OM HOLDINGS LIMITED

(ARBN 081 028 337)

No. of Pages Lodged: 8 Covering letter
13 ASX Appendix 4E – Preliminary Final Report

25 February 2019

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 results of the Group for the year ended 31 December 2018. A copy of the Group's Appendix 4E for the financial year ended 31 December 2018 is attached to this announcement.

HIGHLIGHTS

- **Record strong profit after tax for the year ended 31 December 2018 ("FY2018") of A$184.7 million as compared to a profit after tax of A$91.4 million for the year ended 31 December 2017 ("FY2017").**
- **Earnings Before Interest, Tax and Depreciation ("EBITDA") of A$339.7 million for FY2018 compared with A$186.1 million for FY2017, with the Group's Australian subsidiary, OM (Manganese) Ltd ("OMM") in full mining operations for the entire 2018 year, and the Group's 75% owned smelter, operated by OM Materials (Sarawak) Sdn. Bhd. ("OM Sarawak"), having commissioned its final 16th furnace producing ferrosilicon ("FeSi") on 1 June 2018.**
- **Basic and diluted earnings per ordinary share of the Group of 22.05 cents and 21.79 cents respectively for FY2018 as compared to 12.67 and 12.06 cents for FY2017.**
- **Total borrowings to equity ratio decreased to 1.14 times as at 31 December 2018 as compared to 1.77 times as at 31 December 2017.**
- **Record revenue from operating activities for FY2018 was A$1.51 billion, representing a 53% increase over FY2017 (where revenue from operating activities was A$988.2 million). This increase was underpinned by higher tonnages of ores and alloys traded, and continued robust manganese ores and ferroalloy prices in FY2018.**
- **Gross profit margin improved to 23.3% in FY2018 up from 21.2% in FY2017. This was predominantly attributed to the continued strong ore and alloy prices, and higher volumes of ferroalloy and manganese ore traded.**
- **Consolidated cash position of A$91.8 million (including cash collateral of A$12.8 million) as at 31 December 2018 as compared to A$34.4 million (including cash collateral of A$4.5 million) as at 31 December 2017.**
- **Record net cash generated from operating activities was A$179.6 million for FY2018 as compared to net cash generated from operating activities of A$133.8 million for FY2017.**

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HIGHLIGHTS (CONT'D)

- **Net asset backing per ordinary share of the Company was 61.24 cents as at 31 December 2018 as compared to 39.34 cents per ordinary share as at 31 December 2017, representing a 56% (or 21.9 cents per ordinary share) year-on-year increase.**
- **The significant sustainable turnaround in the Group's operations and surplus cash flow generated for FY2018 has resulted in the Board resolving to declare a final dividend of A$0.02 per fully paid ordinary share for FY2018. The Record Date for the dividend will be 3 May 2019 and the Payment Date will be 31 May 2019. The resumption of the Company's dividend policy in FY2018 is acknowledgement of the solid performance of all the Group's operations in FY2018. This final dividend is in addition to the interim dividend of A$0.03 per fully paid ordinary share declared and paid with respect to the half year ended 30 June 2018.**

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OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

KEY DRIVERS (Tonnes)	Year ended 31 December 2018	Year Ended 31 December 2017	Variance %
Sales volumes of Ores	**1,987,414**	**1,815,464**	9
Sales volumes of Alloys	**511,801**	**380,090**	35

FINANCIAL RESULTS (A$' million)			
Total sales	**1,510.4**	**988.2**	53
Gross profit	**353.3**	**209.6**	69
Gross profit margin (%)	**23.3**	**21.2**	
Other income	**2.4**	**10.2**	(76)
Distribution costs	**(54.6)**	**(44.3)**	23
Administrative expenses	**(35.2)**	**(23.6)**	49
Other operating expenses	**(23.2)**	**(23.2)**	-
Exchange losses	**(5.2)**	**(32.7)**	(84)
Impairment charge	**(2.6)**	**(0.6)**	>100
Finance costs	**(44.9)**	**(43.9)**	2
Share of results of associates	**47.0**	**21.1**	>100
Profit before income tax	**237.0**	**72.6**	>100
Income tax (expense)/write-back	**(52.3)**	**18.8**	NM
Profit for the year	**184.7**	**91.4**	>100
Non-controlling interests	**(22.9)**	**1.3**	NM
Profit after tax attributable to owners of the Company	**161.8**	**92.7**	75

