicon alloy traded contributed to an improvement in the Group's gross profit margin from 1.8% in FY2015 to 14.5% in FY2016. In addition, with the improvement in ore prices, the run-down of the existing manganese ore and alloys from the Group's China subsidiaries, which were written down by A$9.3 million in FY2015 to reflect the net realisable value of the ore, also contributed positively to the improvement in the Group's margins.

Other income of A$50.6 million comprise mainly of the gain on consolidation of a subsidiary previously de-consolidated of A$30.7 million (see Mining section below). This was assessed through a third party valuation which was undertaken for OMM and its mining assets to determine the fair value of OMM upon reconsolidation to the Group. In addition, the Group recorded a A$9.6 million gain on disposal of the Johor land parcel in August 2016.

Distribution costs decreased by 21% to A$13.9 million in FY2016, in line with lower sales volume. Finance costs increased by 80% to A$42.4 million mainly arising from the OM Sarawak project financing loan.

Administrative costs increased to A$23.1 million in FY2016 from A$18.5 million in FY2015 mainly due to higher legal and professional fees incurred of A$8.6 million in the current year as compared to A$5.4 million for FY2015.

The Group's other operating costs and impairment expenses decreased by 73% and 96% respectively, to A$19.6 million and A$0.9 million in FY2016 as compared to FY2015 mainly due to the following developments which took place in FY2015:

- write-down of inventories in OM Materials (Qinzhou) Co Ltd ("OMQ") and OM Materials Trading (Qinzhou) Co Ltd ("OMQT") of A$9.3 million to net realizable value as a result of the continued decline in manganese ore and alloy prices in FY2015, and write-off of reject stocks in OMM of A$27.2 million;
- impairment of mine development cost in OMM of A$10.5 million; and
- impairment of fixed assets in OMM of A$10.6 million.

The foreign exchange loss of A$46.3 million for FY2016 was predominantly from OM Sarawak. As a result of the close-out of the hedging contracts (which was a requirement under the OM Sarawak project finance facility) in July 2016, an exchange loss of A$42.9 million was realised in the Group's income statement. This foreign exchange loss was offset by a net translation gain of A$4.2 million from the translation of Malaysia Ringgit ("MYR") denominated payables with the weakening of the MYR against the USD during the year.

The Group recorded a tax expense of A$8.6 million in FY2016 against a tax credit of A$6.6 million in FY2015. This is mainly from the write-off of deferred tax assets from our China subsidiary of A$4.6 million and income tax expenses for our Singapore subsidiary of A$3.0 million. The tax credit in FY2015 was from operating losses recorded in some subsidiaries and from a successful out-of-court settlement with the Territory Revenue Office in FY2015 over the dispute of mineral royalties paid under the Northern Territory *Mineral Royalty Act ("MRA").*

Results Contributions

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

A$ million	Year ended 31 December 2016		Year ended 31 December 2015	
	Revenue*	**Contribution**	Revenue*	Contribution (Restated)
Mining	**-**	**23.4**	**82.4**	**(76.3)**
Smelting	**193.4**	**(43.7)**	**85.7**	**(21.6)**
Marketing, logistics and trading	**347.7**	**37.1**	**349.7**	**(5.7)**
Other	**6.2**	**(10.0)**	**0.2**	**(3.1)**
Net profit/(loss) before finance costs		**6.7**		**(106.7)**
Finance costs (net of income)		**(42.2)**		**(23.4)**
Share of results of associates		**10.6**		**(1.5)**
Income tax		**(8.6)**		**6.6**
Loss after tax **		**(33.5)**		**(125.0)**
Non-controlling interests		**24.7**		**2.9**
Loss attributable to owners of the Company		**(8.8)**		**(122.1)**

** revenue contribution from segments is subsequently adjusted for intercompany sales on consolidation*
*** numbers may not add due to rounding*

Mining

This category includes the contribution from the Bootu Creek Manganese Mine.

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

On 12 July 2016, OMM executed a Deed of Company Arrangement ("DOCA") with its creditors. The DOCA was subsequently effectuated on 24 August 2016 and the deed administration of OMM was consequently terminated in accordance with the DOCA terms. The day-to-day management and control of OMM has since reverted back to the directors of OMM.

There was no mining and production activity carried out at the Bootu Creek Manganese Mine for FY2016.

