OM HOLDINGS LIMITED

(ARBN 081 028 337)

No. of Pages Lodged:	6	Covering letter
	22	ASX Appendix 4D

30 August 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 provide a copy of its interim financial statement for the half-year ended 30 June 2017. A copy of the Group's Appendix 4D and consolidated interim financial statements for the half-year ended 30 June 2017 are attached to this announcement.

HIGHLIGHTS

- **Positive Earnings Before Interest, Tax and Depreciation ("EBITDA") of A$41.5 million for the half-year ended 30 June 2017 ("1H 2017") compared with A$3.7 million achieved for the half-year ended 30 June 2016 ("1H 2016"), despite OM (Manganese) Ltd's ("OMM") manganese ore production and sales being at approximately 60% of its nameplate capacity and OM Materials (Sarawak) Sdn. Bhd.'s ("OM Sarawak") manganese alloy production and sales being at approximately 40% of its nameplate capacity in 1H 2017**
- **Reduced net loss after tax for 1H 2017 of A$21.3 million as compared to a net loss after tax of A$82.2 million for 1H 2016**
- **With the Group's operations in OMM at almost full nameplate capacity and OM Sarawak running 12 furnaces during the month of June 2017, the Group recorded a profit after tax of A$12.2 million for the month ended 30 June 2017**
- **Revenue from operating activities for 1H 2017 was A$263.1 million, representing a 43% increase over 1H 2016 (where revenue from ordinary activities was A$183.4 million). This increase was underpinned by higher tonnages of alloys traded, and a rebound in prices of manganese ores and ferro-manganese alloys**
- **Gross profit margin improved to approximately 19% in 1H 2017 from 16% in 1H 2016. This was mainly attributed to stronger ore and alloy prices, and higher volume of ferrosilicon and manganese alloys traded, coupled with the higher production efficiency of the OM Sarawak smelter**
- **Total borrowings decreased by 6% from A$617.6 million as at 31 December 2016 to A$583.3 million as at 30 June 2017 mainly from the partial repayment of the Group's mezzanine loan facility**
- **Net cash generated from operating activities was A$22.1 million for 1H 2017 as compared to net cash generated of A$15.2 million for 1H 2016**

#08 – 08, Parkway Parade
80 Marine Parade Road, 449269 Singapore
Tel: 65-6346 5515 Fax: 65-6342 2242
Email address: om@ommaterials.com
Website: www.omholdingsltd.com
ASX Code: OMH

OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

KEY DRIVERS (Tonnes)	Period Ended 30 Jun 2017	Period Ended 30 Jun 2016	Variance %
Sales volumes of Ores	**301,415**	720,607	(58)
Sales volumes of Alloys	**145,400**	57,860	>100

FINANCIAL RESULTS			
Total sales	**263.1**	183.4	43
Gross profit	**49.6**	29.7	67
Gross profit margin (%)	**18.8%**	16.2%	
Other income	**2.8**	17.3	(84)
Distribution costs	**(14.8)**	(8.4)	76
Administrative expenses	**(11.2)**	(7.2)	56
Other operating expenses	**(16.1)**	(7.7)	>100
Exchange loss	**(11.5)**	(83.2)	(86)
Impairment charge	**-**	(0.6)	(100)
Finance costs	**(24.8)**	(18.2)	36
Share of results of associates	**5.1**	1.9	>100
Loss before income tax	**(20.9)**	(76.3)	(73)
Income tax	**(0.4)**	(5.9)	(93)
Loss for the period	**(21.3)**	(82.2)	(74)
Non-controlling interests	**7.7**	24.0	(68)
Loss after tax attributable to owners of the Company	**(13.6)**	(58.2)	(77)

OPERATING RESULTS ADJUSTED FOR NON-CASH ITEMS		
Net loss after tax	**(21.3)**	(82.2)
Adjust for non-cash items:		
Inventory write-down/(write-back)/, net	**-**	(5.2)
Impairment charge	**-**	0.6
Fair value gain	**-**	(3.4)
Depreciation/amortisation(2)	**24.3**	7.8
Unrealised exchange loss	**13.4**	62.1
Finance costs (net of income)	**24.7**	18.1
Income tax expenses	**0.4**	5.9
Adjusted EBITDA(1)	**41.5**	3.7

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

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

FINANCIAL ANALYSIS

The Group achieved revenue of A$263.1 million in 1H 2017, representing a 43% increase from the A$183.4 million achieved in 1H 2016. The increase in revenue was mainly from the Smelting and Marketing and Trading segments, predominantly as a result of improved ore and alloy prices, and higher ferrosilicon volumes traded from the Group's 75% owned smelter in Sarawak. In addition, with 4 modified furnaces at the smelter in Sarawak producing manganese alloy (high carbon ferromanganese and silico manganese) in 1H 2017, there was an increase in tonnages of manganese alloys traded of 58,462 tonnes. This resulted in A$79.2 million of revenue generated from manganese alloys in 1H 2017 as compared to only A$2.8 million in 1H 2016.

