

**OM HOLDINGS LIMITED**  
(ARBN 081 028 337)  
(Malaysian Registration No. 202002000012 (995782-P))  
Incorporated in Bermuda



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18 March 2026

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

Dear Sir/Madam

**AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Pursuant to the Corporations Act 2001 and the ASX Listing Rule 4.5, please find attached the audited Financial Statements and Reports for the year ended 31 December 2025.

The 2025 Annual Report (including the Financial Statements and Reports) are expected to be dispatched to Shareholders who have requested a copy by the end of April 2026.

Yours faithfully

**OM HOLDINGS LIMITED**



Heng Siow Kwee/Julie Wolseley  
**Joint Company Secretary**

Financial statements  
**OM Holdings Limited**  
**and its subsidiaries**

31 December 2025

## Company information

<b>Australian registration number</b>	ARBN 081 028 337
<b>Malaysian registration number</b>	202002000012 (995782-P)
<b>Registered office</b>	Clarendon House 2 Church Street Hamilton, HM11 Bermuda
<b>Directors</b>	Low Ngee Tong (Executive Chairman and Chief Executive Officer) Zainul Abidin Rasheed (Independent Deputy Chairman) Julie Anne Wolseley (Non-Executive Director and Joint Company Secretary) Tan Peng Chin (Independent Non-Executive Director) Dato' Abdul Hamid Bin Sh Mohamed (Independent Non-Executive Director) Tan Ming-li (Independent Non-Executive Director)
<b>Audit committee</b>	Dato' Abdul Hamid Bin Sh Mohamed (Independent Chairman) Julie Anne Wolseley Tan Ming-li
<b>Remuneration committee</b>	Tan Peng Chin (Independent Chairman) Julie Anne Wolseley Zainul Abidin Rasheed
<b>Secretaries</b>	Heng Siow Kwee Julie Anne Wolseley Conyers Corporate Services (Bermuda) Limited
<b>Bankers</b>	National Australia Bank Ltd Standard Chartered Bank
<b>Independent auditor</b>	Foo Kon Tan LLP Public Accountants and Chartered Accountants 1 Raffles Place #04-61/62 One Raffles Place Tower 2 Singapore 048616  Partner in charge: Mr Ling Guo Leng (since financial year ended 31 December 2024)

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## Directors' statement for the financial year ended 31 December 2025

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of OM Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2025 and the statement of financial position of the Company as at 31 December 2025.

In the opinion of the Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and the financial performance, changes in equity and cash flows of the Group for the financial year 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 these financial statements for issue.

### Names of Directors

The Directors of the Company in office at the date of this statement are:

Low Ngee Tong	(Executive Chairman and Chief Executive Officer)
Zainul Abidin Rasheed	(Independent Deputy Chairman)
Julie Anne Wolseley	(Non-Executive Director and Joint Company Secretary)
Tan Peng Chin	(Independent Non-Executive Director)
Dato' Abdul Hamid Bin Sh Mohamed	(Independent Non-Executive Director)
Tan Ming-li	(Independent Non-Executive Director)

In accordance with Bye-law 88(1) of the Company's Bye-laws, one-third of the Directors (excluding the Chief Executive Officer) retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

### Arrangements to enable Directors to acquire shares or debentures

Other than as disclosed in the financial statements, during and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the Directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other corporate body.

**Directors' interests in shares**

None of the Directors who held office at the end of the financial year had any interests in the shares of the Company or its related corporation, except as follows:

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	As at <u>1.1.2025</u>	As at <u>31.12.2025</u>	As at <u>1.1.2025</u>	As at <u>31.12.2025</u>
The Company -	<u>Number of ordinary shares fully paid</u>			
Low Ngee Tong	68,861,231	<b>69,101,231</b>	-	-
Julie Anne Wolseley	5,562,002	<b>5,562,002</b>	-	-
Tan Peng Chin	<sup>(1)</sup> 2,035,200	<sup>(1)</sup> <b>2,035,200</b>	-	-

Note:

<sup>(1)</sup> 2,035,200 (2024 - 2,035,200) shares are held by bank brokerage firms on behalf of Mr Tan Peng Chin.

**Shares Options**

No options were granted during the financial year to take up unissued shares of the Company or any corporation in the Group.

No shares of the Company or any corporation in the Group were issued during the financial year by virtue of the exercise of options.

There were no unissued shares of the Company or any corporation in the Group under option at the end of the financial year.

**Audit Committee**

The Audit Committee at the end of the financial year comprised the following members:

Dato' Abdul Hamid Bin Sh Mohamed (Chairman)  
 Julie Anne Wolseley  
 Tan Ming-li

The Audit Committee performs the functions set out in the Audit Committee Charter available on the Company's website. The Company has also considered the fourth edition of the Corporate Governance Principles and Recommendations with relevant amendments developed by the ASX Corporate Governance Council. In performing those functions, the Audit Committee has reviewed the following:

- i. overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It has met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluations of the Company's systems of internal accounting controls;
- ii. the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit; and
- iii. the half-yearly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2025 as well as the auditor's report thereon.

**Audit Committee (Cont'd)**

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any Director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

**Independent auditor**

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept the re-appointment.

On behalf of the Directors



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LOWNGEE TONG  
Executive Chairman and Chief Executive Officer

Dated: 18 March 2026

# Independent auditor's report to the members of OM Holdings Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of OM Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Company and the Group as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the International Financial Reporting Standards (IFRSs) so as to give a true and fair view of the financial position of the Company and the consolidated financial position of the Group as at 31 December 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Professional Conduct and Ethics for Professional Accountants (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent auditor's report to the members of OM Holdings Limited (Cont'd)

## Key Audit Matters (Cont'd)

### (1) Impairment of non-financial assets

The Group's non-financial assets comprising property, plant and equipment, land use rights, exploration and evaluation costs, mine development costs and right-of-use assets amounted to US\$398.2 million as at 31 December 2025. Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. These impairment indicators include net loss and net operating cash outflows for the year. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount (higher of fair value less costs of disposal and value in use) is based on cash flow projections covering a five-year period with certain key assumptions, such as the budgeted gross margin, the perpetual growth rate and discount rate per cash-generating unit (CGU). These assumptions which are determined by management are judgmental.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In determining the appropriate CGU level, the Group has considered whether there are: active markets for intermediate products; external users of the processing assets or smelting operations through the use of shared infrastructure; stand-alone mines or smelting plants operated on a portfolio basis. Significant judgement is required by management to determine whether multiple assets should be grouped to form a CGU.

#### *How the matter was addressed in the audit*

Our audit procedures included among others, assessing appropriateness of CGUs identified by management, evaluating management's assessment for impairment indicators, reviewing the valuation model and assumptions used in determining the recoverable amounts of CGUs, and challenging management's assumptions in our evaluation of the model.

We evaluated whether there had been significant changes in the external and internal factors considered by the Group in assessing whether indicators of impairment exist. In the assessment of impairment, the Group takes into account the indicative open market prices of the finished products from independent experts and publication reports, and uses inputs, such as market growth rate, weighted average cost of capital and other factors, typical of similar smelting industries. Senior management has applied its knowledge of the business in its regular review of these estimates. We also evaluated the adequacy of disclosures about key assumptions and sensitivities.

The disclosures about the Group's property, plant and equipment, land use rights, exploration and evaluation costs, mine development costs and right-of-use assets are included in Notes 4, 5, 6, 7 and 9 respectively to the financial statements.

# Independent auditor's report to the members of OM Holdings Limited (Cont'd)

## Key Audit Matters (Cont'd)

### (2) Recognition of deferred tax assets

The Group recognised deferred tax assets based on unutilised tax losses and other temporary differences. The Group exercised its judgement to determine the amount of deferred tax assets that can be recognised, to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. As at 31 December 2025, the Group recognised deferred tax assets of US\$11.9 million.

#### *How the matter was addressed in the audit*

Our audit procedures included among others, understanding of the local tax regulations and review of management's assessment on the recognition of deferred tax assets. We have also assessed the profit forecast to evaluate the reasonableness of the recognition of deferred tax assets.

We discussed with the Group's key management and considered their views on the Group's recoverability of deferred tax assets, to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised. We also focused on the adequacy of disclosures about key assumptions and sensitivities.

The disclosures about the Group's deferred tax assets are included in Note 10 to the financial statements.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

## **Independent auditor's report to the members of OM Holdings Limited (Cont'd)**

### **Responsibilities of Management and Those Charged With Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## Independent auditor's report to the members of OM Holdings Limited (Cont'd)

### Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr Ling Guo Leng.



