OM HOLDINGS LIMITED

(ARBN 081 028 337)

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	13	ASX Appendix 4E – Preliminary Final Report

22 February 2018

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 the financial statements of the Group for the year ended 31 December 2017. A copy of the Group's Appendix 4E and consolidated financial statements for the financial year ended 31 December 2017 are attached to this announcement.

HIGHLIGHTS

- **Profit after tax for the 6 month period from 1 July 2017 to 31 December 2017 of A$112.7 million as compared to a loss after tax of A$21.3 million for the 6 month period from 1 January 2017 to 30 June 2017**
- **Profit after tax for the year ended 31 December 2017 ("FY2017") of A$91.4 million as compared to a net loss after tax of A$16.7 million for the year ended 31 December 2016 ("FY2016")**
- **Earnings Before Interest, Tax and Depreciation ("EBITDA") of A$186.1 million for FY2017 compared with A$35.0 million for FY2016, with the Group's Australian subsidiary, OM (Manganese) Ltd ("OMM") returning to full mining operations in FY2017, and combined with the smelter operated by OM Materials (Sarawak) Sdn. Bhd. ("OM Sarawak") only ramping up its modified furnaces in stages in 2017**
- **Basic and diluted earnings per ordinary share of the Company of 12.67 cents and 12.06 cents respectively for FY2017 as compared to 1.08 cents for FY2016**
- **The total borrowings to equity ratio decreased from 3.05 times as at 31 December 2016 to 1.77 times as at 31 December 2017**
- **Revenue from operating activities for FY2017 was A$988.2 million, representing a 139% increase over FY2016 (where revenue from operating activities was A$414.2 million). This increase was underpinned by higher tonnages of ores and alloys traded, and a steady increase in the prices of manganese ores and ferromanganese alloys in FY2017**
- **Gross profit margin improved to approximately 21.2% in FY2017 from 14.5% in FY2016. This was predominantly attributed to stronger ore and alloy prices, and higher volume of ferrosilicon ("FeSi"), manganese alloy and manganese ore traded, coupled with the consistent production efficiency of the furnaces of the OM Sarawak smelter**
- **Total borrowings decreased by approximately 17% from A$617.6 million as at 31 December 2016 to A$510.7 million due mainly to the full repayment of one of the Group's financiers**
- **Consolidated cash position of A$34.4 million (including cash collateral of A$4.5 million) as at 31 December 2017 as compared to A$29.3 million (including cash collateral of A$8.8 million) as at 31 December 2016**

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HIGHLIGHTS (CONT'D)

- **Net cash generated from operating activities was A$133.8 million for FY2017 as compared to net cash generated from operating activities of A$22.3 million for FY2016**
- **Net asset backing per ordinary share of the Company was 39.34 cents per ordinary share as at 31 December 2017 as compared to 27.68 cents per ordinary share as at 31 December 2016, representing an approximately 42% (or 11.66 cents per ordinary share) year-on-year increase.**

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OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

KEY DRIVERS (Tonnes)	Year ended 31 December 2017	Year Ended 31 December 2016	Variance %
Sales volumes of Ores (Manganese, Semi-coke and Quartz)	**1,815,464**	**1,398,201**	30
Sales volumes of Alloys	**380,090**	**134,313**	183

FINANCIAL RESULTS (A$' million)			
Total sales	**988.2**	**414.2**	139
Gross profit	**209.6**	**60.1**	249
Gross profit margin (%)	**21.2**	**14.5**	
Other income	**10.2**	**62.7**	(84)
Distribution costs	**(44.3)**	**(13.9)**	219
Administrative expenses	**(23.6)**	**(23.1)**	2
Other operating expenses	**(23.2)**	**(14.9)**	56
Exchange loss	**(32.7)**	**(46.3)**	(29)
Impairment charge	**(0.6)**	**(0.9)**	(33)
Finance costs	**(43.9)**	**(42.4)**	4
Share of results of associates	**21.1**	**10.6**	99
Profit/(loss) before income tax	**72.6**	**(8.1)**	>100
Income tax	**18.8**	**(8.6)**	>100
Profit/(loss) for the year	**91.4**	**(16.7)**	>100
Non-controlling interests	**1.3**	**24.6**	(95)
Profit after tax attributable to owners of the Company	**92.7**	**7.9**	>100

