OM HOLDINGS LIMITED

(ARBN 081 028 337)

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	27	ASX Appendix 4D

31 August 2020

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

Dear Sir/Madam

The Board of OM Holdings Limited ("**OMH**", or the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to provide a copy of the consolidated interim financial report and the Group Appendix 4D for the half-year ended 30 June 2020.

HIGHLIGHTS

- **Profit after tax for the half-year ended 30 June 2020 ("1H 2020") of A$14.2 million as compared to a profit after tax of A$50.0 million for the half-year ended 30 June 2019 ("1H 2019")**
- **Earnings Before Interest, Tax and Depreciation ("EBITDA") of A$53.1 million for 1H 2020 compared with A$109.0 million for 1H 2019**
- **Basic and diluted earnings per share of the Group of 1.84 cents for 1H 2020 as compared to basic and diluted earnings per share of 6.49 cents and 6.45 cents for 1H 2019**
- **Revenue from operating activities for 1H 2020 was A$386.5 million, representing a 28% decrease over 1H 2019 revenue from operating activities of A$534.6 million. This decrease was a result of lower tonnages of ores and alloys traded, and a softening of the manganese ore and ferroalloy prices in 1H 2020 amidst the COVID-19 pandemic**
- **Gross profit margin decreased to 13.8% in 1H 2020 from 19.9% in 1H 2019. This was predominantly attributed to the continued weakening of ore and alloy prices, and lower volumes of ferroalloy and manganese ore traded**
- **Total borrowings decreased from A$473.9 million as at 31 December 2019 to A$453.7 million as at 30 June 2020 which included repayments against the Sarawak Project Finance loans of approximately US$12.9 million (equivalent to approximately A$20.9 million) during 1H 2020. As a result, total borrowings to equity ratio decreased from 0.93 times as at 31 December 2019 to 0.86 times as at 30 June 2020**
- **Net cash generated from operating activities of A$52.7 million for 1H 2020**
- **Consolidated cash position of A$59.0 million as at 30 June 2020 as compared to A$63.7 million as at 31 December 2019**

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HIGHLIGHTS (CONT'D)

- **Net asset backing per ordinary share of the Group increased to 71.26 cents per ordinary share as at 30 June 2020 as compared to 66.31 cents and 68.94 cents per ordinary share as at 30 June 2019 and 31 December 2019 respectively**
- **Despite the COVID-19 pandemic having created global market volatility, weaker commodity prices and decreased world-wide demand which impacted the Group's results for 1H 2020, the Board has reassessed the balance of the final dividend of A$0.005 per ordinary share previously deferred and announced on 30 March 2020. The Board has resolved to pay out the balance of A$0.005 per ordinary share of the final dividend for FY2019. The Record Date for the dividend remains at 8 May 2020 and the Payment Date will be 27 November 2020.**

OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

KEY DRIVERS (Tonnes)	Period Ended 30 June 2020	Period Ended 30 June 2019	Variance %
Sales volumes of Ores	**499,069**	523,946	(5)
Sales volumes of Alloys	**189,452**	241,158	(21)

FINANCIAL RESULTS (A$ million)			
Total sales	**386.5**	534.6	(28)
Gross profit	**53.3**	106.2	(50)
Gross profit margin (%)	**13.8%**	19.9%	
Other income	**3.3**	1.7	94
Distribution costs	**(19.7)**	(26.0)	(24)
Administrative expenses	**(8.2)**	(10.3)	(20)
Other operating expenses	**(14.8)**	(11.5)	29
Exchange gain/(loss)	**10.4**	(0.6)	NM
Finance costs	**(17.4)**	(21.4)	(19)
Share of results of associates(3)	**7.9**	20.3	(61)
Profit before income tax	**14.8**	58.4	(75)
Income tax	**(0.6)**	(8.4)	(93)
Profit for the period	**14.2**	50.0	(72)
Non-controlling interests	**(0.7)**	(2.2)	(68)
Profit after tax attributable to owners of the Company	**13.5**	47.8	(72)

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (A$ million)	Period Ended 30 June 2020	Period Ended 30 June 2019
Net profit after tax	**14.2**	50.0
Adjustments:		
Depreciation/amortisation(2)	**28.3**	26.4
Unrealised exchange (gain)/loss	**(6.9)**	3.4
Finance costs (net of income)	**16.9**	20.8
Income tax (credit)/expenses	**0.6**	8.4
Adjusted EBITDA(1)	**53.1**	109.0

(1) Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, net finance costs, income tax, 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' disclosures.

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

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

FINANCIAL ANALYSIS

The Group recorded revenue of A$386.5 million for 1H 2020, representing a 28% decrease from A$534.6 million recorded for 1H 2019. The decrease in revenue was predominantly attributed to the continued softening of ore and alloy prices in 1H 2020, as well as a 10% decrease in total product volumes traded. Group revenue declined due to the softening of the global market as a result of the continued economic tensions between the United States and China, and the slowdown of economic activity amidst the COVID-19 pandemic. This led to the shut-down of 3 furnaces (2 furnaces in February 2020 and 1 furnace in May 2020) for maintenance at the Group's 75% owned smelter in Sarawak (the "Plant"). The Plant was impacted by the materials supply chain and labour disruptions, coupled with lockdowns and strict travel restrictions because of the COVID-19 pandemic. As a result, ferrosilicon ("FeSi") volumes produced and traded from the Plant decreased by 27% in 1H 2020. Volumes of FeSi sold in 1H 2020 were 80,538 tonnes, with a total revenue contribution of approximately A$128.9 million (1H 2019: 109,897 tonnes with a revenue contribution of A$180.2 million). Manganese alloy (high carbon ferromanganese ("HCFeMn") and silicomanganese ("SiMn")) volumes traded in 1H 2020 also decreased by approximately 17%. A total of 108,914 tonnes of manganese alloy were traded in 1H 2020 (with a revenue contribution of approximately A$151.8 million) as compared to 131,260 tonnes of manganese alloy traded in 1H 2019 (with a revenue contribution of approximately A$196.6 million).

Total manganese ore volumes traded (including from the Group's wholly-owned Bootu Creek Manganese Mine (the "Mine") and other third party ores) decreased in 1H 2020. Total manganese volumes traded decreased by 32,754 tonnes (approximately 6%) to 473,576 tonnes, with a revenue contribution of A$102.0 million in 1H 2020 (as compared to 506,330 tonnes with a revenue contribution of A$153.0 million in 1H 2019). Manganese ore volumes traded from the Mine in 1H 2020 decreased by approximately 17% (by 47,620 tonnes) to 228,448 tonnes, with a revenue contribution of A$44.5 million (as compared to a revenue contribution in 1H 2019 of A$80.7 million). The decrease was mainly due to the slow restart of mining and processing activities due to the suspension of mining activities at the Mine for about 4 months following the Tourag accident in August 2019. In addition, mining activities were impacted by a number of significant Northern Territory wet season rainfall events at the beginning of 2020 which flooded the Masai pits and resulted in lower than forecast ore extraction and impeded the availability of material feed to the process plants. The decrease in volumes traded of OMM's manganese ore was partially offset by an increase in other third party manganese ore volumes traded (including ores from South Africa) which increased to 245,128 tonnes (as compared to 230,263 tonnes in 1H 2019), a total volume increase of 6%. However, despite the increase in volume, revenue contributed from other third party manganese ores in 1H 2020 was A$57.4 million as compared to A$72.2 million in 1H 2019, a decrease of approximately 21%. This was predominantly attributed to the continued softening of manganese ore prices in 1H 2020.