OPERATING RESULTS ADJUSTED FOR NON-CASH ITEMS		
Net profit after tax	**184.7**	**91.4**
Adjust for non-cash items:		
Loss on deemed disposal and re-purchase	**-**	**0.5**
Impairment charge/(write-back)	**2.6**	**(3.4)**
Fair value loss/(gain)	**2.9**	**(0.1)**
Depreciation/amortisation[(2)]	**45.2**	**43.6**
Unrealised exchange losses	**7.5**	**29.3**
Finance costs (net of income)	**44.5**	**43.6**
Income tax expense/(credit)	**52.3**	**(18.8)**
Adjusted EBITDA[(1)]	**339.7**	**186.1**
Less Depreciation/amortisation	**(45.2)**	**(43.6)**
Adjusted EBIT	**294.5**	**142.5**

(1) Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, non-cash inventory write-downs, deferred 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 record revenue of A$1.51 billion for FY2018, representing a strong 53% increase from the A$988.2 million recorded for FY2017. This increase in revenue was predominantly attributed to higher total volume of products traded and improved ore and alloy prices throughout FY2018. Production from the final 16th furnace producing FeSi commenced on 1 June 2018. As a result, FeSi volumes produced and traded from the Group's 75% owned smelter in Sarawak increased by approximately 23% to 228,525 tonnes with a corresponding revenue contribution of approximately A$441.9 million for FY2018. In addition, with 6 modified furnaces producing manganese alloy (high carbon ferromanganese and silicomanganese) for the whole of FY2018, a total of 283,276 tonnes of manganese alloy was traded with a revenue contribution of approximately A$447.9 million for FY2018.

Manganese ore volumes traded from the Group's wholly-owned Bootu Creek Manganese Mine and other third party ores also increased in FY2018. Total manganese ore volumes traded increased by 180,733 tonnes (approximately 10%) to 1,952,117 tonnes, with a revenue contribution of approximately A$607.8 million in FY2018 (as compared to 1,771,384 tonnes with a revenue of approximately A$415.8 million in FY2017).

The increase in the volume of ore and alloys traded as well as the continued robust prices of manganese ore and ferroalloys had a positive impact on the Group's sales revenue and gross profit margins in FY2018. The Group recorded a gross profit of approximately A$353.3 million for FY2018 as compared to approximately A$209.6 million for FY2017, with an improved gross profit margin of 23% for FY2018 as compared to 21% for FY2017. Index ore prices (44% Mn published by Metal Bulletin) increased to US$8.76/dmtu CIF China as at 31 March 2018 before it came down and stabilised for the rest of FY2018 and closed at US$6.96/dmtu CIF China as at 31 December 2018. The stabilised price of manganese ore achieved in FY 2018 was due to a healthy global demand and supply balance in the market throughout the year.

Platts reported that prices of FeSi to Japan closed at US$1,260 per metric tonne at the end of December 2018, as compared to US$1,840 per metric tonne at the end of December 2017. In 2018, prices of FeSi to Japan peaked at US$1,900 per metric tonne in the middle of January 2018 and the drop to current levels was mainly due to a market correction arising from excess supply in China.

Distribution costs increased by 23% to A$54.6 million in FY2018, and this is in line with the corresponding increase in sales volume for the current year.

Administrative expenses for FY2018 increased by approximately 49% to A$35.2 million. This was mainly due to the expensing of legal and professional fees of A$4.6 million following the accelerated full repayment of the restructured loans in June 2018. These costs were associated with the loan restructuring undertaken in the fourth quarter of FY2017.

The unrealised foreign exchange loss in FY2018 was A$5.2 million as compared to a foreign exchange loss of A$32.7 million in FY2017. This reduction in the foreign exchange loss in FY2018 was mainly attributed to the translation of Malaysian Ringgit ("**MYR**") denominated payables and borrowings to United States dollar ("**USD**") due to the weakening of the MYR against the USD experienced during the second half of FY2018. However, this was offset by unrealised foreign exchange losses from the translation of the financial statements to the Group's presentation currency as a result of the strengthening of the USD against the Australian dollar ("**AUD**") in FY2018.

The Group's share of results from its associates of A$47.0 million relates to the operating results of its 13% interest in Tshipi é Ntle Manganese Mining (Pty) Ltd ("**Tshipi**").