The contribution of A$23.4 million was mainly attributed to the recognition of the negative goodwill of A$30.7 million, which is derived from the fair value of OMM assessed upon reconsolidation to the Group in August 2016.

Smelting

This business segment currently covers the operations of ferrosilicon and manganese alloy smelter operated by OM Sarawak where construction was completed at the end of FY2015, and the Qinzhou manganese alloy smelter operated by OMQ.

The operations in OM Sarawak and OMQ (OMQ ceased operations in October 2015 and restarted operations with one furnace in October 2016) recorded revenue of A$193.4 million for FY2016 against A$85.7 million for FY2015. The increase in revenue was mainly due to higher tonnages of ferrosilicon produced in FY2016 of 126,261 tonnes (FY2015: 46,832 tonnes) with a revenue contribution of A$156.8 million for FY2016. OMQ produced 5,337 tonnes of ferro-manganese alloy for two months to end December 2016. However, OMQ recorded a revenue contribution of A$36.6 million mostly from the sale of its existing inventories for FY2016.

The negative contribution of A$43.7 million in this segment was mainly from exchange losses in OM Sarawak from the close-out of the hedging contracts in July 2016.

Marketing, logistics and trading

Revenue from the Group's trading operations decreased marginally by 1% from A$349.7 million in FY2015 to A$347.7 million in FY2016, primarily due to 22% lower volume of manganese ore traded in FY2016. However, this decrease in manganese ore volumes traded was offset by a rebound of the Manganese Ore Index and ore prices during the year. The higher ferrosilicon volumes traded in FY2016 also mitigated the significant reduction in manganese ore volumes. With the rebound in prices of manganese ores and ferromanganese alloys, especially in the 2nd half of FY2016, this had a positive impact on sales revenue and overall trading margins in FY2016.

Other

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

FINANCIAL POSITION

The Group's property, plant and equipment ("PPE") increased from A$613.0 million as at 31 December 2015 to A$625.8 million as at 31 December 2016 mainly from the re-consolidation of OMM to the Group in August 2016 after the successful completion of the DOCA.

The Group's consolidated cash position was $29.3 million (including cash collateral of A$8.7 million) as at 31 December 2016 as compared to A$23.9 million (including cash collateral of A$11.2 million) as at 31 December 2015. For FY2016, net cash generated in operating activities was A$13.2 million as compared to net cash used of A$34.9 million for FY2015.

A Purchase Price Allocation exercise was conducted to determine the fair value of OMM on reconsolidation of OMM to the Group upon effectuation of the DOCA in August 2016. The fair value of OMM was valued at A$61.2 million using the Discounted Cash Flow model. This assessed value includes OMM's current PPE and inventory totalling approximately A$18.0 million. The amount of A$43.2 million represents the value of mine development costs and this has been recognised in OMM as at 31 December 2016.

Inventories increased to A$302.8 million as at 31 December 2016 from A$259.8 million as at 31 December 2015. A portion of the unutilised power costs in OM Sarawak under a deferred payment scheme with the power supplier has been capitalised as inventories in FY2016.

Trade and other receivables and prepayments decreased to A$52.1 million as at 31 December 2016 from A$54.9 million as at 31 December 2015. This decline is mainly from the reduction of VAT receivables from our China trading subsidiary.

Available for sale financial assets as at 31 December 2015 of A$0.8 million was fully impaired during the year as both Northern Iron Limited ("NFE") and Shaw River Manganese Limited ("SRR") went into voluntary administration in the first half of FY2016.

The Group's total borrowings increased to A$617.6 million as at 31 December 2016 from A$570.1 million as at 31 December 2015, mainly from the close-out of the hedging contracts in July 2016 and the hedging losses converted to a hedging loan as part of the project finance loan facility.

Trade and other payables increased to A$365.5 million as at 31 December 2016 from A$294.1 million as at 31 December 2015 mainly from payables in OM Sarawak as a result of the increase in production levels.

Capital Structure

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

No dividend was declared during FY2016.

Yours faithfully
OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary

Important note from page 1

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

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

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

BACKGROUND PROFILE OF OM HOLDINGS LIMITED

OMH Holdings Limited (OMH) was listed on the ASX in March 1998 and has its foundations in metal materials trading – specializing in the sourcing and distribution of manganese ore and ferroalloys.