The weaker manganese ore and ferroalloy prices in 1H 2020, and the reduction in total ore and ferroalloy volumes traded in the current period had a negative impact on the Group's sales revenue and gross profit in 1H 2020. The Group recorded a gross profit of A$53.3 million in 1H 2020 (with a gross profit margin of 13.8%) as compared to a gross profit of A$106.2 million in 1H 2019 (with a gross profit margin of approximately 19.9%).

Platts reported that prices of FeSi to Japan closed lower at US$970 per metric tonne at the end of June 2020, as compared to US$1,110 per metric tonne at the end of June 2019. This represented a decrease of US$140 per metric tonne (or approximately 13%).

The average index manganese ore prices (44% Mn published by Fastmarkets MB) for 1H 2020 was US$5.09/dmtu, a US$1.24/dmtu (or approximately 20%) reduction from the average price for 1H 2019 of US$6.33/dmtu.

Total distribution costs decreased by 24% in 1H 2020, proportionately more than the 10% decrease in total product volumes traded in 1H 2020 as compared to 1H 2019. This was related to an increase in other third party manganese ore volumes traded (including ores from South Africa (which is priced on CIF terms)). Excluding these third party manganese ore volumes traded for both 1H 2020 and 1H 2019, the total product volumes traded in 1H 2020 actually decreased by 127,165 tonnes (or approximately 24%) in the current period, which is in line with the decrease in total distribution costs.

Administrative expenses for 1H 2020 decreased by approximately 20% to A$8.2 million as compared to 1H 2019 of A$10.3 million. The higher administrative expenses incurred in 1H 2019 were mainly due to performance linked bonuses provided in respect of the higher profit in 1H 2019. There were no performance linked bonuses provided in 1H 2020 in view of the lower profit and slowdown of economic activity amidst the COVID-19 pandemic.

Other operating expenses increased to A$14.8 million in 1H 2020 from A$11.5 million in 1H 2019 mainly due to approximately A$4.2 million of expenses associated with the shut-down of 3 furnaces at OM Sarawak. The shutdowns were due to limited manpower at the Plant because of labour disruptions arising from strict travel restrictions due to the COVID-19 pandemic. The shutdowns enabled maintenance programs to be brought forward and undertaken.

Foreign exchange gains recorded in 1H 2020 were A$10.4 million as compared to foreign exchange losses in 1H 2019 of A$0.6 million. Foreign exchange gains in 1H 2020 were mainly attributed to the translation of Malaysia Ringgit (“MYR”) denominated payables and borrowings to USD due to the weakening of the MYR against the USD in 1H 2020. For 1H 2019, the exchange losses of A$0.6 million were due to the marginal strengthening of the MYR against the USD during the corresponding period in 2019.

Tax expense for 1H 2020 decreased to A$0.6 million, a decrease of approximately 93% as compared to 1H 2019, which was in line with the decrease in taxable income for 1H 2020.

Amidst the COVID-19 pandemic, the lower manganese ore and ferroalloy prices in 1H 2020, coupled with the decrease in the total product volumes traded, the Group was still able to record a profit after tax of A$14.2 million for 1H 2020 (against a profit after tax of A$50.0 million for 1H 2019). The Group’s basic and diluted profit per ordinary share for 1H 2020 was 1.84 cents as compared to basic and diluted earnings per share of 6.49 cents and 6.45 cents for 1H 2019 respectively.

The Group recorded a positive EBITDA of A$53.1 million in 1H 2020 as compared with A$109.0 million for 1H 2019, a decrease of approximately 52%, on the back of weaker ore and ferroalloy prices and reduced product volumes traded amidst the COVID-19 pandemic.

Results Contributions

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

A$ million	**Period ended 30 June 2020**		**Period ended 30 June 2019**	
	Revenue*	**Contribution**	Revenue*	Contribution
Mining	**41.1**	**(8.2)**	95.8	28.5
Smelting	**272.1**	**22.3**	366.1	24.0
Marketing, logistics and trading	**328.3**	**12.9**	482.7	8.5
Others	**11.4**	**(3.2)**	17.0	(2.1)
Net profit before finance costs		**23.8**		58.9
Finance costs (net of income)		**(16.9)**		(20.8)
Share of results of associates		**7.9**		20.3
Profit before tax		**14.8**		58.4

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

Mining

This category includes the contribution from the Bootu Creek Manganese Mine (the “**Mine**”).

The Mine (100% owned and operated by the Company’s wholly owned subsidiary OMM) produced 301,148 tonnes of manganese ore with an average grade of 28.38% Mn in 1H 2019 as compared to 360,378 tonnes of manganese ore with an average grade of 35.61% Mn in 1H 2019, a decrease of approximately 16%. The lower tonnes produced in 1H 2020 were mainly due to production volumes being affected by the slow restart of mining and processing activities following the 4 month suspension of mining activities in August 2019. In addition, wet ore extracted from the Masai pits impacted the processing plants feed and further affected the production of product in 1H 2020. OMM shipped 268,941 tonnes of manganese ore with an average grade of 28.07% Mn in 1H 2020, a decrease of approximately 28% as compared to 372,602 tonnes of manganese ore with an average grade of 35.11% Mn in 1H 2019. In addition, 4,101 tonnes of manganese ore were sold domestically in 1H 2020 as compared to 5,138 tonnes in 1H 2019.

Revenue for 1H 2020 amounted to A$41.1 million and OMM recorded a negative contribution of A$8.2 million for the period ended 30 June 2020. The decrease in revenue and the negative contribution for 1H 2020 was mainly a result of lower tonnages of manganese ore produced and sold in the current period, coupled with the continued downward trend of manganese ore prices in 1H 2020 as compared to 1H 2019.

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 within OM Sarawak and OMQ recorded revenue of A$272.1 million for 1H 2020 as compared to A$366.1 million for 1H 2019. The decrease in revenue was mainly due to the lower volumes of ferroalloys produced and sold, coupled with the continued softening of FeSi and manganese alloy prices in 1H 2020 as compared to 1H 2019. OM Sarawak produced a total of 96,508 tonnes and 109,415 tonnes of FeSi and manganese alloy respectively in 1H 2020 (1H 2019: 114,312 tonnes of FeSi and 121,925 tonnes of manganese alloy) with a total revenue contribution for 1H 2020 of A$256.1 million as compared to A$338.1 million for 1H 2019. 3 furnaces were shut-down during the current period for maintenance due to limited manpower at the Plant because of labour disruptions coupled with lockdowns and strict travel restrictions as a result of the COVID-19 pandemic.