The Group recorded a tax expense of A$52.3 million in FY2018 against a tax credit of A$18.8 million in FY2017. The tax expense in FY2018 was mainly attributed to income tax expense and the Australian Territory Office Royalty Tax for the Australian subsidiary of approximately A$26.1 million and A$19.7 million respectively for FY2018.

With the continued robust manganese ore and ferroalloy prices in FY2018, OMM returning to a full year of mining activities, coupled with the production capabilities and efficiencies of the Group's smelter in Sarawak with 16 furnaces in operation by the middle of FY2018, the Group more than doubled its profit after tax from A$91.4 million for FY2017 to A$184.7 million for FY 2018. The Company's basic and diluted earnings per ordinary share for FY2018 also increased to 22.05 cents and 21.79 cents respectively as compared to a basic and diluted earnings per ordinary share of 12.67 cents and 12.06 cents respectively in FY2017.

The Group also recorded a strong EBITDA of A$339.7 million in FY2018 as compared with A$186.1 million in FY2017 on the back of continued strong ore and ferroalloy prices in FY2018 coupled with higher volumes of products produced and traded from OM Sarawak, and OMM in full mining activity for the whole of FY2018.

Results Contributions

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

A$ million	**Year ended 31 December 2018**		**Year ended 31 December 2017**	
	Revenue*	**Contribution**	Revenue*	Contribution
Mining	**229.1**	**94.9**	**136.4**	**38.9**
Smelting	**859.1**	**134.3**	**545.6**	**25.4**
Marketing, logistics and trading	**1,434.9**	**24.9**	**947.7**	**24.0**
Other	**13.8**	**(19.7)**	**6.6**	**6.9**
Net profit before finance costs		**234.4**		**95.2**
Finance costs (net of income)		**(44.4)**		**(43.7)**
Share of results of associates		**47.0**		**21.1**
Income tax		**(52.3)**		**18.8**
Profit after tax		**184.7**		**91.4**
Non-controlling interests		**(22.9)**		**1.3**
Profit attributable to owners of the Company		**161.8**		**92.7**

** revenue contribution from segments is subsequently adjusted for intercompany sales on consolidation*

Mining

This category included the contribution from the Bootu Creek Manganese Mine (the "**Mine**").

The Mine (100% owned and operated by the Company's wholly owned subsidiary OMM) produced 814,040 tonnes of manganese ore with an average grade of 35.77% Mn in FY2018 as compared to 656,149 tonnes of manganese ore with an average grade of 35.87% Mn in FY2017. The increase of approximately 24% was due to the Mine being fully operational for the whole of FY2018. For FY2017, the Mine only commenced mining and production activities in late February 2017 following a care and maintenance period. OMM shipped 795,974 dry tonnes of manganese ore with an average grade of 35.90% Mn with an additional 1,041 tonnes sold domestically in FY2018.

Revenue for FY2018 amounted to A$229.1 million and OMM achieved a strong positive contribution of A$94.9 million for the year ended 31 December 2018. This was mainly contributed by the high prices achieved for manganese ore and higher volumes of ore traded in FY2018.

Smelting

This business segment covered the operations of the FeSi and manganese alloy smelter operated by OM Sarawak and the Group's 100% owned Qinzhou manganese alloy smelter operated by OM Materials (Qinzhou) Co Ltd ("**OMQ**").

The operations within OM Sarawak and OMQ recorded revenue of A$859.1 million for FY2018 as compared to A$545.6 million for FY2017. The increase in revenue was mainly due to higher tonnages of FeSi and manganese alloy produced by OM Sarawak in FY2018 of 220,515 tonnes and 242,341 tonnes respectively (FY2017: 174,540 tonnes of FeSi and 173,911 tonnes of manganese alloy) with a revenue contribution of A$792.0 million for FY2018 as compared to A$491.5 million for FY2017. As at 31 December 2018, OM Sarawak had a total of 16 furnaces in operation with 10 furnaces producing FeSi and 6 furnaces producing manganese alloy. In comparison, there were 9 furnaces producing FeSi and 6 furnaces producing manganese alloy as at 31 December 2017, with the 1st modified manganese alloy furnace commencing production in the middle of December 2016 and the other 5 manganese alloy furnaces were ramped up and commenced operations in stages by July 2017.