Prices of manganese ores and ferro-manganese alloys rebounded in 1H 2017 and this had a positive impact on the Group's sales revenue and gross profit margins. The Group recorded a gross profit of A$49.6 million in 1H 2017 as compared to A$29.7 million in 1H 2016, with an improved gross profit margin of approximately 19% achieved in 1H 2017 as compared to 16% for 1H 2016. As an indication, the index ore prices (44% Mn published by Metal Bulletin) for the 1H 2016 closed at US$3.17/dmtu CIF China as at 30 June 2016 as compared to 1H 2017, where the index price closed at US$5.87/dmtu CIF China as at 30 June 2017.

Distribution costs increased in 1H 2017 as compared to 1H 2016 mainly due to higher tonnages of ferrosilicon and manganese alloy shipped and sold in 1H 2017. Finance costs increased from A$18.2 million for 1H 2016 to A$24.8 million for 1H 2017 mainly due to the cessation in capitalisation of borrowing costs from OM Sarawak.

Administrative and other operating expenses for 1H 2017 increased to A$11.2 million and A$16.1 million respectively, from A$7.2 million and A$8.4 million in 1H 2016 mainly due to higher legal and professional fees incurred of A$3.9 million in 1H 2017 (1H 2016: A$1.3 million), and higher depreciation and amortization expenses in 1H 2017 mainly due to the inclusion of our Australian subsidiary's depreciation and amortization expenses as they were reconsolidated back into the Group when control was regained after the effectuation of the Deed of Company Arrangement in August 2016.

The exchange loss in 1H 2017 of A$11.4 million was predominantly contributed by the translation of MYR denominated payables to USD as a result of the strengthening of the MYR against the USD during the current period. However, this was offset by translation exchange gains from the strengthening of the Australian dollar ("AUD") against the USD in 1H 2017. The A$83.2 million exchange loss for 1H 2016 was mainly from the hedging contract settlement and losses for the period ended June 2016 of A$48.4 million, and translation of MYR denominated payables of A$28.5 million during the period in 2016.

With the rebound in prices of manganese ore and ferro-manganese alloys during 1H 2017, coupled with the re-start of mining and production activities of the Group's mine in Australia, and the ramped up production capabilities and efficiency of the Groups smelter in Sarawak with 12 furnaces in production, the Group's loss after tax has been reduced from A$82.2 million in 1H 2016 to A$21.3 million in 1H 2017, a decrease of approximately 74%. The Group's loss per ordinary share has thus reduced to 1.87 cents in 1H 2017 from 7.95 cents in 1H 2016.

The Group also recorded a positive EBITDA of A$41.5 million in 1H 2017 as compared with A$3.7 million in 1H 2016, despite OMM's manganese ore production and sales being only at approximately 60% of its nameplate capacity, and OM Sarawak's manganese alloy production and sales being only at approximately 40% of its nameplate capacity for 1H 2017.

With the Group's operations in OMM at almost full nameplate capacity and OM Sarawak running 12 furnaces during the month of June 2017, the Group recorded a profit after tax of A$12.2 million for the month ended 30 June 2017.

Results Contributions

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

A$ million	Period ended 30 Jun 2017		Period ended 30 Jun 2016	
	Revenue*	**Contribution**	Revenue*	Contribution
Mining	**42.6**	**4.8**	-	-
Smelting	**189.3**	**(16.7)**	78.9	(74.3)
Marketing, logistics and trading	**236.6**	**5.3**	152.6	19.5
Other	**15.9**	**5.3**	0.4	(5.3)
Net loss before finance costs		**(1.3)**		(60.1)
Finance costs (net of income)		**(24.8)**		(18.1)
Share of results of associates		**5.1**		1.9
Loss before tax **		**(20.9)**		(76.3)

** 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 (the "Mine").

In late December 2016, OMM obtained the relevant approvals to re-start the Mine. Mining activity commenced in the middle of February 2017 and the first ore was processed in late February 2017.

The Mine (100% owned and operated by the Company's wholly owned subsidiary OMM) produced 287,830 tonnes of manganese ore with an average grade of 35.97% Mn in 1H 2017. There was no production from the Mine in 1H 2016 as OMM was in voluntary administration from the end of December 2015 to 24 August 2016. OMM shipped 211,429 dry tonnes of ore with an average grade of 35.97% Mn in 1H 2017.