OMQ produced 10,140 tonnes of manganese alloy and 8,051 tonnes of manganese sinter ore in 1H 2020 (1H 2019: 18,837 tonnes of manganese alloy and 22,231 tonnes of manganese sinter ore) and had a revenue contribution of A$16.0 million for 1H 2020 as compared to A$27.9 million for 1H 2019. Production was suspended following the shut-down of OMQ's furnaces at the end of March 2020. A furnace transformer was subsequently upgraded from 16.5MVA to 25.5MVA to improve production capacity. Production at the end of 1H 2020 was also impacted by scheduled maintenance being conducted on the furnaces.

The smelting segment recorded a lower contribution of A$22.3 million for 1H 2020 as compared to A$24.0 million for 1H 2019 predominantly due to the softening of market prices for FeSi and manganese alloy and the lower total volumes of products sold in the 6 month period ended 30 June 2020.

Marketing, logistics and trading

Revenue from the Group's trading operations decreased by 32%, from A$482.7 million for 1H 2019 to A$328.3 million for 1H 2020. This decrease was primarily due to lower total volumes of ores and ferroalloys traded in 1H 2020 as well as the continued weakened prices of manganese ores and ferroalloys in 1H 2020 amidst the COVID-19 pandemic. Despite the decrease in revenue, the profit contribution from the Group's trading operations increased to A$12.9 million in the current period as compared to A$8.5 million in 1H 2019. This was mainly due to higher third party sales commissions received in 1H 2020, funding received from government grants and job-support schemes to aid operations during the COVID-19 pandemic and lower staff costs incurred as no performance linked bonuses were provided for in 1H 2020.

Others

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

The revenue recognised in this segment mainly related to procurement fees and other services rendered by subsidiaries. The negative contribution of A$3.2 million reported by this segment for 1H 2020 included unrealised foreign exchange losses, administrative and operating expenses for corporate activities and interest on the 12.5 million Hanwa convertible notes, convertible at A$0.80 each on or before 6 March 2021.

FINANCIAL POSITION

The Group's property, plant and equipment ("**PPE**") as at 30 June 2020 of A$698.5 million was similar to that as at 31 December 2019.

As at 30 June 2020, the Group's consolidated cash position was A$59.0 million (including cash collateral of A$15.8 million) as compared to A$63.7 million (including cash collateral of A$14.8 million) as at 31 December 2019. For 1H 2020, the net cash generated from operating activities was A$52.7 million as compared to net cash generated of A$50.3 million for 1H 2019.

Inventories increased to A$265.1 million as at 30 June 2020 from A$228.3 million as at 31 December 2019. This was mainly due to increased inventories of raw materials and finished goods (FeSi and manganese alloys) as a result of slower inventory turnover in 1H 2020 due to curtailed global demand experienced as a result of the COVID-19 pandemic.

Trade and other receivables increased to A$39.3 million as at 30 June 2020 from A$37.8 million as at 31 December 2019 mainly due to an increase in advance payments to suppliers from a China subsidiary.

Trade and other payables increased to A$217.7 million as at 30 June 2020 from A$173.4 million as at 31 December 2019 due to an increase in trade payables from arising from delayed payment to suppliers and extended payment terms offered by suppliers due to the COVID-19 pandemic.

The Group's total borrowings decreased from A$473.9 million as at 31 December 2019 to A$453.7 million as at 30 June 2020. The decrease was mainly attributed to repayments of the Sarawak Project Finance loans during the 6 month period ended 30 June 2020 of approximately US$12.9 million (equivalent to approximately A$20.9 million). The Group's total borrowings to equity ratio decreased from 0.93 times as at 31 December 2019 to 0.86 times as at 30 June 2020. The borrowings as at 30 June 2020 comprised approximately A$409.7 million of Sarawak Project Finance loans associated with the smelter operations as compared to A$435.6 million as at 31 December 2019.

The Group's net asset backing per ordinary share increased to 71.26 cents per ordinary share as at 30 June 2020 as compared to 66.31 cents and 68.94 cents per ordinary share as at 30 June 2019 and 31 December 2019 respectively. This represented a 7% and 3% (or 4.95 cents and 2.32 cents) increase as compared to 30 June 2019 and 31 December 2019 respectively.

Capital Structure

As at 30 June 2020, the Company had on issue 738,623,337 ordinary shares and 12,500,000 unsecured convertible notes.

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

Ntsimbintle Mining Proprietary Limited ("NMPL") holds a 50.1% interest in Tshipi é Ntle Manganese Mining (Pty) Ltd ("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 to 3.6 million tonnes per annum. The Company has a 13% effective beneficial interest in this project via its NMPL investment holding. The Group equity accounts its 13% effective interest in Tshipi's results which equated to a contribution of A$7.9 million for 1H 2020 compared to A$20.3 million for 1H 2019.) The decrease from the share of results from Tshipi was mainly due to the continued softening of Mn ore prices in 1H 2020 and the decrease of product volume sold during the current period due to the slowdown of economic activity as a result of the COVID-19 pandemic, which translated to a lower net profit in Tshipi.

In March 2020, Tshipi paid to NMPL a dividend of ZAR 132.8 million (approximately US$8.5 million) for the 6 months ended 29 February 2020. The Group received its share of the dividend of ZAR 32.8 million (approximately US$1.9 million) net of withholdings tax from NMPL in May 2020.

Mining operations at the Tshipi Borwa Manganese Mine were suspended since the implementation of a three-week lockdown by the South African Government on 26 March 2020 to contain the spread of COVID-19 in South Africa. However, on 14 April 2020, Tshipi was granted approval by the South Africa's Department of Mineral Resources to partially restart its operations. On 23 April 2020, the South African Government announced its plans to ease the lockdown gradually. The Tshipi Borwa Manganese Mine resumed operations since the easing of the lockdown in South Africa in late April 2020.

BALANCE OF DEFERRED FY2019 FINAL DIVIDEND

Despite the COVID-19 pandemic having created global market volatility, weaker commodity prices and decreased world-wide demand which impacted the Group's results for 1H 2020, the Board has re-assessed the balance of the final dividend of A$0.005 per ordinary share previously deferred and as announced on 30 March 2020. The Board has resolved to pay out the balance of A$0.005 per ordinary share of the final dividend for FY2019. The Record Date for the dividend remains at 8 May 2020 and the Payment Date will be 27 November 2020

Yours faithfully
OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Joint Company Secretary

This ASX announcement was authorised for release by the Board of OM Holdings Limited.