Foo Kon Tan LLP  
Public Accountants and  
Chartered Accountants

Singapore,  
18 March 2026

## Statements of financial position as at 31 December 2025

	Note	The Company		The Group	
		31 December 2025 US\$'000	31 December 2024 US\$'000	31 December 2025 US\$'000	31 December 2024 US\$'000
<b>Assets</b>					
<b>Non-Current</b>					
Property, plant and equipment	4	-	-	385,868	408,194
Land use rights	5	-	-	6,561	6,577
Exploration and evaluation costs	6	-	-	3,011	2,635
Mine development costs	7	-	-	206	644
Investment property	8	-	-	-	411
Right-of-use assets	9	-	-	2,510	5,253
Deferred tax assets	10	-	-	11,930	11,076
Interests in subsidiaries	11	87,996	83,368	-	-
Interests in associates	12	-	-	10,472	79,245
		<b>87,996</b>	<b>83,368</b>	<b>420,558</b>	<b>514,035</b>
<b>Current</b>					
Inventories	13	-	-	257,928	313,932
Trade and other receivables	14	28,336	27,877	45,928	42,383
Capitalised contract costs	15	-	-	679	637
Prepayments		172	158	3,263	2,356
Derivatives	16	-	-	1,626	-
Cash and bank balances	17	27	29	23,875	67,904
		<b>28,535</b>	<b>28,064</b>	<b>333,299</b>	<b>427,212</b>
Assets held for sale	18	-	-	81,581	-
		<b>28,535</b>	<b>28,064</b>	<b>414,880</b>	<b>427,212</b>
<b>Total assets</b>		<b>116,531</b>	<b>111,432</b>	<b>835,438</b>	<b>941,247</b>
<b>Equity</b>					
<b>Capital and Reserves</b>					
Share capital	19	32,976	32,976	32,976	32,976
Treasury shares	20	(2,058)	(2,058)	(2,058)	(2,058)
Reserves	21	11,583	8,366	388,741	385,669
		<b>42,501</b>	<b>39,284</b>	<b>419,659</b>	<b>416,587</b>
<b>Non-controlling interests</b>		-	-	<b>2,647</b>	<b>3,579</b>
<b>Total equity</b>		<b>42,501</b>	<b>39,284</b>	<b>422,306</b>	<b>420,166</b>
<b>Liabilities</b>					
<b>Non-Current</b>					
Borrowings	22	-	-	101,173	77,576
Lease liabilities	23	-	-	999	2,009
Trade and other payables	24	-	-	174	137
Provisions	25	-	-	3,810	3,393
Deferred tax liabilities	10	-	-	23,798	30,131
Deferred capital grant	26	-	-	5,431	5,998
		-	-	<b>135,385</b>	<b>119,244</b>
<b>Current</b>					
Borrowings	22	-	-	111,956	142,169
Lease liabilities	23	-	-	1,650	3,621
Trade and other payables	24	74,030	72,148	149,027	202,073
Provisions	25	-	-	188	487
Derivatives	16	-	-	-	28
Deferred capital grant	26	-	-	567	567
Contract liabilities	27	-	-	12,159	46,981
Income tax payables		-	-	2,200	5,911
		<b>74,030</b>	<b>72,148</b>	<b>277,747</b>	<b>401,837</b>
<b>Total liabilities</b>		<b>74,030</b>	<b>72,148</b>	<b>413,132</b>	<b>521,081</b>
<b>Total equity and liabilities</b>		<b>116,531</b>	<b>111,432</b>	<b>835,438</b>	<b>941,247</b>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

## Consolidated statement of comprehensive income for the financial year ended 31 December 2025

	Note	Year ended 31 December 2025 US\$'000	Year ended 31 December 2024 US\$'000
Revenue	3	636,305	654,274
Cost of sales		(574,099)	(541,057)
Gross profit		62,206	113,217
Other income	28	11,185	2,917
Distribution costs		(29,396)	(31,438)
Administrative expenses		(15,399)	(17,044)
Other operating expenses		(14,924)	(24,590)
Finance costs	29	(23,574)	(29,454)
(Loss)/profit from operations		(9,902)	13,608
Share of results of associates	12	(327)	6
(Loss)/profit before income tax, from continuing operations	29	(10,229)	13,614
Tax credit/(expense)	30	7,350	(8,223)
<b>(Loss)/profit after income tax, from continuing operations</b>		<b>(2,879)</b>	<b>5,391</b>
<b>Discontinued operations</b>			
Share of results of an associate	12,18	3,980	4,327
<b>Profit for the year</b>		<b>1,101</b>	<b>9,718</b>
<b>Other comprehensive income, net of tax:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Currency translation differences arising from foreign subsidiaries (attributable to owners of the Company)		3,000	(4,045)
Realisation of foreign exchange reserve upon disposal of subsidiary	11.2	(158)	-
Cash flow hedges	31	(180)	(45)
		2,662	(4,090)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Currency translation differences arising from foreign subsidiaries (attributable to non-controlling interests)		19	(104)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>2,681</b>	<b>(4,194)</b>
<b>Total comprehensive income for the year</b>		<b>3,782</b>	<b>5,524</b>
<b>Profit/(loss) attributable to:</b>			
Owners of the Company		2,349	9,304
Non-controlling interests		(1,248)	414
		1,101	9,718
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company		5,011	5,214
Non-controlling interests		(1,229)	310
		3,782	5,524
		<b>Cents</b>	<b>Cents</b>
<b>(Loss)/profit per share, from continuing operations</b>			
- Basic	32	(0.21)	0.65
- Diluted	32	(0.21)	0.65
<b>Profit per share, from continuing and discontinued operations</b>			
- Basic	32	0.31	1.22
- Diluted	32	0.31	1.22

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

## Consolidated statement of changes in equity for the financial year ended 31 December 2025

	Share capital US\$'000	Treasury shares US\$'000	Share premium US\$'000	Non-distributable reserve US\$'000	Capital reserve US\$'000	Hedging reserve US\$'000	Exchange fluctuation reserve US\$'000	Retained profits US\$'000	Total attributable to equity holders of the parent US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
At 1 January 2025	32,976	(2,058)	164,864	1,419	(10,947)	180	(48,607)	278,760	416,587	3,579	420,166
Profit for the year	-	-	-	-	-	-	-	2,349	2,349	(1,248)	1,101
Other comprehensive income for the year	-	-	-	-	-	(180)	2,842	-	2,662	19	2,681
Total comprehensive income for the year	-	-	-	-	-	(180)	2,842	2,349	5,011	(1,229)	3,782
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	297	297
Dividends (Note 21)	-	-	-	-	-	-	-	(1,956)	(1,956)	-	(1,956)
Dividends forfeited	-	-	-	-	-	-	-	17	17	-	17
Transactions with owners	-	-	-	-	-	-	-	(1,939)	(1,939)	297	(1,642)
Transfer to statutory reserve	-	-	-	184	-	-	-	(184)	-	-	-
At 31 December 2025	32,976	(2,058)	164,864	1,603	(10,947)	-	(45,765)	278,966	419,659	2,647	422,306

  

	Share capital US\$'000	Treasury shares US\$'000	Share premium US\$'000	Non-distributable reserve US\$'000	Capital reserve US\$'000	Hedging reserve US\$'000	Exchange fluctuation reserve US\$'000	Retained profits US\$'000	Total attributable to equity holders of the parent US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
At 1 January 2024	32,976	(2,058)	164,864	1,419	(10,947)	225	(44,562)	269,440	411,357	3,269	414,626
Profit for the year	-	-	-	-	-	-	-	9,304	9,304	414	9,718
Other comprehensive income for the year	-	-	-	-	-	(45)	(4,045)	-	(4,090)	(104)	(4,194)
Total comprehensive income for the year	-	-	-	-	-	(45)	(4,045)	9,304	5,214	310	5,524
Dividends forfeited	-	-	-	-	-	-	-	16	16	-	16
Transactions with owners	-	-	-	-	-	-	-	16	16	-	16
At 31 December 2024	32,976	(2,058)	164,864	1,419	(10,947)	180	(48,607)	278,760	416,587	3,579	420,166