OPERATING RESULTS ADJUSTED FOR NON-CASH ITEMS		
Net profit/(loss) after tax	**91.4**	**(16.7)**
Adjust for non-cash items:		
Loss/(gain) on deconsolidation of subsidiary	**-**	**0.2**
Loss on deemed disposal and re-purchase	**0.5**	**-**
Impairment charge	**(3.4)**	**0.9**
Fair value gain	**(0.1)**	**(48.8)**
Depreciation/amortisation(2)	**43.6**	**19.6**
Unrealised exchange loss	**29.3**	**29.0**
Finance costs (net of income)	**43.6**	**42.2**
Income tax (credit)/expense	**(18.8)**	**8.6**
Adjusted EBITDA(1)	**186.1**	**35.0**
Less Depreciation/amortisation	**(43.6)**	**(19.6)**
Adjusted EBIT	**142.5**	**15.4**

(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$988.2 million for FY2017, representing a strong 139% increase from the A$414.2 million recorded for FY2016. This increase in revenue was predominantly attributed to higher total volume of products traded and improved ore and alloy prices in FY2017. With 9 FeSi furnaces in production in FY2017, FeSi volumes produced and traded from the Group's 75% owned smelter in Sarawak increased by approximately 46% to 185,578 tonnes with a corresponding revenue contribution of A$274.9 million for FY2017. In addition, with all 6 modified furnaces producing manganese alloy (high carbon ferromanganese and silicomanganese) from July 2017 onwards, a total of 194,512 tonnes of manganese alloy was traded with a revenue contribution of A$282.9 million for FY2017.

Manganese ore volumes traded from the Group's wholly-owned Bootu Creek Manganese Mine (which recommenced mining and production activity in February 2017) and other third party ores also increased in FY2017. Total manganese ore volume traded increased by 445,049 tonnes (approximately 34%) to 1,771,382 tonnes, with a revenue contribution of A$415.8 million in FY2017 (as compared to 1,326,333 tonnes with a revenue of A$236.2 million in FY2016).

The stable increase in the volume of ore and alloys traded as well as the steady increase in manganese ore and ferromanganese alloy prices had a positive impact on the Group's sales revenue and gross profit margins in FY2017. The Group recorded a gross profit of A$209.6 million for FY2017 as compared to A$60.1 million for FY2016, with an improved gross profit margin of approximately 21% for FY2017 as compared to 15% for FY2016. Index ore prices (44% Mn published by Metal Bulletin) closed at US$5.21/dmtu CIF China as at 31 March 2017, and thereafter experienced three quarters of steady increase and closed at US$6.68/dmtu CIF China as at 31 December 2017. The steady increase in the index price in 2017 was a result of sustained and strengthening demand from the recovery in global steel production and a healthy demand and supply balance in the market throughout the current year.

Included in other income of A$10.2 million in FY2017 was an amount of A$4.0 million being debt forgiveness received from lenders from the accelerated repayment of debt during the year.

Distribution costs increased by more than 100% to A$44.3 million in FY2017, and this is in line with corresponding increase in sales volume for the current year.

Despite an increase in production and trading activities in FY2017, the Group only incurred a marginal 2% increase in administrative expenses to A$23.6 million in FY2017 (from A$23.1 million in FY2016) and an increase of 56% in other operating expenses to A$23.3 million for FY2017 (from A$14.9 million in FY2016). The increase in other operating expenses was mainly due to the reconsolidation of the Australian mining subsidiary when control was regained after the effectuation of the Deed of Company Arrangement in August 2016.