Revenue for 1H 2017 amounted to A$42.6 million and OMM achieved a positive contribution of A$4.8 million for the period ended 30 June 2017. This was mainly contributed by the rebound of manganese ore prices in the current period.

The C1 unit cash operating cost for 1H 2017 was A$3.35/dmtu (US$2.53/dmtu). There was no comparative C1 unit cash operating cost for 1H 2016 as OMM was in voluntary administration with no mining and production activities during that period.

Smelting

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

The operations in OM Sarawak and OMQ (which resumed its production operations in the middle of February 2017) recorded revenue of A$189.3 million for 1H 2017 against A$78.9 million for 1H 2016. The increase in revenue was mainly due to higher tonnages of ferrosilicon and manganese alloy produced by OM Sarawak in 1H 2017 of 80,564 tonnes and 48,897 tonnes respectively (1H 2016: 61,858 tonnes of ferrosilicon and no manganese alloy) with a total revenue contribution of A$167.6 million for 1H 2017. OMQ produced 18,082 tonnes of manganese alloy in 1H 2017 but there was no production activity in OMQ during 1H 2016 as the plant ceased operations from October 2015 to October 2016). OMQ recorded a revenue contribution of A$21.7 million in 1H 2017 as compared to A$11.7 million from the sale of its existing inventories for 1H 2016 despite the company having ceased production operations during this period.

The negative contribution of A$16.7 million for 1H 2017 in this segment was mainly from exchange losses in OM Sarawak which resulted from the translation of MYR denominated payables to USD as a result of the strengthening of the MYR against the USD during the current period.

Marketing, logistics and trading

Revenue from the Group's trading operations increased by 55% from A$152.6 million for 1H 2016 to A$236.6 million for 1H 2017. This increase was primarily due to higher ferrosilicon and manganese alloy volumes traded in 1H 2017 as well as the rebound in prices of manganese ores and ferro-manganese alloys in 1H 2017.

Other

The revenue recognised in this segment relates to marketing and procurement fees received for marketing and procurement services rendered. The positive contribution of A$5.3 million in this segment was mainly the result of non-cash unrealised exchange gains.

FINANCIAL POSITION

The Group's property, plant and equipment ("PPE") decreased from A$639.8 million as at 31 December 2016 to A$597.7 million as at 30 June 2017 mainly from the depreciation charge of PPE.

The Group's consolidated cash position was A$30.9 million (including cash collateral of A$4.5 million) as at 30 June 2017 as compared to A$29.3 million (including cash collateral of A$8.8 million) as at 31 December 2016. During 1H 2017, the net cash generated from operating activities was A$22.1 million (1H 2016: net cash generated was A$15.2 million).

Inventories decreased to A$280.8 million as at 30 June 2017 from A$302.8 million as at 31 December 2016. This was mainly a result of the reduction in unconsumed power inventory as at 30 June 2017.

Trade and other receivables and prepayments decreased to A$36.8 million as at 30 June 2017 from A$52.1 million as at 31 December 2016. This decrease is mainly from the outstanding trade receivables as at 31 December 2016 which were subsequently received in the current period.

Trade and other payables decreased to A$331.9 million as at 30 June 2017 from A$350.2 million as at 31 December 2016.

The Group's total borrowings decreased to A$583.3 million as at 30 June 2017 from A$617.6 million as at 31 December 2016, mainly from the Group's partial repayment of the mezzanine loan facility.

The Company would like to update that the execution of the loan restructuring agreement is taking slightly longer than expected. The Company and its bankers are working earnestly towards completing the loan restructuring within this financial year.

Capital Structure

As at 30 June 2017, the Company had 733,423,337 ordinary shares, 25,000,000 convertible notes and 31,200,000 unlisted warrants on issue.

No interim dividend has been declared during the period.

Yours faithfully
OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary

Important note from page 1

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

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

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

OM HOLDINGS LIMITED

A.R.B.N 081 028 337

Appendix 4D

Half Yearly Report

For the period ended 30 June, 2017

(previous corresponding period being the period ended 30 June, 2016)

OM Holdings Limited and Controlled Entities
Half Yearly Report
APPENDIX 4D

Results for Announcement to the Market

OM Holdings Limited
For the period ended 30 June 2016

Name of Entity:	OM Holdings Limited	
ARBN:	081 028 337	
1. Details of the current and prior reporting period		
Current Period:	1 Jan 2017 to 30 Jun 2017	
Prior Period:	1 Jan 2016 to 30 Jun 2016	
2. Results for announcement to the market		
		A$'000
2.1 Revenue	Up 43% to	263,051
2.2 Loss after taxation	Down 74% to	(21,326)
2.3 Net loss for the period attributable to owners of the Company	Down 77% to	(13,654)
2.4 Dividend distributions	Amount per security	Franked amount per security
	Nil	Nil
2.5 Record date for determining entitlements to the dividend	Nil	
3. Consolidated statement of comprehensive income	Refer Interim Financial Report	
4. Consolidated statements of financial position	Refer Interim Financial Report	
5. Consolidated statement of cash flows	Refer Interim Financial Report	
6. Details of dividends or distributions	N/A	
7. Consolidated statement of changes in equity	Refer Interim Financial Report	
	Current Period A$	Previous Corresponding Period A$
8. Net asset backing per ordinary security	**23.73 cents**	30.03 cents