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

## Consolidated statement of cash flows

### for the financial year ended 31 December 2025

	Note	Year ended 31 December 2025 US\$'000	Year ended 31 December 2024 US\$'000
<b>Cash Flows from Operating Activities</b>			
(Loss)/profit before income tax from continuing operations		(10,229)	13,614
Profit before income tax from discontinued operations		3,980	4,327
(Loss)/profit before income tax		(6,249)	17,941
Adjustments for:			
Amortisation of land use rights	5, 29	143	127
Amortisation of deferred capital grant	26, 29	(567)	(567)
Amortisation of mine development costs	7, 29	380	490
Depreciation of property, plant and equipment	4, 29	29,983	25,845
Depreciation of right-of-use assets	9, 29	3,548	2,963
Depreciation of investment property	8, 29	3	8
Gain on disposal of property, plant and equipment	29	(9)	-
Gain on disposal of investment property	8, 29	(1,685)	-
Loss on lease modification	29	-	7
Gain on lease termination	28, 29	(225)	-
Loss on deemed disposal of an associate	11.1, 29	253	-
Gain on bargain purchase of a subsidiary	11.1, 28, 29	(2,962)	-
Write-off of property, plant and equipment	29	353	14
Gain on disposal of a subsidiary	11.2, 28, 29	(1,048)	-
Reclassification from hedging reserve to profit or loss	31	(180)	(45)
Write-down/(write-back) of inventories to net realisable value, net	13, 29	4,291	(7,171)
Interest expense	29	23,574	29,454
Interest income	28	(762)	(777)
Unrealised (gain)/loss on derivatives	16	(1,626)	28
Share of results of associates	12	(3,653)	(4,333)
Operating profit before working capital changes		43,562	63,984
Decrease/(increase) in inventories		49,376	(13,260)
Increase in trade receivables		(10,050)	(4,449)
Increase in capitalised contract costs		(42)	(336)
Increase in prepayments, deposits and other receivables		(2,281)	(77)
(Decrease)/increase in contract liabilities		(34,821)	23,654
(Decrease)/increase in trade payables		(59,881)	15,976
Increase in other payables		1,025	862
Increase/(decrease) in provisions		118	(699)
Cash (used in)/generated from operations		(12,994)	85,655
Income tax paid		(4,830)	(2,384)
Net cash (used in)/generated from operating activities		(17,824)	83,271
<b>Cash Flows from Investing Activities</b>			
Payments for exploration and evaluation costs	6	(164)	(121)
Purchase of property, plant and equipment	4	(5,363)	(9,382)
Purchase of right-of-use asset (Note A)		(67)	(766)
Proceeds from disposal of property, plant and equipment		16	107
Proceeds from disposal of investment property	8	2,093	-
Acquisition of a subsidiary, net of cash acquired	11.1	(5,483)	-
Proceeds from disposal of subsidiary, net of cash disposed	11.2	13,468	-
Dividends received from an associate	12	4,419	1,811
Interest received		762	777
Net cash generated from/(used in) investing activities		9,681	(7,574)

## Consolidated statement of cash flows (Cont'd)

for the financial year ended 31 December 2025

	Note	Year ended 31 December 2025 US\$'000	Year ended 31 December 2024 US\$'000
<b>Cash Flows from Financing Activities</b>			
Repayment of bank and other loans (Note B)		(182,882)	(66,107)
Proceeds from bank and other loans (Note B)		173,884	22,170
Principal repayment of lease liabilities (Note B)		(3,956)	(3,014)
Capital contribution by non-controlling interests		297	-
(Increase)/decrease in cash collateral (Note B)		(1,775)	177
Dividends paid	21	(1,956)	-
Interest paid (Note B)		(22,209)	(29,523)
Net cash used in financing activities		(38,597)	(76,297)
Net decrease in cash and cash equivalents		(46,740)	(600)
Cash and cash equivalents at beginning of the year		59,588	60,491
Exchange difference on translation of cash and cash equivalents at beginning of the year		380	(303)
Cash and cash equivalents at end of the year	17	13,228	59,588

### Note A: Non-cash transactions

During the financial year, the Group has paid cash to acquire right-of-use asset of US\$67,000 (2024 - US\$766,000). In addition, there are non-cash additions to the Group's right-of-use assets and land use rights of US\$2,976,000 (2024 - US\$2,050,000) through entering into new leases.

## Consolidated statement of cash flows (Cont'd)

### for the financial year ended 31 December 2025

#### Note B: Reconciliation of assets and 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:

	Cash flows				Non-cash changes				31 December 2025 US\$'000
	1 January 2025 US\$'000	Cash inflows US\$'000	Cash outflows US\$'000	Interest paid US\$'000	New leases US\$'000	Lease termination US\$'000	Foreign exchange difference US\$'000	Interest expense US\$'000	
Lease liabilities (Note 23)	5,630	-	(3,956)	(307)	3,045	(2,465)	395	307	2,649
Borrowings (Note 22)	219,745	173,884	(182,882)	-	-	-	1,594	788 <sup>(1)</sup>	213,129
Trade and other payables - Interest payables (Note 24)	176	-	-	(21,902)	-	-	-	22,479	753
Cash collateral (Note 17)	(8,316)	-	(1,775)	-	-	-	(556)	-	(10,647)
	Cash flows				Non-cash changes				31 December 2024 US\$'000
1 January 2024 US\$'000	Cash inflows US\$'000	Cash outflows US\$'000	Interest paid US\$'000	New leases US\$'000	Lease modification US\$'000	Foreign exchange difference US\$'000	Interest expense US\$'000		
Lease liabilities (Note 23)	5,353	-	(3,014)	(282)	2,050	934	307	282	5,630
Borrowings (Note 22)	265,459	22,170	(66,107)	-	-	-	(1,957)	180 <sup>(1)</sup>	219,745
Trade and other payables - Interest payables (Note 24)	425	-	-	(29,241)	-	-	-	28,992	176
Cash collateral (Note 17)	(9,210)	177	-	-	-	-	717	-	(8,316)

<sup>(1)</sup> This is related to the amortisation of borrowing costs classified as "finance costs" in the consolidated statement of comprehensive income.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

# Notes to the financial statements

## for the financial year ended 31 December 2025

### 1 General information

The financial statements of the Company and of the Group for the financial year ended 31 December 2025 were authorised for issue in accordance with a resolution of the Directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company with primary listing on the Australian Securities Exchange and a secondary listing on Bursa Malaysia, and is domiciled in Bermuda.

The registered office is located at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda.

### 2(a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collectively includes all applicable individual IFRSs and Interpretations approved by the International Accounting Standard Board ("IASB"), and all applicable individual International Accounting Standards ("IASs") and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB.

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (USD) whilst the functional currency of the Company is Australian Dollars (AUD). All financial information is presented in USD, unless otherwise stated.

As at 31 December 2025, the Company has net assets of US\$42,501,000 (2024 - US\$39,284,000) and net current liabilities of US\$45,495,000 (2024 - US\$44,084,000). Included in the Company's current liabilities as at 31 December 2025 are non-trade amounts of US\$73,131,000 (2024 - US\$70,405,000) owing to OM Materials (S) Pte Ltd ("OMS"), a wholly-owned subsidiary. OMS has provided a letter of undertaking that it shall provide continuing financial support to the Company, including not demanding immediate repayment for debts owing to OMS. Therefore, the Company is of the view that the preparation of financial statements on a going concern basis is appropriate.

#### Significant accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

**2(a) Basis of preparation (Cont'd)****Significant accounting estimates and judgements (Cont'd)**

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

**Significant judgements in applying accounting policies****Income taxes (Note 30)**

The Group has exposures to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such a determination is made.

**Determination of functional currency**

The Group measures foreign currency translation in the respective currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

**Allowance for expected credit losses (ECL) of trade and other receivables (Note 14)**

Allowance for ECL of trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the ECL calculation, based on the Group's past collection history, existing market conditions as well as forward looking estimates at each reporting date. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The Company and the Group adopt a simplified approach and use a provision matrix to calculate ECL for receivables which are trade in nature. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions.

The Company and the Group apply the 3-stage general approach to determine ECL for receivables which are non-trade in nature. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Company considers qualitative and quantitative reasonable and supportable forward looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within 12 months after the reporting date.

**Deferred tax assets (Note 10)**

The Group reviews the carrying amount of deferred tax assets at the end of each reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised. This involves judgement regarding future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. Management has assessed that it is reasonable to recognise deferred tax assets based on probable future taxable income.

**2(a) Basis of preparation (Cont'd)****Significant accounting estimates and judgements (Cont'd)***Significant judgements in applying accounting policies**Determination of cash-generating units (CGU) for non-financial assets*

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In determining appropriate CGU level, the Group has considered whether there are: active markets for intermediate products; external users of the processing assets; mining or smelting operations through the use of shared infrastructure; stand-alone mines or smelting plants operated on a portfolio basis. Significant judgement is required by management to determine whether multiple assets should be grouped to form a CGU. Management has identified the appropriate CGU level to be the mine or smelting plant together with their direct processing assets at the same location.