The foreign exchange loss in FY2017 of A$32.7 million was mainly attributed to the translation of Malaysian Ringgit ("**MYR**") denominated payables and borrowings to United States dollar ("**USD**") as a result of the strengthening of the MYR against the USD during the current year. However, this was offset by translation exchange gains from the strengthening of the Australian dollar ("**AUD**") against the USD in FY2017. The A$46.3 million exchange loss for FY2016 was mainly attributed to the one-off and non-recurring hedging contract settlement losses of A$42.9 million from OM Sarawak.

The Group recorded a tax credit of A$18.8 million in FY2017 against a tax expense of A$8.6 million in FY2016. The tax credit was mainly from a once-off recognition of deferred tax assets in the Australian mining subsidiary of A$24.1 million offset by income tax expenses for the Singapore subsidiary of A$4.8 million.

With the re-start of mining and production activities of the Group's mine in Australia, the ramped up production capacity and efficiency of the 15 furnaces in the Group's Sarawak smelter, as well as the rebound in manganese ore and ferromanganese alloy prices, the Group has turned the corner and recorded a profit after tax of A$91.4 million for FY 2017 after six consecutive years of losses since FY2011. This turnaround was mainly evidenced in the second half of FY2017 ("**2H 2017**"), where 73% (approximately A$725.1 million) of the Group's FY2017 revenue of A$988.2 million was recorded, and this translated to a profit after tax of A$112.7 million for 2H 2017 (against A$21.3 million loss after tax for the first half of FY2017). The Company's basic and diluted profit per ordinary share for FY2017 was 12.67 cents and 12.06 cents respectively as compared to a profit per ordinary share of 1.08 cents in FY2016.

The Group also recorded a positive EBITDA of A$186.1 million in FY2017 as compared with A$35.0 million in FY2016 as OMM's manganese ore production and sales resumed in 2017, and combined with OM Sarawak only ramping up its modified furnaces in stages in 2017. For the 6 months period from 1 July 2017 to 31

December 2017, the Group recorded a positive EBITDA of A$144.6 million, an increase of more than 100 per cent over the EBITDA recorded for the 6 months period ended 30 June 2017.

Results Contributions

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

A$ million	Year ended 31 December 2017		Year ended 31 December 2016	
	Revenue*	**Contribution**	Revenue*	Contribution
Mining	**136.4**	**38.9**	**-**	**40.3**
Smelting	**545.6**	**25.4**	**193.4**	**(43.7)**
Marketing, logistics and trading	**947.7**	**29.5**	**347.7**	**36.9**
Other	**6.6**	**1.5**	**6.2**	**(10.0)**
Net profit before finance costs		**95.2**		**23.5**
Finance costs (net of income)		**(43.7)**		**(42.2)**
Share of results of associates		**21.1**		**10.6**
Income tax		**18.8**		**(8.6)**
Profit/(loss) after tax **		**91.4**		**(16.7)**
Non-controlling interests		**1.3**		**24.6**
Profit attributable to owners of the Company		**92.7**		**7.9**

** 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**").

OMM recommenced mining activity and the first ore was processed in late February 2017.

The Mine produced 656,149 tonnes of manganese ore with an average grade of 35.87% Mn in FY2017. There was no mining and production activity carried out on the Mine in FY2016 as OMM was in voluntary administration from the end of December 2015 to 24 August 2016, and thereafter was in care and maintenance up till the middle of February 2017. OMM shipped 646,620 dry tonnes of manganese ore with an average grade of 35.89% Mn in FY2017.

Revenue for FY2017 amounted to A$136.4 million and OMM achieved a positive contribution of A$38.9 million for the year ended 31 December 2017. This was mainly contributed by the mining and processing activity at the Mine as it returned to almost full nameplate capacity towards the end of 2017, as well as the steady increase in manganese ore prices.

The C1 unit cash operating cost for FY2017 was A$3.66/dmtu (US$2.81/dmtu). There was no comparative C1 unit cash operating cost for FY2016 as OMM was in voluntary administration with no mining and production activities during that period.