OMH is involved in mining manganese ore in Australia and South Africa, smelting in Sarawak, East Malaysia and Qinzhou in China, and the distribution of these materials to downstream users.

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

Construction of the smelter in Sarawak commenced in Q3 2012 and the first tapping of ferrosilicon was achieved on 22 September 2014. The facility consist of 16 units of 25.5 MVA furnaces, of which 10 furnaces are allocated for the production of ferrosilicon and 6 units will be modified to produce manganese alloy. Upon completion of the modification, the Project will have a design capacity to produce 192,500 tonnes of ferrosilicon and 200,000 to 250,000 tonnes of manganese alloy per annum.

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

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

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

OM HOLDINGS LIMITED

A.R.B.N 081 028 337

Appendix 4E

Preliminary Final Report

For the year ended 31 December, 2016

(previous corresponding period being the year ended 31 December, 2015)

OM Holdings Limited and Controlled Entities
Preliminary Final Report
APPENDIX 4E

Results for Announcement to the Market
OM Holdings Limited
For the year ended 31 December 2016

	Name of Entity:	OM Holdings Limited	
	ARBN:	081 028 337	
1.	**Details of the current and prior reporting period**		
	Current Period:	1 Jan 2016 to 31 Dec 2016	
	Prior Period:	1 Jan 2015 to 31 Dec 2015	
2.	**Results for announcement to the market**		
			A$'000
2.1	Revenues from ordinary activities (excludes property revaluations) Total Revenue	up 22% to	414,243
2.2	Loss for the year	Down 73% to	(33,567)
2.3	Net loss for the period attributable to owners of the Company	Down 93% to	(8,886)
2.4	Dividend distributions	Amount per security	Franked amount per security
		Nil	Nil
2.5	Record date for determining entitlements to the dividend	Nil	
3.	**Consolidated statement of comprehensive income**	Refer Appendix 1	
4.	**Statements of financial position**	Refer Appendix 2	
5.	**Consolidated statement of cash flows**	Refer Appendix 3	
6.	**Details of dividends or distributions**	N/A	
7.	**Consolidated statement of changes in equity**	Refer Appendix 4	
		Current Period A$	Previous Corresponding Period A$
8.	**Net asset backing per ordinary security**	**25.77 cents**	16.36 cents

9.	**Control gained over entities during the period**	N/A	
10.	**Details of associate and joint venture entities**	Refer Note 3	
11.	**Other significant information**	Refer Note 5	
12.	**Accounting Standards used by foreign entities**	N/A	
13.	**Commentary on the result for the period**		
		Current Period	Previous Corresponding Period
13.1	Loss per share overall operations (undiluted)	**1.21 cents**	16.69 cents
13.4	Segment results	Refer Appendix 5	
14.	**Status of audit or review**	This report is based on accounts that are in the process of being audited.	
15.	**Dispute or qualification - accounts not yet audited**	N/A	
16.	**Qualifications of audit/review**	N/A	

Consolidated statement of comprehensive income
for the financial year ended 31 December 2016

	Notes	Year ended 31 December 2016 A$'000	Year ended 31 December 2015 A$'000
Revenue		**414,243**	338,463
Cost of sales		**(354,161)**	(332,348)
Gross profit		**60,082**	6,115
Other income		**50,594**	24,334
Distribution costs		**(13,864)**	(17,695)
Administrative expenses		**(23,096)**	(18,474)
Other operating expenses		**(66,810)**	(100,753)
Finance costs		**(42,418)**	(23,637)
Loss from operations		**(35,512)**	(130,110)
Share of results of associates		**10,574**	(1,522)
Loss before income tax		**(24,938)**	(131,632)
Income tax		**(8,629)**	6,591
Loss for the year	1	**(33,567)**	(125,041)
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Net fair value gain on available-for-sale financial assets and financial derivative		**(217)**	(616)
Currency translation differences		**(1,734)**	14,748
Cash flow hedges		**65,408**	(32,051)
Other comprehensive income/(expense) for the year, net of tax		**63,457**	(17,919)
Total comprehensive income/(expense) for the year		**29,890**	(142,960)
Loss attributable to:			
Owners of the Company		**(8,886)**	(122,101)
Non-controlling interests		**(24,681)**	(2,940)
		(33,567)	(125,041)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		**38,436**	(135,911)
Non-controlling interests		**(8,546)**	(7,049)
		29,890	(142,960)
Loss per share		**Cents**	Cents
- Basic		**(1.21)**	(16.69)
- Diluted		**(1.21)**	(16.69)