*Critical assumptions used and accounting estimates in applying accounting policies**Impairment of non-financial assets*

Non-financial assets comprise property, plant and equipment (Note 4), land use rights (Note 5), exploration and evaluation costs (Note 6), mine development costs (Note 7) and right-of-use assets (Note 9). The recoverable amount (higher of fair value less costs of disposal and value in use) is based on cash flow projections covering a five-year period with certain key assumptions, such as the budgeted gross margin, the perpetual growth rate and discount rate per cash-generating unit. Determining whether the carrying value is impaired requires an estimation of the value in use of the cash-generating units. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of cash flows. The carrying amounts of non-financial assets are disclosed in the consolidated statement of financial position.

*Impairment of investment in subsidiaries (Note 11)*

Determining whether an investment in a subsidiary is impaired requires an estimation of the value in use of that investment. The value in use calculation requires the Company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates and assessed that no further impairment was required. If the present value of estimated future cash flows decreases by 1% from management's estimates, it is not likely to materially affect the carrying amount.

*Net realisable value of inventories (Note 13)*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale. These estimates are based on the current market conditions and historical experiences of selling products of similar nature. It could change significantly as a result of competitor actions or in response to changes in market conditions. Management reassesses the estimations at the end of each reporting date. The carrying amount of the inventories carried at net realisable value as at 31 December 2025 is US\$45,958,000 (2024 - US\$8,388,000). If the net realisable value of these inventories decreases by 10% from management's estimates, the Group's profit before tax for the year will decrease by US\$4,596,000 (2024 - US\$839,000).

**2(a) Basis of preparation (Cont'd)****Significant accounting estimates and judgements (Cont'd)****Critical assumptions used and accounting estimates in applying accounting policies (Cont'd)****Estimation of the incremental borrowing rate ("IBR")**

For the purpose of calculating the right-of-use asset and lease liability, an entity applies the interest rate implicit in the lease ("IRIIL") and, if the IRIIL is not readily determinable, the entity shall use its IBR applicable to the lease asset. The IBR is the rate of interest that the entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Group is the lessee, the IRIIL is not readily determinable. Therefore, the Group estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as a group entity's credit rating). The carrying amounts of the Group's right-of-use assets and lease liabilities are disclosed in Note 9 and 23 respectively. An increase/decrease of 50 basis points in the estimated IBR will not significantly decrease/increase the Group's right-of-use assets and lease liabilities.

**2(b) Adoption of new and revised standards effective for the current financial year**

On 1 January 2025, the Company and the Group adopted all the new and revised IFRS, IFRS Interpretations ("IFRS INT") and amendments to IFRS, effective for the current financial year that are relevant to them. The adoption of these new and revised IFRS pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

**2(c) New and revised IFRS in issue but not yet effective**

At the date of authorisation of these financial statements, the Company and the Group have not adopted the new and revised IFRS, Interpretations and amendments to IFRS that have been issued but not yet effective to them. Management anticipates that the adoption of these new and revised IFRS pronouncements in future periods will not have a material impact to the Company's and the Group's accounting policies in the period of their initial application:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Annual Improvements to IFRS - Volume 11		1 January 2026
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

The new or amended accounting standards and interpretations listed above are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group. These are not expected to have a material impact on the Group, upon adoption of these new or amended accounting standards, in the current or future reporting periods and on foreseeable future transactions.

**2(d) Summary of accounting policies****Group accounting**Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to the reporting date each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

**2(d) Summary of accounting policies (Cont'd)****Group accounting (Cont'd)**Basis of consolidation (Cont'd)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in the profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in the profit or loss. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

In determining whether a particular set of activities and assets is a business, the Group assesses whether it includes, at a minimum, an input and substantive process, and whether it has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefits arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

**2(d) Summary of accounting policies (Cont'd)****Group accounting (Cont'd)**Business combination (Cont'd)

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

**Joint operations**

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control such that decisions about the relevant activities of the arrangement (those that significantly affect the returns) require the unanimous consent of the parties sharing control.

A joint operation is a joint arrangement in which the parties that share joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement. This includes situations where the parties benefit from the joint activity through a share of the output, rather than by receiving a share of the results of trading. In relation to its interest in a joint operation, the Group recognises: its share of assets and liabilities; revenue from the sale of its share of the output and its share of any revenue generated from the sale of the output by the joint operation; and its share of expenses. All such amounts are measured in accordance with the terms of the arrangement, which is in proportion to the Group's interest in the joint operation. These amounts are recorded in the Group's consolidated financial statements on the appropriate line items.

**Associates**

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investments in associates are carried in the Group's statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

**2(d) Summary of accounting policies (Cont'd)****Associates (Cont'd)**

When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss, on the Group's investment in the associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired.

If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the associate, the Group measures any retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in the profit or loss.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would have been required if that associate or joint venture had directly disposed of the related assets or liabilities.

When an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not re-measure the retained interest.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to the profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to the profit or loss on the disposal of the related assets or liabilities.

**Intangible assets**

Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the Directors, no further future economic benefits are expected to arise.

**Goodwill**

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the profit or loss as a bargain purchase gain.

**2(d) Summary of accounting policies (Cont'd)****Intangible assets (Cont'd)**Goodwill (Cont'd)

Goodwill arising from acquisition of associates and joint ventures represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates and joint ventures is included in the carrying amount of the investments.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Exploration and evaluation costs

Exploration and evaluation costs relate to mineral rights acquired and exploration and evaluation expenditures capitalised in respect of projects that are at the exploration/pre-development stage.

Exploration and evaluation assets are initially recognised at cost. Subsequent to initial recognition, they are stated at cost less any accumulated impairment losses. These assets are reclassified as mine development costs upon the commencement of mine development, when technical feasibility and commercial viability of extracting mineral resources becomes demonstrable.

Exploration and evaluation expenditures in the relevant area of interest comprises costs which are directly attributable to acquisition, surveying, geological, geochemical and geophysical, exploratory drilling, land maintenance, sampling, and assessing technical feasibility and commercial viability.

Exploration and evaluation expenditures also include the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalised costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest, where the existence of a technically feasible and commercially viable mineral deposit has been established.

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment in accordance with IAS 36 *Impairment of Assets* whenever one of the following events or changes in facts and circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- (a) the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be recovered;
- (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or
- (d) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

**2(d) Summary of accounting policies (Cont'd)****Intangible assets (Cont'd)**Mine development costs

Costs arising from the development of the mine site (except for the expenditures incurred for building the mine site and the purchase of machinery and equipment for the mining operation which are included in property, plant and equipment) are accumulated in respect of each identifiable area of interest and are capitalised and carried forward as an asset to the extent that they are expected to be recouped through the successful mining of the areas of interest.

Accumulated costs in respect of an area of interest subsequently abandoned are written off to the profit or loss in the reporting period in which the Directors' decision to abandon is made.

Amortisation is not charged on the mine development costs carried forward in respect of areas of interest until production commences. Where mining of a mineral deposit has commenced, the related exploration and evaluation costs are transferred to mine development costs. When production commences, carried forward mine development costs are amortised on a unit of production basis. The unit of production basis results in an amortisation charge proportional to the depletion of the estimated economically recoverable mineral resources.

Pre-production operating expenses and revenues were accumulated and capitalised into the Bootu Creek mine development costs until 31 August 2006 as the mine was involved in the commissioning phase which commenced in November 2005. Subsequent to 31 August 2006, the Directors of the Company determined that the processing plant was in the condition necessary for it to be capable of operating in the manner intended so as to seek to achieve design capacity rates. These costs were carried forward to the extent that they are expected to be recouped through the successful mining of the area of interest.

The amortisation of capitalised mine development costs commenced from 1 September 2006 and continues to be amortised over the life of the mine according to the rate of depletion of the economically recoverable mineral reserves.

**Property, plant and equipment**

Property, plant and equipment, other than construction-in-progress ("CIP"), are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed using the straight-line method to allocate the depreciable amount of these assets over their estimated useful lives as follows:

Buildings and infrastructure	3 to 20 years
Plant and machinery	3 to 20 years
Computer equipment, office equipment and furniture	1 to 10 years
Motor vehicles	5 to 10 years

Plant and machinery includes Plant and equipment - Process facility. These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed using the unit of production method to allocate the depreciable amount of these assets over the estimated useful lives as follows:

Plant and equipment - Process facility	Life of mine
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**2(d) Summary of accounting policies (Cont'd)****Property, plant and equipment (Cont'd)**

CIP represents assets in the course of construction for production or for its own use purpose. CIP is stated at cost less any impairment loss and is not depreciated. Cost includes direct costs incurred during the periods of construction, installation and testing plus interest charges arising from borrowings used to finance these assets during the construction period. CIP is reclassified to the appropriate category of property, plant and equipment and depreciation commences when the construction work is completed and the asset is ready for use.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditures relating to property, plant and equipment that have been recognised are added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial period in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in the profit or loss when the changes arise.