Smelting

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

The operations in OM Sarawak and OMQ recorded revenue of A$545.6 million for FY2017 as compared to A$193.4 million for FY2016. The increase in revenue was mainly due to higher tonnages of FeSi and manganese alloy produced by OM Sarawak in FY2017 of 174,540 tonnes and 173,911 tonnes respectively (FY2016: 126,261 tonnes of FeSi and 876 tonnes of manganese alloy) with a revenue contribution of A$491.5 million for FY2017. The first modified furnace to produce manganese alloy commenced production in the middle of December 2016 and by the middle of July 2017, the last modified furnace commenced operations.

As at 31 December 2017, OM Sarawak had a total of 15 furnaces in operation with 9 furnaces producing FeSi and 6 furnaces producing manganese alloy.

OMQ produced 38,529 tonnes of manganese alloy and 52,941 tonnes of manganese sinter ore in FY2017 (FY2016: 5,337 tonnes of manganese alloy and no manganese sinter ore as the plant ceased production from October 2015 to October 2016) and had a revenue contribution of A$54.1m.

The positive contribution of A$25.4 million in this segment was mainly due to the higher volumes of FeSi and Manganese alloy produced and traded in FY2017 coupled with the improvement in prices for ferromanganese alloys in FY2017. The contribution in FY2017 was after accounting for the exchange loss of A$41.3 million recorded in OM Sarawak from the translation of MYR denominated payables and borrowings to USD as a result of the strengthening of the MYR against the USD during the current year. The negative contribution in FY2016 was mainly from exchange losses in OM Sarawak from the close-out of the hedging contracts.

Marketing, logistics and trading

Revenue from the Group's trading operations increased by 173% from A$347.7 million in FY2016 to A$947.7 million in FY2017. This increase was primarily due to higher FeSi, manganese alloy and manganese ore volumes traded in FY2017, as well as the steady increase in prices of ferromanganese alloys and manganese ores in FY2017. The higher contribution in FY2016 of A$36.9 million (as compared to A$29.5 million in FY2017) was because in FY2016, with the improvement of ore and alloy prices, the Group's China subsidiaries ran-down their product inventory, which were previously written down by A$9.3 million, and this accounted for the higher contribution in FY2016.

Other

The revenue recognised in this segment relates to marketing and procurement fees received for marketing and procurement services rendered. The positive contribution 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$608.9 million as at 31 December 2017 mainly from the depreciation charge of PPE.

The Group's consolidated cash position was $34.4 million (including cash collateral of A$4.5 million) as at 31 December 2017 as compared to A$29.3 million (including cash collateral of A$8.8 million) as at 31 December 2016. For FY2017, net cash generated from operating activities was A$133.8 million as compared to net cash generated of A$22.3 million for FY2016.

There was a once-off deferred tax asset of A$24.1 million recognised in the Australian mining subsidiary during the year.

Inventories decreased to A$252.5 million as at 31 December 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 31 December 2017.

Trade and other receivables and prepayments increased to A$97.1 million as at 31 December 2017 from A$52.1 million as at 31 December 2016. The increase was in line with the increase in volumes traded as well as an increase in GST receivables from our Sarawak smelter.

The Group's total borrowings decreased by approximately 17% to A$510.7 million as at 31 December 2017 from A$617.6 million as at 31 December 2016. As previously announced, the Group successfully completed and executed a loan restructuring arrangement with its bankers and financiers on 23 October 2017, and subsequently fully paid off one of the lenders with the corresponding loan discharged as at 31 December 2017. The amounts outstanding under the restructured loans which remained in place as at 31 December 2017 amounted to approximately A$39.3 million. As a result of the above loan settlement, the Group's total borrowings to equity ratio decreased from 3.05 times as at 31 December 2016 to 1.77 times as at 31 December 2017.

Total trade and other payables increased marginally by approximately 1% to A$353.3 million as at 31 December 2017 from A$350.2 million as at 31 December 2016.

The Company's net asset backing per ordinary share was 39.34 cents per ordinary share as at 31 December 2017 as compared to 27.68 cents per ordinary share as at 31 December 2016, representing an approximately 42% (or 11.66 cents per ordinary share) year-on-year increase.