Statements of financial position
as at 31 December 2016

	Notes	The Company 31 December 2016 A$'000	The Company 31 December 2015 A$'000	The Group 31 December 2016 A$'000	The Group 31 December 2015 A$'000
Assets					
Non-Current					
Property, plant and equipment		**-**	-	**625,844**	613,023
Land use rights		**-**	-	**9,813**	18,112
Exploration and evaluation costs	2	**-**	-	**1,866**	1,676
Mine development costs		**-**	-	**43,169**	-
Deferred tax assets		**-**	-	**-**	4,608
Interests in subsidiaries		**107,992**	107,303	**-**	-
Interests in associates	3	**-**	-	**117,281**	106,662
		107,992	107,303	**797,973**	744,081
Current					
Inventories		**-**	-	**302,817**	259,848
Trade and other receivables		**128,181**	125,955	**50,174**	54,018
Prepayments		**862**	1	**1,897**	861
Available-for-sale financial assets	4	**-**	798	**-**	798
Cash collateral		**-**	-	**8,764**	11,202
Cash and bank balances		**21**	55	**20,571**	12,711
		129,064	126,809	**384,223**	339,438
Land use rights classified as held-for-sale		**-**	-	**-**	20,311
		129,064	126,809	**384,223**	359,749
Total assets		**237,056**	234,112	**1,182,196**	1,103,830
Equity					
Capital and Reserves					
Share capital		**36,671**	36,671	**36,671**	36,671
Treasury shares		**(2,330)**	(2,330)	**(2,330)**	(2,330)
Reserves		**(10,136)**	7,277	**91,389**	52,826
		24,205	41,618	**125,730**	87,167
Non-controlling interests		**-**	-	**62,748**	32,496
Total equity		**24,205**	41,618	**188,478**	119,663
Liabilities					
Non-Current					
Borrowings		**86,300**	54,391	**560,348**	435,249
Land use rights obligation		**-**	-	**-**	2,937
Derivative financial liabilities		**-**	-	**-**	73,464
Other payables		**-**	12,291	**198,411**	131,563
Provision		**-**	-	**6,069**	-
		86,300	66,682	**764,828**	643,213
Current					
Trade and other payables		**126,551**	97,132	**167,102**	162,551
Derivative financial liabilities		**-**	-	**-**	30,461
Borrowings		**-**	20,362	**57,283**	134,886
Land use rights obligation		**-**	-	**-**	3,173
Provisions		**-**	8,318	**-**	8,318
Income tax payables		**-**	-	**4,505**	1,565
		126,551	125,812	**228,890**	340,954
Total liabilities		**212,851**	192,494	**993,718**	984,167
Total equity and liabilities		**237,056**	234,112	**1,182,196**	1,103,830