OMQ produced 38,523 tonnes of manganese alloy and 42,274 tonnes of manganese sinter ore in FY2018 (FY2017: 38,529 tonnes of manganese alloy and 52,941 tonnes of manganese sinter ore) and had a revenue contribution of A$67.1 million for FY2018 as compared to A$54.1 million for FY2017.

The strong positive contribution of A$134.3 million for FY2018 (FY2017: A$25.4 million) from this segment was mainly due to the higher volumes of FeSi and manganese alloy produced and traded in FY2018 coupled with the continued strong prices for ferroalloys in FY2018.

Marketing, logistics and trading

Revenue from the Group's trading operations increased by 51% from A$947.7 million in FY2017 to A$1.43 billion in FY2018. This increase was primarily due to higher FeSi, manganese alloy and manganese ore volumes traded in FY2018, as well as the continued robust prices of manganese ores and ferroalloys achieved in FY2018. Despite the 51% increase in revenue in FY2018, the profit contribution from the Group's trading operations increased by approximately 4% to A$24.9 million in FY2018 (as compared to A$24.0 million in FY2017). This was because OM Tshipi (S) Pte Ltd ("OM Tshipi") became a wholly owned subsidiary of the Company since July 2017.

Other

The revenue recognised in this segment relates mainly to procurement fees received for services rendered. The negative contribution of A$19.7 million in this segment for FY2018 was mainly the result of unrealised foreign exchange losses, and A$4.6 million of restructuring legal and professional fees previously capitalised and since expensed following the accelerated full repayment of the restructured loans.

FINANCIAL POSITION

The Group's property, plant and equipment ("**PPE**") increased from A$608.9 million as at 31 December 2017 to A$660.7 million as at 31 December 2018 mainly due to the translation of the Sarawak smelter's PPE from USD to Australian dollar ("**AUD**") at balance date arising from the weakening of the AUD against the USD.

The Group's consolidated cash position was A$91.8 million (including cash collateral of A$12.8 million) as at 31 December 2018 as compared to A$34.4 million (including cash collateral of A$4.5 million) as at 31 December 2017. For FY2018, net cash generated from operating activities was A$179.6 million as compared to net cash generated of A$133.8 million for FY2017.

The deferred tax asset of A$24.1 million recorded in the Australian mining subsidiary as at 31 December 2017 was utilised and expensed in FY2018.

Inventories increased to A$267.0 million as at 31 December 2018 from A$252.5 million as at 31 December 2017. This was mainly a result of an increase in raw materials at the Sarawak smelter to cater for the production requirements of all 16 furnaces, partially offset by the reduction in unconsumed power inventory as at 31 December 2018.

Trade and other payables decreased by approximately 21% to A$280.2 million as at 31 December 2018 from A$353.3 million as at 31 December 2017.

The Group's total borrowings increased marginally to A$512.9 million as at 31 December 2018 from A$510.7 million as at 31 December 2017. The increase was mainly attributed to the increased utilisation of OM Sarawak's trade facilities for raw material purchases and partially offset by the full repayment of the restructured loans as previously announced. The Group's total borrowings to equity ratio decreased to 1.14 times as at 31 December 2018 as compared to 1.77 times as at 31 December 2017. The borrowings as at 31 December 2018 comprised A$467.9 million of Sarawak Project Finance loans associated with the smelter operations.

The Company's net asset backing per ordinary share was 61.24 cents per ordinary share as at 31 December 2018 as compared to 39.34 cents per ordinary share as at 31 December 2017, a 56% (or 21.90 cents per ordinary share) year-on-year increase.

Capital Structure

For the year ended 31 December 2018, movements in the share capital structure of the Company were as follows:

(1) The Company received notices to exercise a total of 5,200,000 warrants at an exercise price of A$0.40. Accordingly, the Company has issued 5,200,000 ordinary shares and received proceeds of A$2,080,000.

(2) In February 2018, the Company undertook a selective buy-back of 26,000,000 unlisted warrants from a financier for US$500,000 (equivalent to approximately A$620,000).

(3) In March 2018, the convertible notes on issue were reduced from 25,000,000 to 20,000,000 following the redemption by the Company of 20% of the convertible notes for US$4.29 million (equivalent to approximately A$5.50 million).