Capital Structure

As at 31 December 2017, the Company had 733,423,337 ordinary shares, 25,000,000 convertible notes and 31,200,000 unlisted warrants on issue. In February 2018, the Company undertook a selective buy-back of 26,000,000 unlisted warrants for US$500,000 and 1,014,000 unlisted warrants were converted to ordinary shares.

No dividend was declared for FY2017.

Yours faithfully
OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley

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 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 4E

Preliminary Final Report

For the year ended 31 December, 2017

(previous corresponding period being the year ended 31 December, 2016)

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 2017

	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 31 Dec 2017	
	Prior Period:	1 Jan 2016 to 31 Dec 2016	
2.	**Results for announcement to the market**		
			A$'000
2.1	Revenues from ordinary activities (excludes property revaluations) Total Revenue	Up more than 100% to	988,182
2.2	Profit for the year	Up more than 100% to	91,374
2.3	Net profit for the period attributable to owners of the Company	Up more than 100% to	92,656
2.4	Dividend distributions	Amount per security	Franked amount per security
		Nil	Nil
2.5	Record date for determining entitlements to the dividend	Nil	
3.	**Consolidated statement of comprehensive income**	Refer Appendix 1	
4.	**Statements of financial position**	Refer Appendix 2	
5.	**Consolidated statement of cash flows**	Refer Appendix 3	
6.	**Details of dividends or distributions**	N/A	
7.	**Consolidated statement of changes in equity**	Refer Appendix 4	
		Current Period A$	Previous Corresponding Period A$
8.	**Net asset backing per ordinary security**	**39.34 cents**	27.68 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	Profit per share overall operations (undiluted)	**12.67 cents**	1.08 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 2017

	Notes	**Year ended 31 December 2017 A$'000**	Year ended 31 December 2016 A$'000
Revenue		**988,182**	414,243
Cost of sales		**(778,597)**	(354,161)
Gross profit		**209,585**	60,082
Other income		**10,194**	62,756
Distribution costs		**(44,250)**	(13,864)
Administrative expenses		**(23,647)**	(23,096)
Other operating expenses		**(56,501)**	(62,150)
Finance costs		**(43,902)**	(42,418)
Profit/(loss) from operations		**51,479**	(18,690)
Share of results of associates		**21,138**	10,574
Profit/(loss) before income tax		**72,617**	(8,116)
Income tax		**18,757**	(8,629)
Profit/(loss) for the year	1	**91,374**	(16,745)
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Net fair value loss on available-for-sale financial assets and financial derivative		**-**	(217)
Currency translation differences		**(7,459)**	(4,442)
Cash flow hedges		**1,360**	65,408
Other comprehensive (expense)/income for the year, net of tax		**(6,099)**	60,749
Total comprehensive income for the year		**85,275**	44,004
Profit/(loss) attributable to:			
Owners of the Company		**92,656**	7,936
Non-controlling interests		**(1,282)**	(24,681)
		91,374	(16,745)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		**88,249**	52,550
Non-controlling interests		**(2,974)**	(8,546)
		85,275	44,004
Profit per share		**Cents**	Cents
- Basic		**12.67**	1.08
- Diluted		**12.06**	1.08