9. Control gained over entities during the period	N/A	
10. Other matters	Refer Interim Financial Report	
11. Accounting Standards used by foreign entities	N/A	
12. Commentary on the result for the period		
	Current Period A$	Previous Corresponding Period A$
12.1 Loss per share	**1.87 cents**	4.28 cents
12.2 Segment results	Refer Interim Financial Report	
13. Status of audit or review	The accounts have been subject to review	
14. Dispute or qualification – account not yet audited	N/A	
15. Qualifications of audit/review	N/A	

OM Holdings Limited

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

Interim Financial Report
For the six months ended 30 June 2017

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2016 and any public announcements made by OM Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Australian Securities Exchange ("ASX") Listing Rules.

Contents

Directors' statement

The Directors present their statement and the interim financial statements of OM Holdings Limited (the "Company") and its controlled entities (together the "Group") for the six months ended 30 June 2017.

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 2017 and of the financial performance of the business, changes in equity and cash flows of the Group for the six month period ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

DIRECTORS

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

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

REVIEW OF OPERATIONS

The Board of OM Holdings Limited (ASX Code: OMH) reported a consolidated net loss after tax and non-controlling interests of A$13.7 million for the six months ended 30 June 2017, compared with a consolidated net loss after tax and non-controlling interests of A$58.2 million for the previous corresponding period.

Signed in accordance with a resolution of the Directors.

On Behalf of the Directors

....
LOW NGEE TONG
Executive Chairman
Singapore

Dated: 29 August 2017

Review report to the members of OM Holdings Limited

<u>Introduction</u>

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 2017, and the related statements of consolidated comprehensive income, consolidated changes in equity and consolidated cash flows for the six months period then ended, and selected explanatory notes. Management is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with the provisions of the International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

<u>Scope of Review</u>

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.

<u>Conclusion</u>

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information does not present fairly, in all material respects, the financial position of the Group as at 30 June 2017, and of the Group's financial performance and its cash flows for the six months then ended in accordance with the International Financial Reporting Standards.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

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

Singapore, 29 August 2017

Consolidated statement of financial position

	Note	30 June 2017 A$'000	31 December 2016 A$'000
Assets			
Non-Current			
Property, plant and equipment		**597,660**	639,825
Land use rights		**9,540**	9,813
Exploration and evaluation costs		**1,947**	1,866
Mine development costs		**38,040**	43,169
Interests in associates		**115,817**	117,281
		763,004	811,954
Current			
Inventories		**280,836**	302,817
Trade and other receivables		**32,850**	50,174
Prepayments		**3,907**	1,897
Cash collateral		**4,487**	8,764
Cash and cash equivalents		**26,436**	20,571
		348,516	384,223
Total assets		**1,111,520**	1,196,177
Equity			
Capital and Reserves			
Share capital	7	**36,671**	36,671
Treasury shares		**(2,330)**	(2,330)
Reserves		**85,811**	105,370
		120,152	139,711
Non-controlling interests		**53,406**	62,748
Total equity		**173,558**	202,459
Liabilities			
Non-Current			
Borrowings	8	**537,383**	560,348
Trade and other payables		**149,077**	183,857
Provisions		**6,069**	6,069
Deferred capital grant		**13,323**	14,554
		705,852	764,828
Current			
Trade and other payables		**182,835**	166,319
Borrowings	8	**45,882**	57,283
Deferred capital grant		**737**	783
Income tax payables		**2,656**	4,505
		232,110	228,890
Total liabilities		**937,962**	993,718
Total equity and liabilities		**1,111,520**	1,196,177