Consolidated statement of cash flows

for the financial year ended 31 December 2016

	Year ended 31 December 2016 A$'000	Year ended 31 December 2015 A$'000
Cash Flows from Operating Activities		
Loss before income tax	**(24,938)**	(131,632)
Adjustments for:		
Amortisation of land use rights	**328**	327
Amortisation of mine development costs	**-**	4,023
Depreciation of property, plant and equipment	**23,694**	27,116
Write off of exploration and evaluation costs	**109**	605
Write-down of inventories to net realisable value	**-**	9,354
Write-off inventories	**-**	27,167
Gain on disposal of property, plant and machinery	**(11)**	-
Gain on disposal of land use right	**(9,574)**	-
Loss on disposal of a subsidiary	**182**	-
Gain on de-consolidation of a subsidiary	**-**	(10,791)
Gain on consolidation of a subsidiary previously de-consolidated	**(30,650)**	-
Impairment loss/(gain) of:		
- Available-for-sale financial assets	**581**	1,313
- Property, plant and equipment	**344**	10,638
- Mine development costs	**-**	10,510
- Other assets	**(5,951)**	2,065
Write back of trade and other payables	**-**	(12,411)
Fair value gain on financial liabilities through profit or loss	**-**	(483)
Interest expenses	**42,418**	23,637
Interest income	**(170)**	(241)
Share of results of associates	**(10,574)**	1,522
Operating loss before working capital changes	**(14,212)**	(37,281)
Increase in inventories	**(37,173)**	(150,709)
(Increase)/decrease in trade and bill receivables	**(17,099)**	3,819
Decrease/(increase) in prepayments, deposits and other receivables	**14,933**	(16,093)
Increase in trade and bill payables	**29,930**	21,291
(Decrease)/increase in other payables and accruals	**(37,614)**	43,465
Increase in short-term provision	**-**	8,318
Changes in long-term liabilities:		
- Decrease in long-term lease obligation	**-**	(636)
- Decrease in long-term provision (for restoration)	**-**	(139)
- Decrease in retirement benefit obligation	**-**	(858)
- Increase in other long term payable	**75,490**	90,164
Cash generated from/(used in) operations	**14,255**	(38,659)
Overseas income tax (paid)/refund	**(1,081)**	3,736
Net cash generated from/(used in) operating activities	**13,174**	(34,923)
Cash Flows from Investing Activities		
Payments for exploration and evaluation costs	**(299)**	(802)
Purchase of property, plant and equipment	**(16,900)**	(91,948)
Proceeds from disposal of property, plant and equipment	**121**	-
Proceeds from disposal of land use right	**29,885**	-
Net proceeds from disposal of a subsidiary	**747**	22,787
Loan to an associate	**(45)**	(303)
Interest received	**170**	241
Net cash generated from/(used in) investing activities	**13,679**	(70,025)

Consolidated statement of cash flows (cont'd)
for the financial year ended 31 December 2016

	Year ended 31 December 2016 A$'000	Year ended 31 December 2015 A$'000
Cash Flows from Financing Activities		
Repayment of bank and other loans	**(19,240)**	(14,131)
Proceeds from bank loans	**-**	121,166
Payment to finance lease creditors	**(987)**	(2,934)
Capital contribution by non-controlling interests	**38,798**	177
Decrease in cash collateral	**4,949**	12,088
Interest paid	**(42,418)**	(23,638)
Net cash (used in)/generated from financing activities	**(18,898)**	92,728
Net increase/(decrease) in cash and cash equivalents	**7,955**	(12,220)
Cash and cash equivalents at beginning of year	**12,711**	38,751
Exchange difference on translation of cash and cash equivalents at beginning of year	**(95)**	(13,820)
Cash and cash equivalents at end of year	**20,571**	12,711

Consolidated statement of changes in equity

for the financial year ended 31 December 2016

	Share capital A$'000	Share premium A$'000	Treasury shares A$'000	Non-distributable reserve A$'000	Capital reserve A$'000	Fair value reserve A$'000	Hedging reserve A$'000	Exchange fluctuation reserve A$'000	Retained profits A$'000	Total attributable to equity holders of the parent A$'000	Non-controlling interests A$'000	Total equity A$'000
Balance at 1 January 2016	**36,671**	**176,563**	**(2,330)**	**5,553**	**16,513**	**217**	**(56,962)**	**19,718**	**(108,776)**	**87,167**	**32,496**	**119,663**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(8,886)**	**(8,886)**	**(24,681)**	**(33,567)**
Total comprehensive expense for the year	**-**	**-**	**-**	**114**	**-**	**(217)**	**49,056**	**(1,384)**	**(114)**	**47,455**	**16,135**	**63,590**
Capital injection from non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38,798**	**38,798**
Dividend forfeited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**127**	**127**	**-**	**127**
Disposal of a subsidiary	**-**	**-**	**-**	**(133)**	**-**	**-**	**-**	**-**	**-**	**(133)**	**-**	**(133)**
Balance at 31 December 2016	**36,671**	**176,563**	**(2,330)**	**5,534**	**16,513**	**-**	**(7,906)**	**18,334**	**(117,649)**	**125,730**	**62,748**	**188,478**