**Investment property**

Investment property comprises leasehold property that is held for long-term rental yields and for capital appreciation. Investment property is not occupied by the Group.

The Group applies the cost model. Investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation, less any impairment in value similar to that for property, plant and equipment. Such costs include costs of renovation or improvement of the existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is computed using the straight-line method over the estimated useful life of the investment property of 73 years.

The carrying value of investment property is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

## **2(d) Summary of accounting policies (Cont'd)**

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs include all direct expenditure and production overheads based on the normal level of activity. The costs incurred in bringing each product to its present location and condition are accounted for as follows:

- (a) Raw materials at purchase cost on a weighted average basis; and
- (b) Finished goods and work in progress at cost of materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **Financial assets**

#### Classification

Financial assets are classified, at initial recognition, in the following measurement categories: amortised cost; fair value through other comprehensive income (FVOCI); and fair value through the profit or loss (FVTPL). The classification depends on the Group's business model for managing the financial assets and the contractual terms of their cash flows determining whether those cash flows represent 'solely payment of principal and interest' (SPPI).

For assets measured at fair value, gains and losses will either be recorded in the profit or loss or other comprehensive income (OCI). The Group reclassifies debt instruments when, and only when, its business model for managing those assets changes.

#### Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component at initial recognition.

**2(d) Summary of accounting policies (Cont'd)****Financial instruments (Cont'd)****Financial assets (Cont'd)**Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. These are the measurement categories into which the Group classifies its debt instruments:

- *Amortised cost*: Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the profit or loss when the assets are derecognised or impaired, and through the amortisation process. The Company's and the Group's debt instruments at amortised cost include trade and other receivables, and cash and cash equivalents (including cash collateral).
- *FVOCI*: Investments in debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in other comprehensive income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method.
- *FVTPL*: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through the profit or loss. A gain or loss on debt instruments that are subsequently measured at fair value through the profit or loss and are not part of a hedging relationship is recognised in the profit or loss in the period in which it arises.

Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For receivables which are trade in nature, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**2(d) Summary of accounting policies (Cont'd)****Financial instruments (Cont'd)****Financial assets (Cont'd)**Impairment (Cont'd)*Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

*Credit-impaired financial asset*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

*Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes, as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

**2(d) Summary of accounting policies (Cont'd)****Financial instruments (Cont'd)****Financial assets (Cont'd)**Impairment (Cont'd)*Measurement of expected credit losses*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by the default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

*Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the profit or loss.

Determination of fair value of financial assets

The fair values of quoted financial assets are based on quoted market prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

**Financial liabilities**

The Company's and the Group's financial liabilities include borrowings, lease liabilities, trade and other payables, and accruals.

All interest-related charges are recognised as an expense in "finance costs" in the profit or loss. Financial liabilities are derecognised if the Company's and the Group's obligations specified in the contract expire or are discharged or cancelled.

Borrowings

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

**2(d) Summary of accounting policies (Cont'd)****Financial instruments (Cont'd)****Financial liabilities (Cont'd)**Borrowings (Cont'd)

Borrowings which are due to be settled within 12 months after the end of the reporting period are included in current borrowings in the statements of financial position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Company's and the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statements of financial position.

The covenants that the Group is required to comply with on or before the reporting date are taken into consideration when classifying the loan as current or non-current at the reporting date. The covenants that the Group is required to comply with after the reporting date do not affect the current or non-current classification of the loan at the reporting date.

Borrowing costs that are directly attributable to the acquisition, construction or production of a part of the cost of the related asset are capitalised. Otherwise, borrowing costs are recognised as expenses when incurred. Borrowing costs consist of interest and other financing charges that the Company and the Group incur in connection with the borrowing of funds.

Capitalisation of borrowing costs commences when the activities to prepare the qualifying asset for its intended use are in progress and the expenditures for the qualifying asset and the borrowing costs have been incurred. Capitalisation of borrowing costs cease when substantially all the activities necessary to prepare the qualifying assets are completed for their intended use.

Trade and other payables and accruals

Trade and other payables and accruals are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Financial guarantees

The Company has issued financial guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair value plus transaction costs in the statement of financial position. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the ECL model under IFRS 9 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

**2(d) Summary of accounting policies (Cont'd)****Derivative financial instruments and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

There are 3 types of hedges as follows:

- (a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- (b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge);
- (c) hedges of a net investment in a foreign operation (net investment hedge).

However, the Group only designates certain derivatives as cash flow hedge.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve in other comprehensive income are shown in Note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

**Cash flow hedges**

For cash flow hedges, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss. For hedging instruments used to hedge bank borrowings that finance the construction of a subsidiary's ferrosilicon production facility, any ineffective portion is capitalised as part of the cost of the ferrosilicon production facility ("construction-in-progress").

Amounts accumulated in equity are reclassified to the profit or loss in the periods when the hedged item affects the profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps which hedge variable rate borrowings is recognised in the profit or loss within 'finance income/cost'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of the fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit or loss.

**2(d) Summary of accounting policies (Cont'd)****Derivative financial instruments and hedging activities (Cont'd)**Derivative financial instruments not designated as hedging instrument

Derivative financial instruments that are not designated as hedging instruments, in individual contracts or separated from hybrid financial instruments, are initially recognised at fair value on the date of the derivative contract is entered into and subsequently re-measured at fair value. Such derivative financial instruments are accounted for as financial assets or financial liabilities at fair value through the profit or loss. Gains or losses arising from changes in fair value are recorded directly in the profit or loss for the year.

The changes in fair value of the derivative financial instruments not designated as hedges are capitalised as part of the cost of the ferrosilicon production facility ("construction-in-progress") if these derivatives are used to hedge the bank borrowings that finance the construction of the ferrosilicon production facility.

**Cash and cash equivalents**

Cash and cash equivalents include cash at bank and balances on hand, demand deposits with banks and highly liquid investments with original maturities of 3 months or less which are readily convertible to cash and which are subject to an insignificant risk of changes in value and form part of the short-term cash management policy.

**Share capital and treasury shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

**Share premium**

Any excess of the proceeds received over the par value of the shares is recorded in share premium.

**Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to the profit or loss over the expected useful life of the relevant asset by equal annual instalments.

**2(d) Summary of accounting policies (Cont'd)****Government grants (Cont'd)**Government grants related to income

Government grants shall be recognised in the profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in the profit or loss, either separately or under a general heading such as "Other income".

**Provisions and contingent liabilities**

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The Directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

Where the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in provision due to the passage of time is recognised as finance costs.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are not recognised in the statements of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably measured. Contingent liabilities are recognised in the course of the allocation of the purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

**Leases****(i) The Group as lessee**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

**(a) Lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

**2(d) Summary of accounting policies (Cont'd)****Leases (Cont'd)****(i) The Group as lessee (Cont'd)****(a) *Lease liability (Cont'd)***

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in the profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line item in the statements of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to the profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

**(b) *Right-of-use asset***

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

**2(d) Summary of accounting policies (Cont'd)**

**Leases (Cont'd)**

(i) The Group as lessee (Cont'd)

(b) *Right-of-use asset (Cont'd)*

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, are as follows:

Leasehold buildings	: over lease term of 1 to 4 years
Plant and machinery	: 1 to 5 years
Office equipment	: 5 years
Motor vehicles	: 5 to 10 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Costs prepaid for the usage of land in the PRC and Malaysia under leasing agreements form part of the Group's right-of-use assets and are presented as land use rights in the statements of financial position. Amortisation of land use rights is calculated on a straight-line method over the term of use being 50 to 60 years.

The right-of-use assets, except for land use rights, are presented as a separate line item in the statements of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

(ii) The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term within "other income" in the profit or loss.

**2(d) Summary of accounting policies (Cont'd)****Income taxes**

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Current tax assets and current tax liabilities are presented net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities net if, and only if,

- (a) the Group has a legally enforceable right to set off deferred tax assets against deferred tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Royalties and Special Mining Taxes**

Other tax expense includes the cost of royalty and special mining taxes payable to governments that are calculated on a percentage of taxable profit whereby profit represents net income adjusted for certain items defined in applicable legislation.

**2(d) Summary of accounting policies (Cont'd)****Employee benefits**Defined contribution plan

Retirement benefits to employees are provided through defined contribution plans, as provided by the laws of the countries in which it has operations. The Singapore incorporated companies in the Group contribute to the Central Provident Fund ("CPF"). The Australian subsidiary in the Group is required to contribute to employee superannuation plans and such contributions are charged as an expense as the contributions are paid or become payable.