Further enquiries please contact:
Ms Jenny Voon
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Email: investor.relations@ommaterials.com

Important note from page 3

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

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

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

OM HOLDINGS LIMITED

A.R.B.N 081 028 337

Appendix 4D

Half Yearly Report

For the period ended 30 June, 2020

(previous corresponding period being the period ended 30 June, 2019)

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 2020

Name of Entity:	OM Holdings Limited	
ARBN:	081 028 337	
1. Details of the current and prior reporting period		
Current Period:	1 Jan 2020 to 30 Jun 2020	
Prior Period:	1 Jan 2019 to 30 Jun 2019	
2. Results for announcement to the market		
	A$'000	A$'000
2.1 Revenue	Down 148,045 to	386,526
2.2 Profit after taxation	Down 35,717 to	14,240
2.3 Net profit for the period attributable to owners of the Company	Down 34,255 to	13,554
2.4 Dividend distributions	Amount per security	Franked amount per security
	A$0.005	Nil
2.5 Record date for determining entitlements to the dividend	8 May 2020	
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	Balance A$0.005 per share of FY 2019 Final Dividends Declared of A$0.01 per share	
7. Consolidated statement of changes in equity	Refer Interim Financial Report	
	Current Period A$	Previous Corresponding Period A$
8. Net asset backing per ordinary security	**71.26 cents**	**66.31** 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 Profit per share	**1.84 cents**	6.49 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 2020

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 2019 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 2020.

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 2020 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 profit after tax and non-controlling interests of A$13.6 million for the six months ended 30 June 2020, compared with a consolidated net profit after tax and non-controlling interests of A$47.8 million for the previous corresponding period.

Signed in accordance with a resolution of the Directors.

On Behalf of the Directors

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LOW NGEE TONG
Executive Chairman
Singapore

Dated: 28 August 2020

Review report to the members of OM Holdings Limited

Introduction

We have reviewed the accompanying consolidated statement of financial position of OM Holdings Limited ("the Company") and its subsidiaries ("the Group") as at 30 June 2020, and the related statements of consolidated comprehensive income, consolidated changes in equity and consolidated cash flows for the six months period then ended, and selected explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial information does not give a true and fair view of the financial position of the Group as at 30 June 2020, and of the Group's financial performance, its changes in equity and its cash flows for the six months period then ended in accordance with IAS 34 *Interim Financial Reporting*.

Foo Kon Tan LLP

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Partner in charge: Mr Ho Teik Tiong
(with effect from the financial year ended 31 December 2018)

Singapore, 28 August 2020

Consolidated statement of financial position

	Note	**30 June 2020 A$'000**	31 December 2019 A$'000
Assets			
Non-Current			
Property, plant and equipment		**698,479**	698,406
Land use rights		**10,002**	9,920
Exploration and evaluation costs		**1,558**	963
Mine development costs		**19,808**	23,363
Investment property		**650**	642
Right-of-use assets		**4,497**	7,131
Deferred tax assets		**13,373**	11,392
Interests in associates		**121,321**	116,358
		869,688	868,175
Current			
Inventories		**265,069**	228,275
Trade and other receivables		**39,300**	37,809
Capitalised contract costs		**927**	1,015
Prepayments		**4,244**	3,754
Cash collateral		**15,788**	14,812
Cash and bank balances		**43,257**	48,900
		368,585	334,565
Total assets		**1,238,273**	1,202,740
Equity			
Capital and Reserves			
Share capital	7	**36,931**	36,931
Treasury shares		**(2,330)**	(2,330)
Reserves	12	**405,262**	390,277
		439,863	424,878
Non-controlling interests		**85,120**	82,990
Total equity		**524,983**	507,868
Liabilities			
Non-Current			
Borrowings	8	**334,470**	385,549
Lease liabilities		**747**	1,102
Trade and other payables		**35,475**	60,230
Provisions		**10,918**	14,453
Deferred tax liabilities		**1,440**	1,237
Deferred capital grant		**12,455**	12,605
		395,505	475,176
Current			
Trade and other payables		**182,302**	113,168
Contract liabilities		**5,184**	4,859
Borrowings	8	**119,202**	88,369
Lease liabilities		**3,673**	5,990
Deferred capital grant		**826**	809
Income tax payables		**6,598**	6,501
		317,785	219,696
Total liabilities		**713,290**	694,872
Total equity and liabilities		**1,238,273**	1,202,740

Consolidated statement of comprehensive income

	Note	**6 months to 30 June 2020 A$'000**	6 months to 30 June 2019 A$'000
Revenue	5	**386,526**	534,571
Cost of sales		**(333,197)**	(428,408)
Gross profit		**53,329**	106,163
Other income		**3,316**	1,720
Distribution costs		**(19,673)**	(26,005)
Administrative expenses		**(8,197)**	(10,313)
Other operating expenses		**(14,822)**	(11,463)
Foreign exchange gain/(loss)		**10,432**	(648)
Finance costs		**(17,361)**	(21,383)
Profit from operations		**7,024**	38,071
Share of results of associates		**7,850**	20,299
Profit before tax		**14,874**	58,370
Income tax		**(634)**	(8,413)
Profit after tax		**14,240**	49,957
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from foreign subsidiaries		**6,104**	2,286
Cash flow hedges	13	**454**	467
Other comprehensive income for the period, net of tax		**6,558**	2,753
Total comprehensive income for the period		**20,798**	52,710
Profit attributable to:			
Owners of the Company		**13,554**	47,809
Non-controlling interests		**686**	2,148
		14,240	49,957
Total comprehensive income attributable to:			
Owners of the Company		**18,668**	50,026
Non-controlling interests		**2,130**	2,684
		20,798	52,710
Profit per share		**Cents**	Cents
- Basic	9	**1.84**	6.49
- Diluted	9	**1.84**	6.45

Consolidated statement of changes in equity

	Share capital A$'000	Treasury shares A$'000	Share premium A$'000	Non-distributable reserve A$'000	Capital reserve A$'000	Hedging reserve A$'000	Exchange translation 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
At 1 January 2020	**36,931**	**(2,330)**	**178,363**	**8,868**	**16,064**	**(5,851)**	**30,181**	**162,652**	**424,878**	**82,990**	**507,868**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13,554**	**13,554**	**686**	**14,240**
Other comprehensive income for the period (Note 12)	**-**	**-**	**-**	**-**	**-**	**341**	**4,773**	**-**	**5,114**	**1,444**	**6,558**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**341**	**4,773**	**13,554**	**18,668**	**2,130**	**20,798**
Dividends (Note 10)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,683)**	**(3,683)**	**-**	**(3,683)**
Transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,683)**	**(3,683)**	**-**	**(3,683)**
At 30 June 2020	**36,931**	**(2,330)**	**178,363**	**8,868**	**16,064**	**(5,510)**	**34,954**	**172,523**	**439,863**	**85,120**	**524,983**

	Share capital A$'000	Treasury shares A$'000	Share premium A$'000	Non-distributable reserve A$'000	Capital reserve A$'000	Hedging reserve A$'000	Exchange translation 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
At 1 January 2019	36,931	(2,330)	178,363	8,868	15,444	(6,540)	29,769	128,112	388,617	62,508	451,125
Profit for the period	-	-	-	-	-	-	-	47,809	47,809	2,148	49,957
Other comprehensive income for the period (Note 12)	-	-	-	-	-	350	1,867	-	2,217	536	2,753
Total comprehensive income for the period	-	-	-	-	-	350	1,867	47,809	50,026	2,684	52,710
Dividends (Note 10)	-	-	-	-	-	-	-	(14,734)	(14,734)	(1,244)	(15,978)
Write off of warrants	-	-	-	-	619	-	-	-	619	-	619
Transactions with owners	-	-	-	-	619	-	-	(14,734)	(14,115)	(1,244)	(15,359)
At 30 June 2019	36,931	(2,330)	178,363	8,868	16,063	(6,190)	31,636	161,187	424,528	63,948	488,476