Consolidated statement of comprehensive income

	Note	**6 months to 30 June 2017 A$'000**	6 months to 30 June 2016 A$'000
Revenue		**263,051**	183,442
Cost of sales		**(213,483)**	(153,716)
Gross profit		**49,568**	29,726
Other income		**2,849**	17,293
Distribution costs		**(14,845)**	(8,384)
Administrative expenses		**(11,238)**	(7,216)
Other operating expenses		**(16,102)**	(8,376)
Exchange loss		**(11,445)**	(83,163)
Finance costs		**(24,761)**	(18,166)
Loss from operations		**(25,974)**	(78,286)
Share of results of associates		**5,119**	1,929
Loss before tax		**(20,855)**	(76,357)
Income tax		**(471)**	(5,854)
Loss after taxation		**(21,326)**	(82,211)
Other comprehensive income/(expenses), net of tax:			
Items that may be reclassified subsequently to profit or loss			
Net fair value loss on available-for-sale financial assets	12	**-**	(217)
Currency translation differences arising from foreign subsidiaries		**(8,421)**	(1,447)
Cash flow hedges	13	**832**	65,100
Other comprehensive (expenses)/income for the period, net of tax		**(7,589)**	63,436
Total comprehensive expenses for the period		**(28,915)**	(18,775)
Loss attributable to:			
Owners of the Company		**(13,654)**	(58,194)
Non-controlling interests		**(7,672)**	(24,017)
		(21,326)	(82,211)
Total comprehensive expenses attributable to:			
Owners of the Company		**(19,565)**	(11,252)
Non-controlling interests		**(9,350)**	(7,523)
		(28,915)	(18,775)
Loss per share	9	**Cents**	Cents
- Basic		**(1.87)**	(7.95)
- Diluted		**(1.87)**	(7.95)

Consolidated statement of changes in equity

	Share capital A$'000	Share premium A$'000	Treasury shares A$'000	Non-distributable reserve A$'000	Capital reserve A$'000	Fair value reserve A$'000	Hedging reserve A$'000	Exchange fluctuation reserve A$'000	Accumulated losses A$'000	Total attributable to equity holders of the parent A$'000	Non-controlling interests A$'000	Total equity A$'000
Balance at 1 January 2017	**36,671**	**176,563**	**(2,330)**	**5,534**	**16,513**	**-**	**(7,906)**	**15,493**	**(100,827)**	**139,711**	**62,748**	**202,459**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**(13,654)**	**(13,654)**	**(7,672)**	**(21,326)**
Other comprehensive (expense)/income for the period (Note 12 and 13)	**-**	**-**	**-**	**-**	**-**	**-**	**624**	**(6,535)**	**-**	**(5,911)**	**(1,678)**	**(7,589)**
Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**624**	**(6,535)**	**(13,654)**	**(19,565)**	**(9,350)**	**(28,915)**
Dividend forfeited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14**	**14**	**-**	**14**
Transfer	**-**	**-**	**-**	**18**	**-**	**-**	**-**	**7**	**(33)**	**(8)**	**8**	**-**
Balance at 30 June 2017	**36,671**	**176,563**	**(2,330)**	**5,552**	**16,513**	**-**	**(7,282)**	**8,965**	**(114,500)**	**120,152**	**53,406**	**173,558**

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

Consolidated statement of cash flows

	6 months to 30 June 2017 A$'000	6 months to 30 June 2016 A$'000
Cash Flows from Operating Activities		
Loss before taxation	**(20,855)**	(76,357)
Adjustments for:		
Amortisation of land use rights	**95**	167
Amortisation of deferred capital grant	**(376)**	-
Amortisation of mine development costs	**5,129**	-
Depreciation of property, plant and equipment	**19,476**	7,830
Write off of exploration and evaluation costs	**17**	-
Write-back of inventories to net realisable value	**(36)**	(5,221)
Loss on disposal of property, plant and equipment	**7**	-
Gain on disposal of land use rights	**-**	(4,845)
Fair value loss on the settlement of cash flow hedge	**-**	52,943
Reclassification adjustments from hedging reserve to profit or loss	**832**	-
Fair value gain on financial assets/liabilities through the profit or loss	**-**	(3,446)
Impairment loss of available-for-sale financial assets	**-**	581
Interest expense	**(89)**	16,998
Interest income	**24,761**	(72)
Share of results of associates	**(5,119)**	(1,929)
Operating profit/(loss) before working capital changes	**23,842**	(13,351)
Decrease in inventories	**19,353**	17,216
Decrease/(increase) in trade receivables	**18,561**	(364)
(Increase)/decrease in prepayments, deposits and other receivables	**(6,504)**	6,599
Increase/(decrease) in trade and bill payables	**5,246**	(13,492)
Increase/(decrease) in other payables and accruals	**2,880**	(32,695)
(Decrease)/increase in other long term payables	**(38,989)**	51,353
Cash generated from operations	**24,389**	15,266
Overseas income tax paid	**(2,320)**	(92)
Net cash generated from operating activities	**22,069**	15,174
Cash Flows from Investing Activities		
Payments for exploration and evaluation costs	**(98)**	(232)
Purchase of property, plant and equipment	**(13,019)**	(8,152)
Proceeds from disposal of land use rights	**-**	13,411
Loan to a related party	**-**	(9,803)
Repayment from a related party	**6,583**	-
Interest received	**89**	72
Net cash used in investing activities	**(6,445)**	(4,704)
Cash Flows from Financing Activities		
Repayment of bank and other loans	**(6,112)**	(19,472)
Proceeds from loans	**8,232**	-
Payment to finance lease creditors	**(615)**	(185)
Payment for derivative financial instruments	**-**	(18,042)
Issued of convertible preference shares	**-**	37,810
Decrease in cash collateral	**4,277**	5,443
Interest paid	**(14,064)**	(16,998)
Net cash used in financing activities	**(8,282)**	(11,444)
Net increase/(decrease) in cash and cash equivalents	**7,342**	(974)
Cash and cash equivalents at the beginning of period	**20,571**	12,711
Exchange differences on translation of cash and bank balances at beginning of period	**(1,477)**	(385)
Cash and cash equivalents at the end of period	**26,436**	11,352