The Australian subsidiary contributes to individual employee accumulation superannuation plans at the statutory rate of the employees' wages and salaries, in accordance with statutory requirements, so as to provide benefits to employees on retirement, death or disability. Contributions are made based on a percentage of the employees' basic salaries.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme.

The Malaysian subsidiaries of the Group participate in the national pension scheme as defined by the laws of Malaysia. These subsidiaries make contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme.

These contributions are charged to the profit or loss in the period to which the contributions relate. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain general managers are considered key management personnel.

**Related parties**

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company and the Group if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or the Group
  
- (b) An entity is related to the Company and the Group if any of the following conditions applies:
  - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

**2(d) Summary of accounting policies (Cont'd)****Related parties (Cont'd)**

- (b) An entity is related to the Company and the Group if any of the following conditions applies (Cont'd):
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) the entity, or any member of a group which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**Impairment of non-financial assets**

The carrying amounts of the Company's and the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash-generating units' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

**2(d) Summary of accounting policies (Cont'd)****Impairment of non-financial assets (Cont'd)**

An impairment loss in respect of goodwill is not reversed even if it relates to an impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or the end of a reporting period.

**Revenue recognition**

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

**Sale of goods**

Revenue from the sale of goods is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied and the customer obtains control of the goods. Control of an asset refers to an entity's ability to direct the use of and obtain substantially all of the remaining benefits (that is, the potential cash inflows or savings in outflows) from the asset. The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume discounts and adjusted for expected returns.

The Group supplies ores into the China market and international shipments. For the China market, transfer of goods and control is passed to the customers upon full payment and notification to take deliveries. For the majority of the Group's international shipments, as the Group does not have the right to re-direct shipments and the risk of shipments loss in transit and at destination ports is covered by the buyers' insurance, the transfer of goods and control is passed to the customers upon loading of the goods onto the relevant carrier at the port of shipment. The majority of customers are required to make full payment before the loading of goods at the port of shipment.

**Transportation of goods sold on CFR or CIF Incoterms**

Revenue from rendering service for transportation of goods sold is on Cost & Freight (CFR) or Cost, Insurance & Freight (CIF) Incoterms and is recognised over the period of transportation to the customer. A significant proportion of the Group's products are sold under CFR or CIF Incoterms, in which the Group is responsible for providing transportation of the goods after the date that the Group transfers control of the goods to the customers at the loading port.

The Group's provision of transportation service for contracts under CFR and CIF Incoterms is a distinct service and, therefore, a separate performance obligation. The total sales price or transaction price is allocated to the separate performance obligations comprising of: (a) the product sold; and (b) the transportation service including insurance and freight. Revenue earned from transportation of goods is recognised over time as the customer simultaneously receives the benefits provided as the Group performs the transportation service.

**Interest income**

Interest income is recognised on a time-apportioned basis using the effective interest rate method.

**Dividend income**

Dividend income is recognised when the right to receive the dividend has been established.

**2(d) Summary of accounting policies (Cont'd)****Consignment arrangements**

When the Group (the consignor) delivers a product to another party (the consignee) for sale to end customers, the Group evaluates whether that other party has obtained control of the product at that point in time. A product that has been delivered to another party may be held in a consignment arrangement if that other party has not obtained control of the product. Accordingly, the Group does not recognise revenue upon delivery of a product to another party if the delivered product is held on consignment arrangement, but recognises revenue only when the consignment inventory has been sold by that other party. A consignment arrangement is in place when the product is controlled by the Group until a specified event occurs; the Group is able to require the return of the product or transfer the product to another third party; and that other party does not have an unconditional obligation to pay for the product.

**Contract liabilities**

Contract liabilities relate to the Group's obligation to perform services for which the Group has received advances from customers. Contract liabilities are recognised as revenue as the Group performs the service under the contract.

**Capitalised contract costs**

Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the services to which the contract costs relate, less the costs that relate directly to providing the services and that have not been recognised as an expense.

**Functional currencies**

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Company and the Group are presented in United States Dollars whilst the functional currency of the Company is Australian Dollars.

**Conversion of foreign currencies**Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in the profit or loss.

However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to the profit or loss, as part of the gain or loss on disposal.

All other foreign exchange gains and losses impacting the profit or loss are presented in the consolidated statement of comprehensive income within "other operating expenses".

**2(d) Summary of accounting policies (Cont'd)****Conversion of foreign currencies (Cont'd)**Transactions and balances (Cont'd)

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

Group entities

The results and financial position of all the entities within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
- (ii) Income and expenses for each statement presenting the profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are translated at the closing rates at the reporting date. For acquisitions prior to 1 January 2010, the goodwill and fair value adjustments are translated at the exchange rates at the dates of acquisition.

**Operating segments**

The Group identifies operating segments and prepares segment information 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 a review of the Group's major products and services.

The Group has identified the following reportable segments:

Mining	Exploration and processing of manganese ore
Smelting	Production of manganese ferroalloys, ferrosilicon, silicon metal and manganese sinter ore
Marketing and trading	Marketing of manganese ferroalloys, ferrosilicon, silicon metal and manganese sinter ore produced by smelting segment, and trading of manganese ore

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

The reporting segment results exclude finance income and costs and share of results of associate 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.

Segment assets exclude interests in associates which are not directly attributable to the business activities of any operating segment.

Segment liabilities comprise operating liabilities of each operating segment.

**2(d) Summary of accounting policies (Cont'd)****Non-current assets held for sale**

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

**Discontinued operations**

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

- (a) represents a separate major line of business or geographical area of operations;
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative consolidated statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

**3 Principal activities and revenue**

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are as stated in Note 11.

Revenue is turnover derived from activities related to the sales of ore and ferroalloy products and related services which represent the invoiced value of goods or services sold, net of discounts, goods and services tax and other sales taxes.

The geographical location of customers is based on the locations at which the goods were delivered.

**3 Principal activities and revenue (Cont'd)**

Disaggregation of the Group's total revenue

Segments	Mining		Smelting		Marketing and Trading		Others		Total revenue	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
<b>Primary geographical markets</b>										
Asia Pacific	-	-	74,898	143,257	416,480	385,237	63	128	491,441	528,622
America	-	-	25,786	-	95,540	104,756	-	-	121,326	104,756
Europe	-	-	-	1	22,615	20,033	-	-	22,615	20,034
Middle East	-	-	12	23	911	760	-	-	923	783
Africa	-	-	-	-	-	79	-	-	-	79
	-	-	100,696	143,281	535,546	510,865	63	128	636,305	654,274
<b>Major product or service lines</b>										
Ores	-	-	-	-	87,045	84,560	-	-	87,045	84,560
Alloys	-	-	95,156	136,029	432,630	408,018	-	-	527,786	544,047
Services	-	-	5,540	7,252	15,871	18,287	63	128	21,474	25,667
	-	-	100,696	143,281	535,546	510,865	63	128	636,305	654,274
<b>Timing of transfer of goods or services</b>										
At a point in time	-	-	95,156	136,029	519,675	492,578	63	128	614,894	628,735
Over time	-	-	5,540	7,252	15,871	18,287	-	-	21,411	25,539
	-	-	100,696	143,281	535,546	510,865	63	128	636,305	654,274

**Major customers**

Included in the Group's revenue are sales of US\$97,989,000 (2024 - US\$87,559,000) to a corporate customer, who contributed at least 10% of the Group's revenue for the financial years ended 31 December 2025 and 31 December 2024 in the marketing and trading segment.