Consolidated statement of cash flows

	6 months to 30 June 2020 A$'000	6 months to 30 June 2019 A$'000
Cash Flows from Operating Activities		
Profit before tax	**14,874**	58,370
Adjustments for:		
Amortisation of land use rights	**108**	97
Amortisation of deferred capital grant	**(431)**	(380)
Amortisation of mine development costs	**3,033**	3,895
Depreciation of property, plant and equipment	**22,412**	20,208
Depreciation of right-of-use assets	**3,086**	2,178
Depreciation of investment property	**6**	5
(Recovery)/write off of exploration and evaluation costs	**(208)**	853
Write off of property, plant and equipment	**11**	-
Write off of warrants	**-**	619
Loss on disposal of property, plant and equipment	**-**	183
Unwinding of discount on non-current payables	**-**	650
Reclassification from hedging reserve to profit or loss	**454**	467
Interest expense	**17,361**	21,383
Interest income	**(470)**	(452)
Share of results of associates	**(7,850)**	(20,299)
Operating profit before working capital changes	**52,386**	87,777
Increase in inventories	**(36,996)**	(31,471)
Decrease in trade receivables	**3,212**	24,170
Decrease in capitalised contract cost	**88**	1,607
(Increase)/Decrease in prepayments, deposits and other receivables	**(5,239)**	6,308
Increase/(Decrease) in contract liabilities	**323**	(1,676)
Increase/(Decrease) in trade payables	**48,293**	(8,297)
Decrease in other payables and accruals	**(4,300)**	(11,567)
(Decrease)/Increase in provisions	**(3,013)**	186
Cash generated from operations	**54,754**	67,037
Income tax paid	**(2,006)**	(16,699)
Net cash generated from operating activities	**52,748**	50,338
Cash Flows from Investing Activities		
Payments for exploration and evaluation costs	**(391)**	(909)
Purchase of property, plant and equipment	**(9,529)**	(37,932)
Proceeds from disposal of property, plant and equipment	**-**	9
Loan repayment and dividend received from an associate	**2,890**	14,053
Interest received	**470**	452
Net cash used in investing activities	**(6,560)**	(24,327)
Cash Flows from Financing Activities		
Repayments of bank and other loans (Note A)	**(27,300)**	(32,572)
Proceeds from bank and other loans (Note A)	**-**	8,546
Principal repayment of lease liabilities (Note A)	**(3,179)**	(2,168)
Increase in cash collateral	**(976)**	(1,535)
Dividend paid (Note 10)	**(3,683)**	(14,734)
Interest paid (Note A)	**(17,273)**	(21,222)
Net cash used in financing activities	**(52,411)**	(63,685)
Net decrease in cash and cash equivalents	**(6,223)**	(37,674)
Cash and cash equivalents at beginning of period	**48,900**	79,046
Exchange differences on translation of cash and cash equivalents at beginning of period	**580**	328
Cash and cash equivalents at end of period	**43,257**	41,700

Consolidated statement of cash flows (Cont'd)

Note A Reconciliation of liabilities arising from financing activities

The following is the disclosure of the reconciliation of items for which cash flows have been, or will be, classified as financing activities, excluding equity items:

					Non-cash changes				
	1 January 2020 A$'000	Cash inflows A$'000	Cash outflows A$'000	Interest paid A$'000	New leases A$'000	Derecognition of lease liabilities A$'000	Foreign exchange difference A$'000	Interest expense A$'000	**30 June 2020 A$'000**
Lease liabilities	**7,092**	**-**	**(3,179)**	**(213)**	**584**	**(143)**	**66**	**213**	**4,420**
Borrowings	**473,918**	**-**	**(27,300)**	**-**	**-**	**-**	**7,054**	**-**	**453,672**
Trade and other payables - interest payables	**7,112**	**-**	**-**	**(17,060)**	**-**	**-**	**-**	**17,148**	**7,200**

					Non-cash changes			
	1 January 2019 A$'000	Cash inflows A$'000	Cash outflows A$'000	Interest paid A$'000	Adoption of IFRS 16 A$'000	Foreign exchange difference A$'000	Interest expense A$'000	30 June 2019 A$'000
Lease liabilities	-	-	(2,168)	(126)	7,497	55	126	5,384
Finance leases	1,092	-	-	-	(1,092)	-	-	-
Borrowings	511,834	8,546	(32,572)	-	-	3,882	-	491,690
Trade and other payables - interest payables	8,559	-	-	(21,096)	-	-	21,257	8,720

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 2020 was authorised for issue in accordance with a resolution of the Directors on 27 August 2020.

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 ferro alloy products
- trading of ore, ferrosilicon and ferro alloy products
- 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
- development and operation of smelters and sintering projects in Malaysia

2 General information and basis of preparation

The interim consolidated financial statements are for the six months ended 30 June 2020 and are presented in Australian Dollars (AUD), which is the functional currency of the parent 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 2019.

OM Holdings Limited is the Group's ultimate parent company. 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 accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations are adopted for the first time in 2020, but do not have a material impact on the interim condensed consolidated financial statements of the Group, as follows:

Amendments to IFRS 3 *Definition of a Business*
The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contributes to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

Amendments to IAS 1 and IAS 8 *Definition of Material*
The amendments are intended to make the definition of 'material' in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IAS. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of 'material' in IAS 8 has been replaced by a reference to the definition of 'material' in IAS 1. In addition, the other IFRS and the Conceptual Framework, which contain a definition of 'material' or refer to the term 'material', have been updated to ensure consistency.

Amendments to IFRS 7, IFRS 9 and IAS 39 *Interest Rate Benchmark Reform*
The amendments affect entities that apply the hedge accounting requirements in IFRS 9 and IAS 39 to hedging relationships directly affected by the interest rate benchmark reform. The amendments would mandatorily apply to all hedging relationships that are directly affected by the interest rate benchmark reform and modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform.

Revised Conceptual Framework for Financial Reporting
The Conceptual Framework for Financial Reporting used in standard setting has been revised. No changes are made to the current accounting standards. However, entities that rely on the Conceptual Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Conceptual Framework. In such cases, these entities should review those policies and apply the new guidance retrospectively.

In addition, Amendments to References to the Conceptual Framework in IFRS Standards, a separate accompanying document issued together with the revised Conceptual Framework, set out amendments to IFRS, their accompanying documents and IFRS practice statements, which contain references to or quotations from the Conceptual Framework, to reflect the revised Conceptual Framework.