Notes to the Interim Consolidated Financial Statements

1 Nature of operations

The interim financial report of OM Holdings Limited ("the Company") and its subsidiaries ("the Group") for the period ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 29 August 2017.

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

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

2 General information and basis of preparation

The interim consolidated financial statements are for the six months ended 30 June 2017 and are presented in Australian Dollars (AUD), which is the functional currency of the Company. They have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016.

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

3 Significant accounting policies

The interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2016, except for the adoption of the following accounting standards that became effective from 1 January 2017:

Reference	Description
Amendments to IAS 7	Statement of Cash Flows
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrecognised Losses
Improvements to IFRSs (issued in December 2016) IFRS 12	Disclosure of Interests in Other Entities

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

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

Reference	Description
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

4 Estimates

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

5 Segment reporting

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

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

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

	Mining	Smelting	Marketing and trading	Others*	Total
6 months to June 2017	**A$'000**	**A$'000**	**A$'000**	**A$'000**	**A$'000**
Revenue					
From external customers	**-**	**69,016**	**193,672**	**363**	**263,051**
Inter-segment sales	**42,614**	**120,333**	**42,926**	**15,511**	**221,384**
Segment revenues	**42,614**	**189,349**	**236,598**	**15,874**	**484,435**
Segment operating (loss)/profit before tax	**4,814**	**(16,735)**	**5,310**	**5,309**	**(1,302)**
Segment assets	**76,440**	**889,404**	**25,208**	**120,468**	**1,111,520**

	Mining	Smelting	Marketing and trading	Others*	Total
6 months to June 2016	**A$'000**	**A$'000**	**A$'000**	**A$'000**	**A$'000**
Revenue					
From external customers	-	35,471	147,578	393	183,442
Inter-segment sales	-	43,477	4,990	-	48,467
Segment revenues	-	78,948	152,568	393	231,909
Segment operating (loss)/profit before tax	(5)	(74,343)	19,488	(5,332)	(60,192)
Segment assets	1,851	895,028	19,012	136,164	1,052,055

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

5 Segment reporting (Cont'd)

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

	6 months to 30 June 2017 A$'000	6 months to 30 June 2016 A$'000
Group loss before tax		
Segment results	**(1,302)**	(60,192)
Share of associate's result	**5,119**	1,929
Finance costs	**(24,761)**	(18,166)
Finance income	**89**	72
Group loss before tax	**(20,855)**	(76,357)

6 Analysis of selected items of the consolidated interim financial statements

The Group achieved revenue of A$263.1 million in the current period ended 30 June 2017 ("1H 2017"), representing a 43% increase from the A$183.4 million achieved in the previous corresponding period ended 30 June 2016 ("1H 2016"). The increase in revenue was mainly from the Smelting and Marketing and Trading segments, predominantly as a result of improved ore and alloy prices, and higher ferrosilicon volumes traded from the Group's 75% owned smelter in Sarawak. In addition, with 4 modified furnaces at the smelter in Sarawak producing manganese alloy (high carbon ferromanganese and silico manganese) in 1H 2017, there was an increase in tonnages of manganese alloys traded of 58,462 tonnes. This resulted in A$79.2 million of revenue generated from manganese alloys in 1H 2017 as compared to only A$2.8 million in 1H 2016.

Prices of manganese ores and ferro-manganese alloys rebounded in 1H 2017 and this had a positive impact on the Group's sales revenue and gross profit margins. The Group recorded a gross profit of A$49.6 million in 1H 2017 as compared to A$29.7 million in 1H 2016, with an improved gross profit margin of approximately 19% achieved in 1H 2017 as compared to 16% for 1H 2016. As an indication, the index ore prices (44% Mn published by Metal Bulletin) for 1H 2016 closed at US$3.17/dmtu CIF China as at 30 June 2016 as compared to 1H 2017, where the index price closed at US$5.87/dmtu CIF China as at 30 June 2017.