## Notes to the financial statements for the financial year ended 31 December 2025

## 4 Property, plant and equipment

The Group	Construction -in-progress US\$'000	Buildings and infrastructure US\$'000	Plant and machinery US\$'000	Computer equipment, office equipment and furniture US\$'000	Motor vehicles US\$'000	Total US\$'000
<b>Cost</b>						
At 1 January 2024	22,979	1,902	580,056	5,850	1,149	611,936
Additions	7,744	120	895	549	74	9,382
Transfers	(22,380)	(2)	22,175	207	-	-
Transfer from right-of-use assets (Note 9)	-	-	165	-	-	165
Written off	-	(18)	(1,109)	(58)	(40)	(1,225)
Disposal	-	-	(186)	(50)	(6)	(242)
Exchange realignment	(677)	(4)	(2,633)	(108)	(3)	(3,425)
At 31 December 2024 and at 1 January 2025	<b>7,666</b>	<b>1,998</b>	<b>599,363</b>	<b>6,390</b>	<b>1,174</b>	<b>616,591</b>
Additions	2,673	158	1,939	586	7	5,363
Transfers	(6,215)	-	6,011	204	-	-
Transfer from right-of-use assets (Note 9)	-	-	357	-	34	391
Acquisition of a subsidiary (Note 11.1)	-	10,518	4,467	62	4	15,051
Disposal of a subsidiary (Note 11.2)	-	(10,572)	(4,490)	(62)	-	(15,124)
Written off	-	(4)	(5,037)	(113)	(12)	(5,166)
Disposal	-	-	(10)	(34)	(1)	(45)
Exchange realignment	297	60	3,953	113	31	4,454
<b>At 31 December 2025</b>	<b>4,421</b>	<b>2,158</b>	<b>606,553</b>	<b>7,146</b>	<b>1,237</b>	<b>621,515</b>
<b>Accumulated depreciation</b>						
At 1 January 2024	-	1,346	179,240	4,307	959	185,852
Depreciation for the year (Note 29)	-	125	24,923	733	64	25,845
Transfer from right-of-use assets (Note 9)	-	-	97	-	-	97
Written off	-	(14)	(1,104)	(53)	(40)	(1,211)
Disposal	-	-	(85)	(46)	(4)	(135)
Exchange realignment	-	(1)	(1,944)	(106)	-	(2,051)
At 31 December 2024 and at 1 January 2025	-	<b>1,456</b>	<b>201,127</b>	<b>4,835</b>	<b>979</b>	<b>208,397</b>
Depreciation for the year (Note 29)	-	329	28,802	783	69	29,983
Transfer from right-of-use assets (Note 9)	-	-	262	-	34	296
Disposal of a subsidiary (Note 11.2)	-	(185)	(103)	(3)	-	(291)
Written off	-	(3)	(4,689)	(109)	(12)	(4,813)
Disposal	-	-	(7)	(30)	(1)	(38)
Exchange realignment	-	5	1,973	110	26	2,114
<b>At 31 December 2025</b>	<b>-</b>	<b>1,602</b>	<b>227,364</b>	<b>5,586</b>	<b>1,095</b>	<b>235,647</b>
<b>Net book value</b>						
<b>At 31 December 2025</b>	<b>4,421</b>	<b>556</b>	<b>379,189</b>	<b>1,560</b>	<b>142</b>	<b>385,868</b>
At 31 December 2024	7,666	542	398,236	1,555	195	408,194

As at 31 December 2025, property, plant and equipment with a total net carrying amount of US\$382,721,000 (2024 - US\$408,170,000) had been pledged for banking facilities granted to the Group (Note 22.1). Acquisition of a subsidiary relates to the Group regaining 100% equity interest and control over OM Materials Qinzhou Co Ltd ("OMQ") (Note 11.1). Disposal of a subsidiary relates to deconsolidation of OMQ upon loss of control (Note 11.2).

#### 4 Property, plant and equipment (Cont'd)

The Group evaluates for any indication of impairment in the property, plant and equipment at the end of each reporting period. Cash flow projections used in these calculations are based on financial budgets approved by management. Cash flows beyond the budget period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate of the industry in which the CGU operates.

These assumptions are used for the analysis of each CGU within the business segment. Management determines budgeted gross margins based on past performance and its expectations of market developments. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. A further decrease in the budgeted gross margin by 1% (2024 - 1%) would not result in impairment of the carrying amount of property, plant and equipment.

Key assumptions used for value in use calculations:

	2025		2024	
	Malaysia Smelting operations	Australia	Malaysia Smelting operations	Australia
Gross margin <sup>1</sup>	11%	30%	15%	33%
Growth rate <sup>2</sup>	0 - 14% before 2030 0% after 2030	0% before 2030, 0% after 2030	0 - 11% before 2029, 0% after 2029	0% before 2029, 0% after 2029
Discount rate <sup>3</sup>	10.5%	12.8%	10.5%	12.8%

- <sup>1</sup> Budgeted gross margin. The gross margin differs due to the different operating efficiencies of the various subsidiaries located in different geographical locations.
- <sup>2</sup> Weighted average growth rate used to extrapolate cash flows beyond the budget period.
- <sup>3</sup> Pre-tax discount rates applied to the pre-tax cash flow projections. The discount rates vary due to the geographical locations of the businesses.

#### 5 Land use rights

The Group	2025 US\$'000	2024 US\$'000
At beginning of the year	6,577	5,515
Addition	-	1,189
Amortisation for the year (Note 29)	(143)	(127)
Acquisition of a subsidiary (Note 11.1)	7,019	-
Disposal of a subsidiary (Note 11.2)	(7,025)	-
Exchange realignment	133	-
<b>At end of the year</b>	<b>6,561</b>	<b>6,577</b>

The land use rights, that form part of the Group's right-of-use assets, are for leasehold lands located in Malaysia and China.

As at 31 December 2025, land use rights with a net carrying amount of US\$5,287,000 (2024 - US\$5,401,000) was pledged for banking facilities granted to the Group (Note 22.1).

Acquisition of a subsidiary relates to the Group regaining 100% equity interest and control over OMQ (Note 11.1).

Disposal of subsidiary relates to deconsolidation of OMQ upon loss of control (Note 11.2).

Information about the Group's leasing activities is disclosed in Note 35.

**6 Exploration and evaluation costs**

	2025 US\$'000	2024 US\$'000
The Group		
At beginning of the year	2,635	2,771
Costs incurred during the year	164	121
Exchange realignment	212	(257)
At end of the year	<u>3,011</u>	<u>2,635</u>

The Group has a 60% (2024 - 60%) interest in a joint venture arrangement in Australia which is involved in the exploration of manganese. This interest in the joint venture arrangement is accounted for as a joint operation. In 2025 and 2024, the expenditure capitalised during the year related to the Group's share of exploration expenditure invested in the joint operation. The joint operation has no contingent liabilities or commitments as at 31 December 2025 and 31 December 2024.

**7 Mine development costs**

	2025 US\$'000	2024 US\$'000
The Group		
At beginning of the year	644	1,388
Adjustments to rehabilitation provisions (Note 25)	(87)	(171)
Amortisation for the year (Note 29)	(380)	(490)
Exchange realignment	29	(83)
At end of the year	<u>206</u>	<u>644</u>

**8 Investment property**

	2025 US\$'000	2024 US\$'000
The Group		
<u>Cost</u>		
Balance at beginning of year	566	566
Disposal	(566)	-
Balance at end of year	<u>-</u>	<u>566</u>
<u>Accumulated depreciation</u>		
Balance at beginning of year	155	147
Depreciation for the year (Note 29)	3	8
Disposal	(158)	-
Balance at end of year	<u>-</u>	<u>155</u>
Net book value	<u>-</u>	<u>411</u>
Rental income	31	73
Direct operating expenses arising from investment property that generates rental income	(7)	(17)
Depreciation for the year	(3)	(8)
Gross profit arising from investment property	<u>21</u>	<u>48</u>

The investment property was disposed during the year, for a consideration of S\$2,700,000 (approximately US\$2,093,000), which resulted in a gain on disposal of US\$1,685,000 (Note 29) for the year.

The following are details of the investment property of the Group:

Property Name	Location	Description	Total net lettable area (sq m)	Tenure
Parkway Parade	80 Marine Parade Road, #08-08 Parkway Parade, Singapore 449269	Office premises	148	73-year leasehold commenced from 31 August 2005

**8 Investment property (Cont'd)**

Fair value hierarchy

	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) US\$'000	Significant other observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000
	2024	-	-

Valuation techniques used to derive fair values

As at 31 December 2024, the fair value of investment property amounted to approximately US\$2,399,000 as determined by management with reference to recent market transactions of comparable properties in close proximity, adjusted for differences in key attributes such as property size, which was based on the property's highest and best use.