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 statement 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 inputs to these models are derived from observable market data where possible. Where observable data are not available, judgements 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 ferroalloys, ferrosilicon and manganese sinter ore
- *marketing and trading* - trading of manganese ore, manganese ferroalloys, ferrosilicon and sinter ore, chrome ore and iron ore

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

	Mining	**Smelting**	**Marketing and trading**	**Others***	**Total**
6 months to 30 June 2020	**A$'000**	**A$'000**	**A$'000**	**A$'000**	**A$'000**
Revenue					
From external customers	**-**	**111,774**	**274,752**	**-**	**386,526**
Inter-segment sales	**41,125**	**160,313**	**53,514**	**11,409**	**266,361**
Segment revenues	**41,125**	**272,087**	**328,266**	**11,409**	**652,887**
Segment operating Profit/(Loss) before tax	**(8,183)**	**22,373**	**12,971**	**(3,246)**	**23,915**
Segment assets	**86,311**	**968,092**	**57,178**	**126,692**	**1,238,273**

	Mining	Smelting	Marketing and trading	Others*	Total
6 months to 30 June 2019	A$'000	A$'000	A$'000	A$'000	A$'000
Revenue					
From external customers	1,679	151,451	381,441	-	534,571
Inter-segment sales	94,160	214,630	101,290	16,976	427,056
Segment revenues	95,839	366,081	482,731	16,976	961,627
Segment operating Profit/(Loss) before tax	28,551	24,072	8,489	(2,110)	59,002
Segment assets	88,489	986,360	63,007	139,866	1,277,722

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

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

	6 months to 30 June 2020 A$'000	6 months to 30 June 2019 A$'000
Group profit before tax		
Segment results	**23,915**	59,002
Share of associate's result	**7,850**	20,299
Finance costs	**(17,361)**	(21,383)
Interest income	**470**	452
Group profit before tax	**14,874**	58,370

6 Analysis of selected items of the consolidated interim financial statements

The Group recorded revenue of A$386.5 million for 1H 2020, representing a 28% decrease from A$534.6 million recorded for 1H 2019. The decrease in revenue was predominantly attributed to the continued softening of ore and alloy prices in 1H 2020, as well as a 10% decrease in total product volumes traded. Group revenue declined due to the softening of the global market as a result of the continued economic tensions between the United States and China, and the slowdown of economic activity amidst the COVID-19 pandemic. This led to the shut-down of 3 furnaces (2 furnaces in February 2020 and 1 furnace in May 2020) for maintenance at the Group's 75% owned smelter in Sarawak (the "Plant"). The Plant was impacted by the materials supply chain and labour disruptions, coupled with lockdowns and strict travel restrictions because of the COVID-19 pandemic. As a result, ferrosilicon ("FeSi") volumes produced and traded from the Plant decreased by 27% in 1H 2020. Volumes of FeSi sold in 1H 2020 were 80,538 tonnes, with a total revenue contribution of approximately A$128.9 million (1H 2019: 109,898 tonnes with a revenue contribution of A$180.2 million). Manganese alloy (high carbon ferromanganese ("HCFeMn") and silicomanganese ("SiMn")) volumes traded in 1H 2020 also decreased by approximately 17%. A total of 108,914 tonnes of manganese alloy were traded in 1H 2020 (with a revenue contribution of approximately A$151.8 million) as compared to 131,260 tonnes of manganese alloy traded in 1H 2019 (with a revenue contribution of approximately A$196.6 million).

Total manganese ore volumes traded (including from the Group's wholly-owned Bootu Creek Manganese Mine (the "Mine") and other third party ores) decreased in 1H 2020. Total manganese volumes traded decreased by 32,754 tonnes (approximately 6%) to 473,576 tonnes, with a revenue contribution of A$102.0 million in 1H 2020 (as compared to 506,330 tonnes with a revenue contribution of A$153.0 million in 1H 2019). Manganese ore volumes traded from the Mine in 1H 2020 decreased by approximately 17% (by 47,620 tonnes) to 228,448 tonnes, with a revenue contribution of A$44.5 million (as compared to a revenue contribution in 1H 2019 of A$80.7 million). The decrease was mainly due to the slow restart of mining and processing activities due to the suspension of mining activities at the Mine for about 4 months following the Tourag accident in August 2019. In addition, mining activities were impacted by a number of significant Northern Territory wet season rainfall events at the beginning of 2020 which flooded the Masai pits and resulted in lower than forecast ore extraction and impeded the availability of material feed to the process plants. The decrease in volumes traded of OMM's manganese ore was partially offset by an increase in other third party manganese ore volumes traded (including ores from South Africa) which increased to 245,128 tonnes (as compared to 230,263 tonnes in 1H 2019), a total volume increase of 6%. However, despite the increase in volume, revenue contributed from other third party manganese ores in 1H 2020 was A$57.4 million as compared to A$72.2 million in 1H 2019, a decrease of approximately 21%. This was predominantly attributed to the continued softening of manganese ore prices in 1H 2020.

The weaker manganese ore and ferroalloy prices in 1H 2020, and the reduction in total ore and ferroalloy volumes traded in the current period had a negative impact on the Group's sales revenue and gross profit in 1H 2020. The Group recorded a gross profit of A$53.3 million in 1H 2020 (with a gross profit margin of 13.8%) as compared to a gross profit of A$106.2 million in 1H 2019 (with a gross profit margin of approximately 19.9%).

Platts reported that prices of FeSi to Japan closed lower at US$970 per metric tonne at the end of June 2020, as compared to US$1,110 per metric tonne at the end of June 2019. This represented a decrease of US$140 per metric tonne (or approximately 13%).

The average index manganese ore prices (44% Mn published by Fastmarkets MB) for 1H 2020 was US$5.09/dmtu, a US$1.24/dmtu (or approximately 20%) reduction from the average price for 1H 2019 of US$6.33/dmtu.

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

Total distribution costs decreased by 24% in 1H 2020, proportionately more than the 10% decrease in total product volumes traded in 1H 2020 as compared to 1H 2019. This is related to an increase in other third party manganese ore volumes traded (including ores from South Africa (which is priced on CIF terms)). Excluding these third party manganese ore volumes traded for both 1H 2020 and 1H 2019, the total product volumes traded in 1H 2020 actually decreased by 127,165 tonnes (or approximately 24%) in the current period, which is in line with the decrease in total distribution costs.

Administrative expenses for 1H 2020 decreased by approximately 20% to A$8.2 million as compared to 1H 2019 of A$10.3 million. The higher administrative expenses incurred in 1H 2019 were mainly due to performance linked bonuses provided in respect of the higher profit in 1H 2019. There were no performance linked bonuses provided in 1H 2020 in view of the lower profit and slowdown of economic activity amidst the COVID-19 pandemic.

Other operating expenses increased to A$14.8 million in 1H 2020 from A$11.5 million in 1H 2019 mainly due to approximately A$4.2 million of expenses associated with the shut-down of 3 furnaces at OM Sarawak. The shutdowns were due to limited manpower at the Plant because of labour disruptions arising from strict travel restrictions due to the COVID-19 pandemic. The shutdowns enabled maintenance programs to be brought forward and undertaken.

Foreign exchange gains recorded in 1H 2020 were A$10.4 million as compared to foreign exchange losses in 1H 2019 of A$0.6 million. Foreign exchange gains in 1H 2020 were mainly attributed to the translation of Malaysia Ringgit ("MYR") denominated payables and borrowings to USD due to the weakening of the MYR against the USD in 1H 2020. For 1H 2019, the exchange losses of A$0.6 million were due to the marginal strengthening of the MYR against the USD during the corresponding period in 2019.