Distribution costs increased in 1H 2017 as compared to 1H 2016 mainly due to higher tonnages of ferrosilicon and manganese alloy shipped and sold in 1H 2017. Finance costs increased from A$18.2 million for 1H 2016 to A$24.8 million for 1H 2017 mainly due to the cessation in capitalisation of borrowing costs from OM Sarawak.

Administrative and other operating expenses for 1H 2017 increased to A$11.2 million and A$16.1 million respectively, from A$7.2 million and A$8.4 million in 1H 2016 mainly due to higher legal and professional fees incurred of A$3.9 million in 1H 2017 (1H 2016: A$1.3 million), and higher depreciation and amortization expenses in 1H 2017 mainly due to the inclusion of our Australian subsidiary's depreciation and amortization expenses as they were reconsolidated back into the Group when control was regained after the effectuation of the Deed of Company Arrangement ("DOCA") in August 2016.

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

The exchange loss in 1H 2017 of A$11.4 million was predominantly contributed by the translation of Malaysian Ringgit ("MYR") denominated payables to United States dollars ("USD") as a result of the strengthening of the MYR against the USD during the current period. However, this was offset by translation exchange gains from the strengthening of the Australian dollar ("AUD") against the USD in 1H 2017. The A$83.2 million exchange loss for 1H 2016 was mainly from the hedging contract settlement and losses for the period ended June 2016 of A$48.4 million, and translation of MYR denominated payables of A$28.5 million during the period in 2016.

With the rebound in prices of manganese ore and ferro-manganese alloys during 1H 2017, coupled with the restart of mining and production activities of the Group's mine in Australia, and the ramped up production capabilities of the Groups smelter in Sarawak with 12 furnaces in full production, the Group's loss after tax has been reduced from A$82.2 million in 1H 2016 to A$21.3 million in 1H 2017, a decrease of approximately 74% comparatively. The Group's loss per ordinary share has thus reduced to 1.87 cents in 1H 2017 from 7.95 cents in 1H 2016.

The Group's property, plant and equipment ("PPE") decreased from A$639.8 million as at 31 December 2016 to A$597.7 million as at 30 June 2017 mainly from the depreciation charge of PPE.

Inventories decreased to A$280.8 million as at 30 June 2017 from A$302.8 million as at 31 December 2016. This was mainly a result of the reduction in unconsumed power inventory as at 30 June 2017.

Trade and other receivables and prepayments decreased to A$36.8 million as at 30 June 2017 from A$52.1 million as at 31 December 2016. This decrease is mainly from the outstanding trade receivables as at 31 December 2016 which were subsequently received in the current period.

Trade and other payables decreased to A$331.9 million as at 30 June 2017 from A$350.2 million as at 31 December 2016.

The Group's total borrowings decreased to A$583.3 million as at 30 June 2017 from A$617.6 million as at 31 December 2016, mainly from the Group's partial repayment of the Mezzanine Loan facility.

7 Share capital

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

Shares issued and authorised are summarised as follows:

	No. of ordinary shares (*amounts in thousand shares*)		Amount	
	As at 30 June 2017 '000	As at 31 December 2016 '000	**As at 30 June 2017 A$'000**	As at 31 December 2016 A$'000
Authorised:				
Ordinary shares of A$0.05 (2016 - A$0.05) each	**2,000,000**	2,000,000	**100,000**	100,000
Issued and fully paid:				
Ordinary shares of A$0.05 (2016 - A$0.05) each as at beginning and end of period/year	**733,423**	733,423	**36,671**	36,671

8 Borrowings

The Group	**As at 30 June 2017 A$'000**	As at 31 December 2016 A$'000
Non-current		
Obligations under finance leases (Note 8.1)	**857**	1,156
Bank loans, secured (Note 8.2)	**480,681**	493,955
5% Convertible Note (Note 8.3)	**20,697**	27,346
Other loans (Note 8.4)	**35,148**	37,891
	537,383	560,348
Current		
Obligations under finance leases (Note 8.1)	**1,516**	1,832
Bank loans, secured (Note 8.2)	**30,641**	46,577
5% Convertible Note (Note 8.3)	**5,174**	-
Other loans (Note 8.4)	**8,551**	8,874
	45,882	57,283
	583,265	617,631

8 Borrowings (cont'd)

8.1 Obligations under finance leases

The Group	**As at 30 June 2017 A$'000**	As at 31 December 2016 A$'000
Minimum lease payments payable:		
Due not later than one year	**1,638**	2,017
Due later than one year and not later than five years	**904**	1,238
	2,542	3,255
Less: Finance charges allocated to future periods	**(169)**	(267)
Present value of minimum lease payments	**2,373**	2,988
Present value of minimum lease payments:		
Due not later than one year	**1,516**	1,832
Due later than one year and not later than five years	**857**	1,156
	2,373	2,988

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

8.2 Bank loans

The Group	**As at 30 June 2017 A$'000**	As at 31 December 2016 A$'000
Bank loans, secured [Note (a)]	**74,554**	76,260
Bank loans, secured [Note (b)]	**384,190**	405,368
Bank loans, secured [Note (c)]	**52,578**	58,904
	511,322	540,532
Amount repayable not later than one year	**30,641**	46,577
Amount repayable after one year	**480,681**	493,955
	511,322	540,532

Notes:

(a) The loans are secured by charges over certain bank deposits.