Statements of financial position
as at 31 December 2017

		The Company		The Group	
		31 December 2017	31 December 2016	**31 December 2017**	31 December 2016
	Notes	**A$'000**	A$'000	**A$'000**	A$'000
Assets					
Non-Current					
Property, plant and equipment		**-**	-	**608,915**	639,825
Land use rights		**-**	-	**9,370**	9,813
Exploration and evaluation costs	2	**-**	-	**2,167**	1,866
Mine development costs		**-**	-	**32,026**	43,169
Deferred tax assets		**-**	-	**24,076**	-
Interests in subsidiaries		**58,139**	107,992	**-**	-
Interests in associates	3	**-**	-	**116,544**	117,281
		58,139	107,992	**793,098**	811,954
Current					
Inventories		**-**	-	**252,480**	302,817
Trade and other receivables		**130,255**	128,181	**91,025**	50,174
Prepayments		**3,585**	862	**6,076**	1,897
Available-for-sale financial assets	4	**-**	-	**-**	-
Cash collateral		**-**	-	**4,463**	8,764
Cash and bank balances		**10**	21	**29,913**	20,571
		133,850	129,064	**383,957**	384,223
Total assets		**191,989**	237,056	**1,177,055**	1,196,177
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		**1,275**	(10,136)	**193,625**	105,370
		35,616	24,205	**227,966**	139,711
Non-controlling interests		**-**	-	**59,782**	62,748
Total equity		**35,616**	24,205	**287,748**	202,459
Liabilities					
Non-Current					
Borrowings		**24,485**	86,300	**468,859**	560,348
Trade and other payables		**53**	-	**139,725**	183,857
Provision		**-**	-	**6,032**	6,069
Deferred tax liabilities		**-**	-	**1,677**	-
Deferred capital grant		**-**	-	**12,776**	14,554
		24,538	86,300	**629,069**	764,828
Current					
Trade and other payables		**126,328**	126,551	**213,600**	166,319
Borrowings		**5,507**	-	**41,822**	57,283
Deferred capital grant		**-**	-	**726**	783
Income tax payables		**-**	-	**4,090**	4,505
		131,835	126,551	**260,238**	228,890
Total liabilities		**156,373**	212,851	**889,307**	993,718
Total equity and liabilities		**191,989**	237,056	**1,177,055**	1,196,177

Consolidated statement of cash flows
for the financial year ended 31 December 2017

	Year ended 31 December 2017 A$'000	Year ended 31 December 2016 A$'000
Cash Flows from Operating Activities		
Profit/(loss) before income tax	**72,617**	(8,116)
Adjustments for:		
Amortisation of land use rights	**186**	328
Amortisation of deferred capital grant	**(737)**	-
Amortisation of mine development costs	**11,143**	-
Depreciation of property, plant and equipment	**32,985**	19,230
Write off of exploration and evaluation costs	**211**	109
Loss on deemed disposal and re-purchase	**505**	-
Gain on disposal of property, plant and machinery	**(53)**	(11)
Gain on disposal of land use right	**-**	(9,574)
Loss on disposal of a subsidiary	**-**	182
Gain on bargain purchase	**-**	(42,811)
Impairment loss/(gain) of:		
- Available-for-sale financial assets	**-**	581
- Property, plant and equipment	**586**	344
- loan	**(3,955)**	-
Write back of inventories	**(11)**	-
Gain on extinguishment of convertible bond	**-**	(3,446)
Unwinding of interest income	**(1,508)**	(2,505)
Fee paid for obtaining capital grant	**-**	4,574
Discontinuation of cash flow hedge	**-**	24,411
Loss on derivative settlement	**-**	18,500
Reclassification adjustments from hedging reserve to profit or loss	**1,360**	-
Interest expenses	**43,902**	42,418
Interest income	**(187)**	(170)
Share of results of associates	**(21,138)**	(10,574)
Operating profit before working capital changes	**135,906**	33,470
Decrease/(increase) in inventories	**50,981**	(41,526)
Increase in trade and bill receivables	**(5,963)**	(19,101)
(Increase)/decrease in prepayments, deposits and other receivables	**(9,647)**	12,490
Increase in trade and bill payables	**1,699**	27,019
Increase/(decrease) in other payables and accruals	**7,623**	(42,812)
(Decrease)/increase in other long term payable	**(42,371)**	53,793
Cash generated from operations	**138,228**	23,333
Overseas income tax paid	**(4,437)**	(1,081)
Net cash generated from operating activities	**133,791**	22,252
Cash Flows from Investing Activities		
Payments for exploration and evaluation costs	**(512)**	(299)
Purchase of property, plant and equipment	**(45,245)**	(16,900)
Proceeds from disposal of property, plant and equipment	**86**	121
Proceeds from disposal of land use right	**-**	29,885
Acquisition of a subsidiary	**375**	1,004
Net proceeds from disposal of a subsidiary	**-**	747
Loan to an associate	**18,457**	(45)
Interest received	**187**	170
Net cash (used in)/generated from investing activities	**(26,652)**	14,683