The Group's share of results from an associate of A$7.9 million relates to the operating profit from its 13% effective interest in Tshipi é Ntle Manganese Mining (Pty) Ltd ("Tshipi").

Tax expense for 1H 2020 decreased to A$0.6 million, a decrease of approximately 93% as compared to 1H 2019, which was in line with the decrease in taxable income for 1H 2020.

Amidst the COVID-19 pandemic, the lower manganese ore and ferroalloy prices in 1H 2020, coupled with the decrease in the total product volumes traded, the Group was still able to record a profit after tax of A$14.2 million for 1H 2020 (against a profit after tax of A$50.0 million for 1H 2019). The Group's basic and diluted profit per ordinary share for 1H 2020 was 1.84 cents as compared to basic and diluted earnings per share of 6.49 cents and 6.45 cents for 1H 2019 respectively.

The Group's property, plant and equipment ("PPE") as at 30 June 2020 of A$698.5 million was similar to that as at 31 December 2019.

As at 30 June 2020, the Group's consolidated cash position was A$59.0 million (including cash collateral of A$15.8 million) as compared to A$63.7 million (including cash collateral of A$14.8 million) as at 31 December 2019. For 1H 2020, the net cash generated from operating activities was A$52.7 million as compared to net cash generated of A$50.3 million for 1H 2019.

Inventories increased to A$265.1 million as at 30 June 2020 from A$228.3 million as at 31 December 2019. This was mainly due to increased inventories of raw materials and finished goods (FeSi and manganese alloys) as a result of slower inventory turnover in 1H 2020 due to curtailed global demand experienced as a result of the COVID-19 pandemic.

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

Trade and other receivables increased to A$39.3 million as at 30 June 2020 from A$37.8 million as at 31 December 2019 mainly due to an increase in advance payments to suppliers from a China subsidiary.

Trade and other payables increased to A$217.7 million as at 30 June 2020 from A$173.4 million as at 31 December 2019 due to an increase in trade payables from arising from delayed payment to suppliers and extended payment terms offered by suppliers due to the COVID-19 pandemic.

The Group's total borrowings decreased from A$473.9 million as at 31 December 2019 to A$453.7 million as at 30 June 2020. The decrease was mainly attributed to repayments of the Sarawak Project Finance loans during the 6 months period ended 30 June 2020 of approximately US$12.9 million (equivalent to approximately A$20.9 million). The Group's total borrowings to equity ratio decreased from 0.93 times as at 31 December 2019 to 0.86 times as at 30 June 2020. The borrowings as at 30 June 2020 comprised approximately A$409.7 million of Sarawak Project Finance loans associated with the smelter operations as compared to A$435.6 million as at 31 December 2019.

The Group's net asset backing per ordinary share increased to 71.26 cents per ordinary share as at 30 June 2020 as compared to 66.31 cents and 68.94 cents per ordinary share as at 30 June 2019 and 31 December 2019 respectively. This represented a 7% and 3% (or 4.95 cents and 2.32 cents) increase as compared to 30 June 2019 and 31 December 2019 respectively.

7 Share capital

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

Shares authorised and issued are summarised as follows:

	No. of ordinary shares *(amounts in thousand shares)*		Amount	
	As at 30 June 2020 '000	As at 31 December 2019 '000	**As at 30 June 2020 A$'000**	As at 31 December 2019 A$'000
Authorised:				
Ordinary shares of A$0.05 (2019 - A$0.05) each	**2,000,000**	2,000,000	**100,000**	100,000
Issued and fully paid:				
Ordinary shares of A$0.05 (2019 - A$0.05) each as at beginning of period	**738,623**	738,623	**36,931**	36,931
Ordinary shares of A$0.05 (2019 - A$0.05) each as at end of period	**738,623**	738,623	**36,931**	36,931

8 Borrowings

The Group	**As at 30 June 2020 A$'000**	As at 31 December 2019 A$'000
Non-current		
Bank loans, secured (Note 8.1)	**332,711**	357,049
5% Convertible Note (Note 8.2)	**-**	15,029
Other loans (Note 8.3)	**3,181**	15,199
	335,892	387,277
Structuring and arrangement fee	**(1,422)**	(1,728)
	334,470	385,549
Current		
Bank loans, secured (Note 8.1)	**82,706**	80,573
5% Convertible Note (Note 8.2)	**15,486**	-
Other loans (Note 8.3)	**21,887**	9,048
	120,079	89,621
Structuring and arrangement fee	**(877)**	(1,252)
	119,202	88,369
Total	**453,672**	473,918

8 Borrowings (Cont'd)

8.1 Bank loans

The Group	**As at 30 June 2020 A$'000**	As at 31 December 2019 A$'000
Bank loans, secured [Note (a)]	**3,430**	2,044
Bank loans, secured [Note (b)]	**411,987**	435,578
	415,417	437,622
Amount repayable not later than one year	**82,706**	80,573
Amount repayable after one year:		
Later than one year and not later than five years	**332,711**	344,392
Later than five years	**-**	12,657
	332,711	357,049
	415,417	437,622

Notes:

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

(b) These loans are secured by:

- shares of OM Materials (Sarawak) Sdn Bhd, a company incorporated in Malaysia;
- charge over certain bank accounts;
- charge over land use rights;
- debenture;
- borrower assignment;
- assignment of insurances;
- shareholder assignment;
- assignment of reinsurances; and
- corporate guarantee from OM Holdings Limited and Chaya Mata Sarawak Berhad (holds 25% ownership interest in OM Materials (Sarawak) Sdn Bhd).

8 Borrowings (Cont'd)

8.2 5% Convertible Note

The Group	**As at 30 June 2020 A$'000**	As at 31 December 2019 A$'000
5% Convertible Note:		
Due not later than one year	**15,486**	-
Due later than one year and not later than five years	**-**	15,029
	15,486	15,029

On 7 March 2012, the Company issued to Hanwa Co. Ltd 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% per annum, 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 Co. Ltd to extend the Convertible Note terms for a further 4 years to 6 March 2020, which has been assessed and accounted for as a non-substantial modification of the original financial liability. The conversion option has not been recognised as a derivative financial instrument because the fair value was assessed to be insignificant.

In March 2018, the convertible notes on issue were reduced from 25,000,000 to 20,000,000 following the redemption of 20% of the convertible notes for US$4,290,000 (equivalent to approximately A$5,500,000).

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 10.26% of the original convertible notes for US$2,200,000 (equivalent to approximately A$2,900,000).

In February 2019, the convertible notes on issue were reduced further from 17,435,500 to 12,500,000 following the redemption by the Company of 19.74% of the original convertible notes for US$4,234,000 (equivalent to approximately A$5,826,000).

In December 2019, the Company executed an amendment and restatement agreement with Hanwa Co. Ltd to extend the Convertible Note terms for a further 1 year to 6 March 2021, which had been assessed and accounted for as a non-substantial modification of the original financial liability. The conversion option had not been recognised as a derivative financial instrument because the fair value was assessed to be insignificant.