(4) In April 2018, the convertible notes on issue were reduced further from 20,000,000 to 17,435,500 following the redemption by the Company of a further 10.258% of the original convertible notes for US$2.2 million (equivalent to approximately A$2.90 million).

As at 31 December 2018, the Company had 738,623,337 ordinary shares, 17,435,500 unsecured convertible notes and 26,000,000 unlisted warrants on issue.

INVESTMENT IN NTSIMBINTLE MINING LIMITED (FORMERLY KNOWN AS MAIN STREET 774 PROPRIETARY LIMITED ("MAIN STREET"))

On 3 October 2018, Main Street changed its name to Ntsimbintle Mining Limited ("**NML**"). NML holds a 50.1% interest in Tshipi, an independently operated and managed black-empowered manganese mining company that operates the Tshipi Borwa Manganese Mine located in the world class Kalahari Manganese field in South Africa. The Tshipi Borwa Manganese Mine currently has a production target of approximately 3.3 million tonnes per annum.

NML is continuing to assess and evaluate a potential listing by way of an initial public offering on the Johannesburg Stock Exchange ("**JSE**") in South Africa. Irrespective of whether a listing proceeds or not, the Company currently intends to retain its strategic investment holding in NML, as well as its existing marketing rights over its share of manganese ore allocation from the Tshipi Borwa Manganese Mine.

The Board of Tshipi has resolved to distribute a Rand 1.1 billion dividend to its shareholders for the 2nd half of FY2019 (i.e. from 1 September 2018 to 28 February 2019). The Company, through its effective 13% interest in Tshipi, is expected to receive approximately Rand 135.9 million, equivalent to approximately US$9.6 million (net of withholding taxes).

FINAL DIVIDEND

The significant sustainable turnaround in the Group's operations and surplus cash flow generated for FY2018 has resulted in the Board resolving to declare a final dividend of A$0.02 per fully paid ordinary share for FY2018. The Record Date for the dividend will be 3 May 2019 and the Payment Date will be 31 May 2019. The resumption of the Company's dividend policy in FY2018 is acknowledgement for the outstanding operational and financial performance of all the Group's operations in FY2018. This dividend is in addition to the interim dividend of A$0.03 per fully paid ordinary share paid on 26 October 2018.

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, 2018

(previous corresponding period being the year ended 31 December, 2017)

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 2018

	Name of Entity:	OM Holdings Limited	
	ARBN:	081 028 337	
1.	**Details of the current and prior reporting period**		
	Current Period:	1 Jan 2018 to 31 Dec 2018	
	Prior Period:	1 Jan 2017 to 31 Dec 2017	
2.	**Results for announcement to the market**		
			A$'000
2.1	Revenues from ordinary activities (excludes property revaluations) Total Revenue	Up 53% to	1,510,416
2.2	Profit for the year	Up more than 100% to	184,657
2.3	Net profit for the period attributable to owners of the Company	Up 75% to	161,722
2.4	Dividend distributions	Amount per security	Franked amount per security
		A$0.02	Nil
2.5	Record date for determining entitlements to the dividend	3 May 2019	
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**	A$0.03 interim dividend	
7.	**Consolidated statement of changes in equity**	Refer Appendix 4	
		Current Period A$	Previous Corresponding Period A$
8.	**Net asset backing per ordinary security**	**61.24 cents**	**39.34 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 4	
12.	**Accounting Standards used by foreign entities**	N/A	
13.	**Commentary on the result for the period**		
		Current Period	Previous Corresponding Period
13.1	Earnings per share overall operations (undiluted)	**22.05 cents**	12.67 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 2018