Consolidated statement of cash flows (cont'd)
for the financial year ended 31 December 2017

	Year ended 31 December 2017 A$'000	Year ended 31 December 2016 A$'000
Cash Flows from Financing Activities		
Repayment of bank and other loans	**(75,321)**	(21,493)
Proceeds from bank loans	**348**	-
Payment to finance lease creditors	**(975)**	(987)
Capital grant received, net of cost	**-**	10,672
Capital contribution by non-controlling interests	**-**	38,798
Decrease in cash collateral	**4,301**	4,949
Loss on derivative settlement	**-**	(18,500)
Interest paid	**(24,487)**	(42,418)
Net cash used in financing activities	**(96,134)**	(28,979)
Net increase in cash and cash equivalents	**11,005**	7,956
Cash and cash equivalents at beginning of year	**20,571**	12,711
Exchange difference on translation of cash and cash equivalents at beginning of year	**(1,663)**	(96)
Cash and cash equivalents at end of year	**29,913**	20,571

Consolidated statement of changes in equity
for the financial year ended 31 December 2017

	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 2017	**36,671**	**176,563**	**(2,330)**	**5,534**	**16,513**	**-**	**(7,906)**	**15,493**	**(100,827)**	**139,711**	**62,748**	**202,459**
Profit/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**92,656**	**92,656**	**(1,282)**	**91,374**
Other comprehensive (expense)/income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**1,020**	**(5,427)**	**-**	**(4,407)**	**(1,692)**	**(6,099)**
	-	**-**	**-**	**-**	**-**	**-**	**1,020**	**(5,427)**	**92,656**	**88,249**	**(2,974)**	**85,275**
Dividend forfeited	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14**	**14**	**-**	**14**
Transfer	**-**	**-**	**-**	**18**	**-**	**-**	**-**	**7**	**(33)**	**(8)**	**8**	**-**
Balance at 31 December 2017	**36,671**	**176,563**	**(2,330)**	**5,552**	**16,513**	**-**	**(6,886)**	**10,073**	**(8,190)**	**227,966**	**59,782**	**287,748**

	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 2016	36,671	176,563	(2,330)	5,553	16,513	217	(56,962)	19,718	(108,776)	87,167	32,496	119,663
Profit/(loss) for the year	-	-	-	-	-	-	-	-	7,936	7,936	(24,681)	(16,745)
Other comprehensive (expense)/income for the year	-	-	-	114	-	(217)	49,056	(4,225)	(114)	44,614	16,135	60,749
	-	-	-	114	-	(217)	49,056	(4,225)	7,822	52,550	(8,546)	44,004
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)	15,493	(100,827)	139,711	62,748	202,459