8 Borrowings (Cont'd)

8.3 Other loans

The Group	**As at 30 June 2020 A$'000**	As at 31 December 2019 A$'000
Shareholder loan, unsecured [Note (a)]	**3,181**	3,067
Shareholder loan, unsecured [Note (b)]	**9,502**	9,048
Third party loan, secured [Note (c)]	**12,385**	12,132
	25,068	24,247
Amount repayable not later than one year	**21,887**	9,048
Amount repayable after one year:		
Later than one year and not later than five years	**-**	12,132
Later than five years	**3,181**	3,067
	3,181	15,199
	25,068	24,247

Notes:

(a) These loans are unsecured. None of the shareholders are entitled to demand or receive payment or any distribution in respect of any shareholders' loans from the Group. Repayment may be made subject to satisfaction of pre-agreed tests typical for a project financing of this nature.

(b) The loan is unsecured and repayable on demand.

(c) The loan is repayable on 4 January 2021. The loan is guaranteed by the Company.

9 Profit per share

For calculation of diluted earnings per share in the current period, the convertible bonds are not included because they are anti-dilutive. These convertible bonds can potentially dilute basic earnings per share in the future.

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

	6 months to 30 June 2020 A$'000	6 months to 30 June 2019 A$'000
Profit		
Net profit attributable to owners of the Company for the purpose of:		
- basic earnings per share	**13,554**	47,809
- diluted earnings per share	**13,554**	48,307
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of:		
- basic earnings per share	**736,690**	736,690
- diluted earnings per share	**736,690**	749,190

10 Dividends

In February 2020, the Board declared a final dividend of A$0.01 per share for the financial year ended 31 December 2019. Subsequently the Board approved to pay A$0.005 per share and defer A$0.005 per share until the Board met in late August 2020. The deferral of the balance enabled the Company to have access to additional working capital to continue its operations with minimal disruptions amidst the uncertain COVID-19 pandemic. The Record Date for the payment of the dividend of A$0.005 per share was 8 May 2020 and it was paid on 29 May 2020. The balance of A$0.005 per share which was previously deferred was considered by the Board on 24 August 2020 and the decision was made to pay the balance of the dividend previously deferred of A$0.005 per share on 29 November 2020.

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 2020 A$'000	6 months to 30 June 2019 A$'000
Commission charged by an associate	**219**	324
Purchase of goods from a related party	**39,570**	37,083
Sales of goods to an associate	**668**	144
Commission charged to a related party	**1,074**	730

(B) Compensation of directors and key management personnel

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

	6 months to 30 June 2020 A$'000	6 months to 30 June 2019 A$'000
Salaries, wages and other related costs	**3,689**	5,480
Defined contribution plans	**220**	191

12 Other components of equity

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

	Share premium (a) A$'000	Non - distributable reserve (b) A$'000	Capital reserve (c) A$'000	Hedging reserve (d) A$'000	Exchange translation reserve (e) A$'000	Retained profits (f) A$'000	Total A$'000
Balance at 1 January 2020	**178,363**	**8,868**	**16,064**	**(5,851)**	**30,181**	**162,652**	**390,277**
Other comprehensive income for the period (all attributable to the parent)	**-**	**-**	**-**	**341**	**4,773**	**13,554**	**18,668**
Dividend paid (Note 10)	**-**	**-**	**-**	**-**	**-**	**(3,683)**	**(3,683)**
Balance at 30 June 2020	**178,363**	**8,868**	**16,064**	**(5,510)**	**34,954**	**172,523**	**405,262**

	Share premium (a) A$'000	Non - distributable reserve (b) A$'000	Capital reserve (c) A$'000	Hedging reserve (d) A$'000	Exchange translation reserve (e) A$'000	Retained profits (f) A$'000	Total A$'000
Balance at 1 January 2019	178,363	8,868	15,444	(6,540)	29,769	128,112	354,016
Other comprehensive income for the period (all attributable to the parent)	-	-	-	350	1,867	47,809	50,026
Dividend paid (Note 10)	-	-	-	-	-	(14,734)	(14,734)
Write off of warrants	-	-	619	-	-	-	619
Balance at 30 June 2019	178,363	8,868	16,063	(6,190)	31,636	161,187	389,927

12 Other components of equity (Cont'd)

Notes:

(a) The share premium comprises the value of shares that have been issued at a premium, meaning the price paid was in excess of the share's quotient value. The amount received in excess of the quotient value was transferred to the share premium reserve.

(b) In accordance with the accounting principles and financial regulations applicable to Sino-foreign joint venture enterprises, the subsidiaries in the PRC are required to transfer part of their profits after tax to the "Statutory Reserves Fund", the "Enterprise Expansion Fund" and the "Staff Bonus and Welfare Fund", which are non-distributable, before profit distributions to joint venture partners. The quantum of the transfers is subject to the approval of the board of directors of these subsidiaries.

The annual transfer to the Statutory Reserves Fund should not be less than 10% of profit after tax, until it aggregates to 50% of the registered capital. However, foreign enterprises may choose not to appropriate profits to the Enterprise Expansion Fund.

The Statutory Reserves Fund can be used to make good previous years' losses while the Enterprise Expansion Fund can be used for acquisition of property, plant and equipment and financing daily funds required. The Staff Bonus and Welfare Fund is utilised for employees collective welfare benefits and is included in other payables under current liabilities in the statements of financial position.

(c) The capital reserve arose from the capitalisation of various reserves and retained profits in one of the Sino-foreign joint ventures of the Group. The purpose of the capitalisation is to increase the registered capital of the joint venture.

The Company wrote off an amount of A$619,000 (equivalent to US$500,000) as a result of the expiry of the 26,000,000 unlisted warrants on 25 March 2019.

(d) The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated hedging reserves is reclassified to the profit or loss when the forecast transaction is ultimately recognised in the profit or loss.

(e) The translation reserve comprises all foreign exchange differences arising on the translation of the financial statements of foreign subsidiaries and associates stated in a currency different from the Group's presentation currency.

(f) Retained earnings comprise the distributable reserves recognised in the preceding year less any dividend declared. The total of such profits brought forward and the profit derived during the period constitutes the total distributable reserves, which is the maximum amount available for distribution to shareholders.

13 Cash flow hedges

The Group	**6 months to 30 June 2020 A$'000**	6 months to 30 June 2019 A$'000
Cash flow hedges:		
Gain arising during the period	**454**	467

14 Commitments

Capital commitments

The following table summarises the Group's capital commitments:

The Group	**As at 30 June 2020 A$'000**	As at 31 December 2019 A$'000
Capital expenditure contracted but not provided for in the financial statements – Requisition of property, plant and equipment	**7,839**	18,856

Environmental bonds

A subsidiary had environmental bonds to the value of A$13,927,000 (2019 – A$13,927,000) lodged with the Northern Territory Government (Department of Primary Industry and Resources) to secure environmental rehabilitation commitments. The A$13,927,000 (2019 – A$13,927,000) of bonds are secured by A$12,347,000 (2019 – A$12,347,000) of performance bonds guaranteed by financial institutions and certain are cash backed.