	Note	**Year ended 31 December 2018 A$'000**	Year ended 31 December 2017 A$'000
Revenue		**1,510,416**	988,182
Cost of sales		**(1,157,128)**	(778,597)
Gross profit		**353,288**	209,585
Other income		**2,356**	10,194
Distribution costs		**(54,566)**	(44,250)
Administrative expenses		**(35,244)**	(23,647)
Other operating expenses		**(30,984)**	(56,501)
Finance costs		**(44,881)**	(43,902)
Profit from operations		**189,969**	51,479
Share of results of associates		**46,958**	21,138
Profit before income tax		**236,927**	72,617
Income tax		**(52,270)**	18,757
Profit for the year	1	**184,657**	91,374
Other comprehensive income/(expense), net of tax:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**24,409**	(7,459)
Cash flow hedges		**461**	1,360
Other comprehensive income/(expense) for the year, net of tax		**24,870**	(6,099)
Total comprehensive income for the year		**209,527**	85,275
Profit/(loss) attributable to:			
Owners of the Company		**161,722**	92,656
Non-controlling interests		**22,935**	(1,282)
		184,657	91,374
Total comprehensive income/(expense) attributable to:			
Owners of the Company		**181,761**	88,249
Non-controlling interests		**27,766**	(2,974)
		209,527	85,275
Profit per share		**Cents**	Cents
- Basic		**22.05**	12.67
- Diluted		**21.79**	12.06

Statements of financial position
as at 31 December 2018

		The Company		The Group	
		31 December 2018	31 December 2017	**31 December 2018**	31 December 2017
	Note	**A$'000**	A$'000	**A$'000**	A$'000
Assets					
Non-Current					
Property, plant and equipment		**-**	-	**660,743**	608,915
Land use rights		**-**	-	**10,070**	9,370
Exploration and evaluation costs	2	**-**	-	**1,808**	2,167
Mine development costs		**-**	-	**23,988**	32,026
Deferred tax assets		**-**	-	**-**	24,076
Interests in subsidiaries		**134,300**	58,139	**-**	-
Interests in associates	3	**-**	-	**126,339**	116,544
		134,300	58,139	**822,948**	793,098
Current					
Inventories		**-**	-	**267,042**	252,480
Trade and other receivables		**46,231**	130,255	**93,329**	91,025
Prepayments		**133**	3,585	**3,035**	6,076
Cash collateral		**-**	-	**12,773**	4,463
Cash and bank balances		**178**	10	**79,046**	29,913
		46,542	133,850	**455,225**	383,957
Total assets		**180,842**	191,989	**1,278,173**	1,177,055
Equity					
Capital and Reserves					
Share capital		**36,931**	36,671	**36,931**	36,671
Treasury shares		**(2,330)**	(2,330)	**(2,330)**	(2,330)
Reserves		**85,554**	1,275	**354,016**	193,625
		120,155	35,616	**388,617**	227,966
Non-controlling interests		**-**	-	**62,508**	59,782
Total equity		**120,155**	35,616	**451,125**	287,748
Liabilities					
Non-Current					
Borrowings		**14,441**	24,485	**436,120**	468,859
Trade and other payables		**-**	53	**112,879**	139,725
Provision		**-**	-	**9,931**	6,032
Deferred tax liabilities		**-**	-	**3,301**	1,677
Deferred capital grant		**-**	-	**13,315**	12,776
		14,441	24,538	**575,546**	629,069
Current					
Trade and other payables		**40,247**	126,328	**167,299**	213,600
Borrowings		**5,999**	5,507	**76,806**	41,822
Deferred capital grant		**-**	-	**803**	726
Income tax payables		**-**	-	**6,594**	4,090
		46,246	131,835	**251,502**	260,238
Total liabilities		**60,687**	156,373	**827,048**	889,307
Total equity and liabilities		**180,842**	191,989	**1,278,173**	1,177,055

Consolidated statement of cash flows
for the financial year ended 31 December 2018