(b) These loans are project finance loans which are secured by:

- shares of OM Materials (Sarawak) Sdn. Bhd., a company incorporated in Malaysia;
- charge over certain bank accounts;
- charge over certain land use rights;
- debenture;
- borrower assignment;
- assignment of insurances;
- shareholder assignment;
- assignment of reinsurances; and
- corporate guarantee from the Company and Cahya Mata Sarawak Berhad.

8 Borrowings (Cont'd)

8.2 Bank loans (Cont'd)

(c) The loans are secured by:

- charge over certain bank accounts;
- certain subsidiaries and associated companies and corporate guarantees from the Company and a subsidiary.

8.3 5% Convertible Note

On 7 March 2012 the Company issued to Hanwa Co. Ltd ("Hanwa") 25,000,000 convertible notes at an aggregate principal amount of A$19,945,953 (US$21,447,261) with a nominal interest of 5.0%, due on 6 March 2016 and convertible in accordance with the terms and conditions of issue including an initial conversion price of A$0.80 per share. On 4 March 2016, the Company executed an amendment and restatement agreement with Hanwa to extend the Convertible Note for 4 years from the original maturity date of 6 March 2016 to 6 March 2020.

8.4 Other loans

The Group	**As at 30 June 2017 A$'000**	As at 31 December 2016 A$'000
Shareholder loan, unsecured [Note (a)]	**21,130**	21,910
Loan, secured [Note (b)]	**7,801**	8,292
Loan, secured [Note (c)]	**14,768**	16,563
	43,699	46,765
Amount repayable not later than one year	**8,551**	8,874
Amount repayable after one year	**35,148**	37,891
	43,699	46,765

(a) The loan is unsecured. Until all the secured borrowings as disclosed in Note 8.2(b) have been irrevocably paid in full, neither shareholders shall demand or receive payment or any distribution in respect of these loans.

(b) The loan is repayable on 4 January 2018 and is guaranteed by the Company.

(c) The loan has similar securities as disclosed in Note 8.2 (c).

9 Loss per share

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

	6 months to 30 June 2017 A$'000	6 months to 30 June 2016 A$'000
Loss		
Net loss attributable to owners of the Company	**13,654**	58,194
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**731,490**	731,490
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**731,490**	731,490

10 Dividend

There were no dividends paid during the six months to 30 June 2017.

11 Related parties transactions

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

(A) Related parties transactions

	6 months to 30 June 2017 A$'000	6 months to 30 June 2016 A$'000
Sales of goods to an associate	**-**	2,457
Purchase of goods from an associate	**2,810**	-
Services rendered to an associate	**664**	959
Commission charged by an associate	**224**	1,123

(B) Compensation of directors and key management personnel

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

	6 months to 30 June 2017 A$'000	6 months to 30 June 2016 A$'000
Salaries, wages and other related costs	**2,927**	2,251
Defined contribution plans	**148**	111

12 Other components of equity

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

	Non-distributable reserve A$'000	Hedging reserve A$'000	Exchange fluctuation reserve A$'000	Fair value reserve A$'000	Total A$'000
Balance at 1 January 2017	**5,534**	**(7,906)**	**15,493**	**-**	**13,121**
Other comprehensive income for the period (all attributable to the parent)	**-**	**624**	**(6,535)**	**-**	**(5,911)**
Transfer	**18**	**-**	**7**	**-**	**25**
Balance at 30 June 2017	**5,552**	**(7,282)**	**8,965**	**-**	**7,235**

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

13 Cash flow hedges

The Group	**6 months to 30 June 2017 A$'000**	6 months to 30 June 2016 A$'000
Cash flow hedges:		
Gain arising during the period*	**624**	48,825
Non-controlling interest*	**208**	16,275
	832	65,100

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

* The Group has a 75% (2016 – 75%) shareholding in OM Materials (Sarawak) Sdn. Bhd., a subsidiary in which hedging takes place.

14 Contingent liabilities

Corporate guarantee for rehabilitation bond

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

15 Other matters

Sponsor 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.

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 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.