Operating segments

For management purposes, OM Holdings Limited and its controlled entities ("Group") are 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	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	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	**-**	-	**163,053**	95,204	**818,526**	318,506	**6,603**	533	**988,182**	414,243
Inter-segment sales	**136,390**	-	**382,556**	98,161	**129,205**	29,186	**-**	5,625	**648,151**	132,972
Elimination									**(648,151)**	(132,972)
	136,390	-	**545,609**	193,365	**947,731**	347,692	**6,603**	6,158	**988,182**	414,243
Reportable segment profit/(loss)	**38,863**	40,301	**25,385**	(43,682)	**29,453**	36,972	**1,493**	(10,033)	**95,194**	23,558
Reportable segment assets	**1,937**	1,753	**947,407**	1,018,062	**462,899**	419,769	**291,567**	328,900	**1,703,810**	1,768,484
Elimination									**(671,838)**	(698,352)
Interest in associates									**116,544**	117,281
Deferred tax assets									**24,076**	-
Cash collateral									**4,463**	8,764
Total assets									**1,177,055**	1,196,177
Reportable segment liabilities	**1,663**	1,472	**353,017**	383,306	**229,520**	185,064	**437,485**	490,522	**1,021,685**	1,060,364
Elimination									**(648,826)**	(688,782)
Borrowings									**510,681**	617,631
Deferred tax liabilities									**1,677**	-
Income tax payables									**4,090**	4,505
Total liabilities									**889,307**	993,718
Other segment information										
Purchase of property, plant and equipment	**1,843**	-	**42,656**	16,886	**371**	14	**370**	-	**45,240**	16,900
Depreciation of property, plant and equipment	**5,642**	248	**27,219**	18,631	**113**	340	**11**	11	**32,985**	19,230
Amortisation of land use rights	**-**	-	**186**	328	**-**	-	**-**	-	**186**	328
Addition of mine development costs	**-**	43,169	**-**	-	**-**	-	**-**	-	**-**	43,169
Amortisation of mine development costs	**11,143**	-	**-**	-	**-**	-	**-**	-	**11,143**	-
Addition of evaluation and exploration costs	**211**	299	**-**	-	**-**	-	**-**	-	**211**	299

Operating segment (cont'd)

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

	2017	2016
	A$'000	A$'000
Reportable segment profit	**95,194**	23,558
Finance income	**187**	170
Share of results of associates	**21,138**	10,574
Finance costs	**(43,902)**	(42,418)
Profit/(loss) before income tax	**72,617**	(8,116)

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**	
	2017	2016	**2017**	2016
Principal markets	**A$'000**	A$'000	**A$'000**	A$'000
Asia	**744,852**	380,739	**599,656**	630,879
Europe	**120,018**	14,955	**-**	-
Middle East	**60,210**	6,531	**-**	-
Asia Pacific	**16,441**	5,483	**52,866**	68,352
Africa	**7,375**	780	**116,500**	112,723
Others	**39,286**	5,755	**-**	-
	988,182	414,243	**769,022**	811,954

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 2017

Note 1: Loss after taxation

The Group	**2017 A$'000**	2016 A$'000
Loss after tax has been arrived at after charging/(crediting):		
Amortisation of land use rights	**186**	328
Amortisation of mine development costs	**11,143**	-
Cost of inventories recognized as expenses and included in cost of sales	**778,597**	354,161
Depreciation of property, plant and equipment	**32,985**	19,230
Impairment loss/(gain) of:		
- Available-for-sale financial assets	**-**	581
- Property, plant and equipment	**586**	344
Exchange loss	**32,725**	46,269
Exploration and evaluation costs written off	**211**	109
Finance costs:		
- loans	**42,563**	40,643
- others	**1,339**	1,775
Operating lease charges in respect of land and buildings	**2,333**	605
Employee benefits expenses	**41,756**	25,399

Note 2: Exploration and evaluation costs

The Group	**2017 A$'000**	2016 A$'000
At beginning of year	**1,866**	1,676
Costs incurred during the year	**512**	299
Written off during the year	**(211)**	(109)
At end of year	**2,167**	1,866

Note 3: Interests in associates

The Group	**2017 A$'000**	2016 A$'000
Unquoted equity investment, at cost	**84,832**	106,707
Share of post-acquisition profits and reserves	**31,712**	10,574
	116,544	117,281

The associates are:

Name of company	Country of incorporation	Percentage of equity held 2017	Percentage of equity held 2016	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

Note 4: Available-for-sale financial assets

The Company and The Group	**31 December 2017**	31 December 2016
Current	**A$'000**	A$'000
Quoted equity investments, at fair value		
At the beginning of the year	**-**	798
Impairment loss recognised directly in profit or loss	**-**	(581)
Fair value loss recognised directly in other comprehensive income	**-**	(217)
At end of year	**-**	-

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% interest of the subsidiaries' obligations under the PPA.

The sponsor guarantees 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.