	Year ended 31 December 2018 A$'000	Year ended 31 December 2017 A$'000
Cash Flows from Operating Activities		
Profit before income tax	**236,927**	72,617
Adjustments for:		
Amortisation of land use rights	**193**	186
Amortisation of deferred capital grant	**(760)**	(737)
Amortisation of mine development costs	**9,052**	11,143
Depreciation of property, plant and equipment	**36,751**	32,985
Write off of exploration and evaluation costs	**932**	211
Write off of goodwill	**2,550**	-
Loss on deemed disposal and re-purchase	**-**	505
Gain on disposal of property, plant and equipment	**-**	(53)
Gain on early debt settlement	**-**	(3,955)
Write off of property, plant and equipment	**116**	586
Write back of inventories	**-**	(11)
Unwinding of interest expenses/(income)	**2,464**	(1,508)
Reclassification adjustments from hedging reserve to profit or loss	**461**	1,360
Interest expenses	**44,881**	43,902
Interest income	**(405)**	(187)
Share of results of associates	**(46,958)**	(21,138)
Operating profit before working capital changes	**286,204**	135,906
(Increase)/decrease in inventories	**(13,163)**	50,981
Decrease/(increase) in trade and bill receivables	**1,034**	(5,963)
Increase in prepayments, deposits and other receivables	**(186)**	(9,647)
(Decrease)/increase in trade and bill payables	**(40,997)**	1,699
(Decrease)/increase in other payables and accruals	**(20,444)**	7,623
Decrease in other long term payable	**(22,969)**	(42,371)
Cash generated from operations	**189,479**	138,228
Income tax paid	**(9,886)**	(4,437)
Net cash generated from operating activities	**179,593**	133,791
Cash Flows from Investing Activities		
Payments for exploration and evaluation costs	**(573)**	(512)
Payments for mine development costs	**(1,014)**	-
Purchase of property, plant and equipment	**(29,172)**	(45,242)
Proceeds from disposal of property, plant and equipment	**-**	86
Acquisition of a subsidiary	**(2,550)**	375
Repayment from an associate	**35,623**	18,457
Interest received	**405**	187
Net cash generated from/(used in) investing activities	**2,719**	(26,649)

Consolidated statement of cash flows (cont'd)
for the financial year ended 31 December 2018

	Year ended 31 December 2018 A$'000	Year ended 31 December 2017 A$'000
Cash Flows from Financing Activities		
Repayment of bank and other loans	**(41,961)**	(75,321)
Proceeds from bank loans	**-**	348
Payment to finance lease creditors	**(920)**	(975)
Buy-back of warrants	**(620)**	-
Acquisition of irredeemable convertible preference shares in subsidiary from non-controlling interest shareholder	**(25,040)**	-
Issue of ordinary shares, net of issue costs	**2,060**	
(Increase)/decrease in cash collateral	**(8,310)**	4,301
Dividend paid	**(22,101)**	-
Interest paid	**(38,273)**	(24,487)
Net cash used in financing activities	**(135,165)**	(96,134)
Net increase in cash and cash equivalents	**47,147**	11,008
Cash and cash equivalents at beginning of year	**29,913**	20,571
Exchange difference on translation of cash and cash equivalents at beginning of year	**1,986**	(1,666)
Cash and cash equivalents at end of year	**79,046**	29,913

Consolidated statement of changes in equity
for the financial year ended 31 December 2018

	Share capital A$'000	Share premium A$'000	Treasury shares A$'000	Non-distributable reserve A$'000	Capital 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 2018	36,671	176,563	(2,330)	5,552	16,513	(6,886)	10,073	(8,190)	227,966	59,782	287,748
Profit for the year	-	-	-	-	-	-	-	161,722	161,722	22,935	184,657
Other comprehensive income for the year	-	-	-	-	-	346	19,693	-	20,039	4,831	24,870
Total comprehensive income for the year	-	-	-	-	-	346	19,693	161,722	181,761	27,766	209,527
Dividends declared	-	-	-	-	-	-	-	(22,101)	(22,101)	-	(22,101)
Issue of ordinary shares, net of issue costs	260	1,800	-	-	-	-	-	-	2,060	-	2,060
Acquisition of irredeemable convertible preference shares in subsidiary from non-controlling interest shareholder	-	-	-	-	-	-	-	-	-	(25,040)	(25,040)
Buy-back of warrants	-	-	-	-	(1,069)	-	-	-	(1,069)	-	(1,069)
Transfer	-	-	-	3,316	-	-	3	(3,319)	-	-	-
Transactions with owners	260	1,800	-	3,316	(1,069)	-	3	(25,420)	(21,110)	(25,040)	(46,150)
Balance at 31 December 2018	36,931	178,363	(2,330)	8,868	15,444	(6,540)	29,769	128,112	388,617	62,508	451,125

	Share capital A$'000	Share premium A$'000	Treasury shares A$'000	Non-distributable reserve A$'000	Capital 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 income/(expense) for the year	-	-	-	-	-	1,020	(5,427)	-	(4,407)	(1,692)	(6,099)
Total comprehensive income/(expense) for the year	-	-	-	-	-	1,020	(5,427)	92,656	88,249	(2,974)	85,275
Dividend forfeited	-	-	-	-	-	-	-	14	14	-	14
Transfer	-	-	-	18	-	-	7	(33)	(8)	8	-
Transaction with owners	-	-	-	18	-	-	7	(19)	6	8	14
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