	Share capital A$'000	Share premium A$'000	Treasury shares A$'000	Non-distributable reserve A$'000	Capital reserve A$'000	Fair value reserve A$'000	Hedging reserve A$'000 (Restated)	Exchange fluctuation reserve A$'000 (Restated)	Retained profits A$'000 (Restated)	Total attributable to equity holders of the parent A$'000	Non-controlling interests A$'000 (Restated)	Total equity A$'000
Balance at 1 January 2015	36,671	176,563	(2,330)	5,553	572	833	(31,812)	7,762	13,325	207,137	32,522	239,659
Loss for the year	-	-	-	-	-	-	-	-	(122,101)	(122,101)	(2,940)	(125,041)
Total comprehensive expense for the year	-	-	-	-	-	(616)	(25,150)	11,956	-	(13,810)	(4,109)	(17,919)
Capital injection from non-controlling interest	-	-	-	-	-	-	-	-	-	-	177	177
Disposal of non-controlling interests without a change in control	-	-	-	-	15,941	-	-	-	-	15,941	6,846	22,787
Balance at 31 December 2014	36,671	176,563	(2,330)	5,553	16,513	217	(56,962)	19,718	(108,776)	87,167	32,496	119,663

Operating segments

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

Mining	Exploration and mining of manganese ore
Smelting	Production of manganese ferroalloys, ferrosilicon and manganese sinter ore
Marketing and Trading	Trading of manganese ore, manganese ferroalloys, ferrosilicon and sinter ore

Each of these operating segments is managed separately as they require different resources as well as operating approaches.

The reporting segment results exclude the finance income and costs, share of results of associate, income tax which are not directly attributable to the business activities of any operating segment, and are not included in arriving at the operating results of the operating segment.

Sales between operating segments are carried out at arm's length.

Segment performance is evaluated based on the operating profit or loss which in certain respects, as set out below, is measured differently from the operating profit or loss in the consolidated financial statements.

Operating segments (cont'd)

	Mining		Smelting		Marketing and Trading		Others		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	A$'000	A$'000	**A$'000**	A$'000	**A$'000**	A$'000	**A$'000**	A$'000	**A$'000**	A$'000
Reportable segment revenue										
Sales to external customers	**-**	1,685	**95,204**	43,533	**318,506**	293,010	**533**	235	**414,243**	338,463
Inter-segment sales	**-**	80,698	**98,161**	42,141	**29,186**	56,723	**5,625**	-	**132,972**	179,562
Elimination									**(132,972)**	(179,562)
	-	82,383	**193,365**	85,674	**347,692**	349,733	**6,158**	235	**414,243**	338,463
Reportable segment profit/(loss)	**23,357**	(76,311)	**(43,682)**	(21,599)	**37,094**	(5,672)	**(10,033)**	(3,132)	**6,736**	(106,714)
Reportable segment assets	**1,753**	1,699	**1,018,063**	987,000	**419,770**	416,358	**314,917**	264,248	**1,754,503**	1,669,305
Elimination									**(698,352)**	(688,745)
Interest in associates									**117,281**	106,662
Deferred tax assets									**-**	4,608
Available-for-sale financial assets									**-**	798
Goodwill									**-**	-
Cash collateral									**8,764**	11,202
Total assets									**1,182,196**	1,103,830
Reportable segment liabilities	**1,472**	1,401	**383,306**	428,882	**185,064**	197,848	**490,522**	232,908	**1,060,364**	861,039
Elimination									**(688,782)**	(448,572)
Borrowings									**617,631**	570,135
Income tax payables									**4,505**	1,565
Total liabilities									**993,718**	984,167
Other segment information										
Purchase of property, plant and equipment	**-**	4	**16,886**	91,701	**14**	178	**-**	65	**16,900**	91,948
Depreciation of property, plant and equipment	**4,713**	14,703	**18,630**	11,955	**340**	448	**11**	10	**23,694**	27,116
Amortisation of land use rights	**-**	-	**328**	327	**-**	-	**-**	-	**328**	327
Addition of mine development costs	**43,169**	457	**-**	-	**-**	-	**-**	-	**43,169**	457
Amortisation of mine development costs	**-**	4,023	**-**	-	**-**	-	**-**	-	**-**	4,023
Addition of evaluation and exploration costs	**109**	802	**-**	-	**-**	-	**-**	-	**109**	802

Operating segment (cont'd)

Reconciliation of the Group's reportable segment loss to the loss before income tax is as follows:

	2016 **A$'000**	2015 A$'000
Reportable segment loss	**6,736**	(106,714)
Finance income	**170**	241
Share of results of associates	**10,574**	(1,522)
Finance costs	**(42,418)**	(23,637)
Loss before income tax	**(24,938)**	(131,632)

The Group's revenues from external customers and its non-current assets (other than deferred tax assets) are divided into the following geographical areas:

	Revenue from external customers		**Non-Current Assets**	
	2016	2015	**2016**	2015
Principal markets	**A$'000**	A$'000	**A$'000**	A$'000
Asia	**380,739**	290,973	**630,879**	636,062
Europe	**14,955**	36,250	**-**	-
Middle East	**6,531**	-	**-**	-
Asia Pacific	**5,483**	2,577	**54,371**	-
Africa	**780**	-	**112,723**	103,411
Others	**5,755**	8,663	**-**	-
	414,243	338,463	**797,973**	739,473

The geographical location of customers is based on the locations at which the goods were delivered. The geographical location of non-current assets is based on the physical location of the assets.

NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Note 1: Loss after taxation

The Group	**2016 A$'000**	2015 A$'000
Loss after tax has been arrived at after charging/(crediting):		
Amortisation of land use rights	**328**	327
Amortisation of mine development costs	**-**	4,023
Depreciation of property, plant and equipment #	**23,694**	27,116
Impairment loss/(gain) of:		
- Available-for-sale financial assets	**581**	1,313
- Property, plant and equipment	**-**	10,638
- Mine development costs	**-**	10,510
- Other assets	**(5,951)**	2,065
Gain on consolidation of a subsidiary previously de-consolidated	**(30,650)**	-
Fair value gain on financial liabilities through profit or loss	**-**	(483)
Write-down of inventories to net realisable value	**-**	9,354
Write-off of inventories	**-**	27,167

Cost of sales included deprecation of A$7,821,000(2015 – A$8,367,000).

Note 2: Exploration and evaluation costs

The Group	**2016 A$'000**	2015 A$'000
At beginning of year	**1,676**	1,479
Costs incurred during the year	**299**	802
Written off during the year	**(109)**	(605)
At end of year	**1,866**	1,676

Note 3: Interests in associates

The Group	**2016 A$'000**	2015 A$'000
Unquoted equity investment, at cost	**106,707**	100,430
Share of post-acquisition profits and reserves	**10,574**	6,232
	117,281	106,662

The associates are:

Name of company	Country of incorporation	Percentage of equity held 2016	2015	Principal activities
Main Street 774 (Pty) Limited	South Africa	**26%**	26%	Investment holding
OM Materials Japan Co., Ltd.	Japan	**33%**	33%	Trading of metals and ferroalloy products
OM Tshipi (S) Pte Ltd	Singapore	**33%**	33%	Trading of metals and ferroalloy products

Note 4: Available-for-sale financial assets

The Company and The Group	**31 December 2016**	31 December 2015
Current	**A$'000**	A$'000
Quoted equity investments, at fair value		
At the beginning of the year	**798**	2,727
Impairment loss recognised directly in profit or loss	**(581)**	(1,313)
Fair value loss recognised directly in other comprehensive income	**(217)**	(616)
At end of year	**-**	798

The fair value of quoted equity investments is determined by reference to quoted closing bid prices on the Australian Securities Exchange at the financial reporting dates.

Note 5: Other significant information

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

Pursuant to the execution of the Amended Power Purchase Agreement ("PPA") between a subsidiary and Syarikat Sesco Berhad ("SSB"), the Company issued sponsor guarantees to SSB for its 75% (2015 - 75%) interest of the subsidiaries' obligations under the PPA.

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

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

OM Materials (Sarawak) Sdn Bhd, a subsidiary of the Company entered into a project finance Facilities Agreement ("FA") for a limited recourse senior project finance debt facility.

Concurrently, the Company also executed a Project Support Agreement ("PSA") with OM Materials (Sarawak) Sdn Bhd (as Borrower), and the ultimate shareholders of the Borrower (as Obligors). The PSA governs the rights and obligations of the Obligors. These obligations and liabilities of the Obligors are several basis in its shareholding proportion in OM Materials (Sarawak) Sdn. Bhd.

The PSA will lapse on the later of 29 September 2019 or 18 months after the satisfaction of pre-agreed project completion tests typical for a project financing facility of this nature.