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	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	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	**321**	-	**265,938**	163,053	**1,235,629**	818,526	**8,528**	6,603	**1,510,416**	988,182
Inter-segment sales	**228,734**	136,390	**593,120**	382,556	**199,311**	129,205	**5,263**	-	**1,026,428**	648,151
Elimination									**(1,026,428)**	(648,151)
	229,055	136,390	**859,058**	545,609	**1,434,940**	947,731	**13,791**	6,603	**1,510,416**	988,182
Reportable segment profit	**94,934**	38,863	**134,300**	25,385	**24,909**	23,960	**(19,698)**	6,986	**234,445**	95,194
Reportable segment assets	**119,171**	105,839	**1,048,820**	947,407	**432,341**	464,565	**209,847**	214,538	**1,810,179**	1,732,349
Elimination									**(658,346)**	(671,838)
Interest in associates									**126,340**	116,544
Total assets									**1,278,173**	1,177,055
Reportable segment liabilities	**179,422**	219,695	**784,517**	776,802	**193,981**	291,482	**119,741**	250,154	**1,277,661**	1,538,133
Elimination									**(450,613)**	(648,826)
Total liabilities									**827,048**	889,307
Other segment information										
Purchase of property, plant and equipment	**7,212**	1,843	**19,789**	42,657	**477**	372	**1,694**	370	**29,172**	45,242
Depreciation of property, plant and equipment	**5,927**	5,642	**30,515**	27,219	**162**	113	**147**	11	**36,751**	32,985
Amortisation of land use rights	**-**	-	**193**	186	**-**	-	**-**	-	**193**	186
Addition of mine development costs	**1,014**	-	**-**	-	**-**	-	**-**	-	**1,014**	-
Amortisation of mine development costs	**9,052**	11,143	**-**	-	**-**	-	**-**	-	**9,052**	11,143
Addition of evaluation and exploration costs	**573**	512	**-**	-	**-**	-	**-**	-	**573**	512

Operating segment (cont'd)

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

	2018	2017
	A$'000	A$'000
Reportable segment profit	**234,445**	95,194
Finance income	**405**	187
Share of results of associates	**46,958**	21,138
Finance costs	**(44,881)**	(43,902)
Profit before income tax	**236,927**	72,617

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**	
	2018	2017	**2018**	2017
Principal markets	**A$'000**	A$'000	**A$'000**	A$'000
Asia Pacific	**1,239,003**	761,293	**696,645**	652,522
Europe	**147,291**	120,018	**-**	-
Middle East	**82,599**	60,210	**-**	-
Africa	**1,414**	7,375	**126,303**	116,500
Others	**40,109**	39,286	**-**	-
	1,510,416	988,182	**822,948**	769,022

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 2018

Note 1: Profit after taxation

The Group	**2018 A$'000**	2017 A$'000
Profit after tax has been arrived at after charging/(crediting):		
Amortisation of land use rights	**193**	186
Amortisation of mine development costs	**9,052**	11,143
Amortisation of deferred capital grant	**(760)**	(737)
Cost of inventories recognized as expenses and included in cost of sales	**1,157,128**	778,597
Depreciation of property, plant and equipment	**36,751**	32,985
Exchange loss	**5,249**	32,725
Exploration and evaluation costs written off	**932**	211
Write off of property, plant and equipment	**116**	586
Write off of goodwill	**2,550**	-
Gain on disposal of property, plant and equipment	**-**	(53)
Interest income	**(405)**	(187)
Finance costs:		
- loans	**43,508**	39,153
- others	**1,373**	4,749
Operating lease charges	**3,296**	2,333
Employee benefits expenses	**80,552**	43,057

Note 2: Exploration and evaluation costs

The Group	**2018 A$'000**	2017 A$'000
At beginning of year	**2,167**	1,866
Costs incurred during the year	**573**	512
Written off during the year	**(932)**	(211)
At end of year	**1,808**	2,167

Note 3: Interests in associates

The Group	**2018 A$'000**	2017 A$'000
Interests in associates	**126,339**	116,544

The associates are:

Name of company	Country of incorporation	Percentage of equity held **2018**	2017	Principal activities
Ntsimbintle Mining Limited (previously known as 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: 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.