**9 Right-of-use assets**

The Group	Leasehold buildings US\$'000	Plant and machinery US\$'000	Office equipment US\$'000	Motor vehicles US\$'000	Total US\$'000
<u>Cost</u>					
At 1 January 2024	9,315	6,621	27	276	16,239
Additions	518	1,025	-	84	1,627
Lease modification	927	-	-	-	927
Write-off	(155)	-	-	-	(155)
Transfer to property, plant and equipment (Note 4)	-	(165)	-	-	(165)
Exchange realignment	(59)	(486)	-	-	(545)
At 31 December 2024 and at 1 January 2025	<b>10,546</b>	<b>6,995</b>	<b>27</b>	<b>360</b>	<b>17,928</b>
Additions	2,624	172	-	247	3,043
Lease termination	(6,839)	-	-	-	(6,839)
Transfer to property, plant and equipment (Note 4)	-	(391)	-	-	(391)
Exchange realignment	56	536	-	2	594
<b>At 31 December 2025</b>	<b>6,387</b>	<b>7,312</b>	<b>27</b>	<b>609</b>	<b>14,335</b>
<u>Accumulated depreciation</u>					
At 1 January 2024	4,277	6,099	10	149	10,535
Depreciation (Note 29)	2,698	215	6	44	2,963
Write-off	(155)	-	-	-	(155)
Transfer to property, plant and equipment (Note 4)	-	(97)	-	-	(97)
Exchange realignment	(58)	(514)	-	1	(571)
At 31 December 2024 and at 1 January 2025	<b>6,762</b>	<b>5,703</b>	<b>16</b>	<b>194</b>	<b>12,675</b>
Depreciation (Note 29)	3,037	421	6	84	3,548
Lease termination	(4,599)	-	-	-	(4,599)
Transfer to property, plant and equipment (Note 4)	-	(296)	-	-	(296)
Exchange realignment	49	447	-	1	497
<b>At 31 December 2025</b>	<b>5,249</b>	<b>6,275</b>	<b>22</b>	<b>279</b>	<b>11,825</b>

**9 Right-of-use assets (Cont'd)**

The Group	Leasehold buildings US\$'000	Plant and machinery US\$'000	Office equipment US\$'000	Motor vehicles US\$'000	Total US\$'000
<u>Carrying amount</u>					
<b>At 31 December 2025</b>	<b>1,138</b>	<b>1,037</b>	<b>5</b>	<b>330</b>	<b>2,510</b>
At 31 December 2024	3,784	1,292	11	166	5,253

Leasehold buildings are located in Malaysia, Singapore and Australia.

During the financial year ended 31 December 2025, the Group successfully negotiated for new contract terms in relation to a lease for a leasehold building, before the end of the lease term. A new lease was entered into, with an increase in scope of the lease and a commensurate increase in lease payments, with the previous lease being terminated before the end of the lease term.

During the financial year ended 31 December 2024, the Group successfully renegotiated an existing lease contract for an office premise through extending the lease term and revising the annual lease payments. As this extension was not part of the original terms and conditions, it was accounted for as a lease modification whereby the lease liability was remeasured and the corresponding right-of-use asset was adjusted.

Information about the Group's leasing activities is disclosed in Note 35.

**10 Deferred taxation**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred income tax assets against deferred income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting in same tax legislations, are shown on the statement of financial position as follows:

The Group	2025 US\$'000	2024 US\$'000
<b>Deferred tax assets</b>		
At gross	13,127	12,187
Less: Set off of tax in similar legislations	(1,197)	(1,111)
At net	<b>11,930</b>	11,076
<b>Deferred tax liabilities</b>		
At gross	(42,038)	(48,021)
Less: Set off of tax in similar legislations	18,240	17,890
At net	<b>(23,798)</b>	(30,131)
<b>Deferred tax assets</b>		
To be recovered within one year	-	-
To be recovered after one year	11,930	11,076
	<b>11,930</b>	11,076
<b>Deferred tax liabilities</b>		
To be settled within one year	-	-
To be settled after one year	(23,798)	(30,131)
	<b>(23,798)</b>	(30,131)

## Notes to the financial statements for the financial year ended 31 December 2025

**10 Deferred taxation (Cont'd)**

The movement in deferred tax assets and liabilities (after offsetting of balances within the same tax jurisdiction) are as follows:

The Group	Temporary differences on qualifying property, plant and equipment, and mine development costs US\$'000	Provisions US\$'000	Tax losses US\$'000	Others US\$'000	Total US\$'000
<b>Deferred tax assets:</b>					
At 1 January 2024	249	1,239	10,500	173	12,161
Exchange difference on translation	(22)	(111)	(935)	(17)	(1,085)
At 31 December 2024 and 1 January 2025	<b>227</b>	<b>1,128</b>	<b>9,565</b>	<b>156</b>	<b>11,076</b>
Acquisition of a subsidiary (Note 11.1)	-	-	1,266	-	1,266
Disposal of a subsidiary (Note 11.2)	-	-	(1,740)	-	(1,740)
Credited to profit or loss (Note 30)	-	-	444	-	444
Exchange difference on translation	17	88	767	12	884
<b>At 31 December 2025</b>	<b>244</b>	<b>1,216</b>	<b>10,302</b>	<b>168</b>	<b>11,930</b>

The Group	Temporary differences on qualifying property, plant and equipment US\$'000	Provisions US\$'000	Tax losses US\$'000	Others US\$'000	Total US\$'000
<b>Deferred tax liabilities:</b>					
At 1 January 2024	(43,619)	3,326	14,831	(1,491)	(26,953)
(Charged)/credited to profit or loss (Note 30)	(653)	(2,835)	804	(488)	(3,172)
Exchange difference on translation	(6)	-	-	-	(6)
At 31 December 2024 and 1 January 2025	<b>(44,278)</b>	<b>491</b>	<b>15,635</b>	<b>(1,979)</b>	<b>(30,131)</b>
Credited/(charged) to profit or loss (Note 30)	5,136	(480)	736	961	6,353
Exchange difference on translation	(20)	-	-	-	(20)
<b>At 31 December 2025</b>	<b>(39,162)</b>	<b>11</b>	<b>16,371</b>	<b>(1,018)</b>	<b>(23,798)</b>

Acquisition of a subsidiary relates to the Group regaining 100% equity interest and control over OM Materials Qinzhou Co Ltd ("OMQ") (Note 11.1). Disposal of a subsidiary relates to deconsolidation of OMQ upon loss of control (Note 11.2).

**11 Interests in subsidiaries**

The Company	2025 US\$'000	2024 US\$'000
<b>Unquoted equity investments, at cost</b>		
At beginning of the year	4,972	5,459
Exchange difference on translation	383	(487)
At end of the year	(5,355)	(4,972)
<u>Less: Accumulated impairment losses</u>		
At beginning of the year	(1,894)	(2,079)
Exchange difference on translation	(146)	185
At end of the year	(2,040)	(1,894)
<b>Unquoted equity investments, net</b>	<b>3,315</b>	<b>3,078</b>
<b>Amounts due from subsidiaries</b>	<b>151,834</b>	<b>142,640</b>
<u>Less: Accumulated impairment losses</u>		
At beginning of the year	(62,350)	(64,515)
Impairment loss	-	(3,590)
Exchange difference on translation	(4,803)	5,755
At end of the year	(67,153)	(62,350)
<b>Amounts due from subsidiaries, net</b>	<b>84,681</b>	<b>80,290</b>
<b>Total</b>	<b>87,996</b>	<b>83,368</b>

The amounts due from subsidiaries are loans to subsidiaries, representing an extension of its investments in its subsidiaries. These amounts are unsecured with indeterminate repayment terms.

The Company evaluates any indication of impairment on the investment in subsidiaries at the end of each reporting period. The Company carries out a review of the recoverable amount of its investment in subsidiaries based on the higher of its fair value less cost to sell and value in use.

Cash flow projections used in these calculations are based on financial budgets approved by management. Cash flows beyond the budget period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate of the industry in which the CGU operates.

These assumptions are used for the analysis of each CGU within the business segment. Management determines budgeted gross margins based on past performance and expectations of market developments. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. A further decrease in the budgeted gross margin by 1% (2024 - 1%) would not result in indication of significant further impairment of the carrying amount of the investments in subsidiaries.

In the financial year ended 31 December 2025, the Company recognised an impairment loss of US\$Nil (2024 - US\$3,590,000) in its cost of investment in and amounts due from OM (Manganese) Ltd ("OMM") due to the losses incurred during OMM's care and maintenance phase. The recoverable amount was determined based on the cash flow projections, with the key assumptions laid out below.

## Notes to the financial statements for the financial year ended 31 December 2025

## 11 Interests in subsidiaries (Cont'd)

Key assumptions used for value in use calculations:

	2025		2024	
	Malaysia Smelting operations	Australia	Malaysia Smelting operations	Australia
Gross margin <sup>1</sup>	11%	30%	15%	33%
Growth rate <sup>2</sup>	0 - 14% before 2030 0% after 2030	0% before 2030, 0% after 2030	0 - 11% before 2029, 0% after 2029	0% before 2029, 0% after 2029
Discount rate <sup>3</sup>	10.5%	12.8%	10.5%	12.8%

- Budgeted gross margin. The gross margin differs due to the different operating efficiencies of the various subsidiaries located in different geographical locations.
- Weighted average growth rate used to extrapolate cash flows beyond the budget period.
- Pre-tax discount rate applied to the pre-tax cash flow projections. The discount rates vary due to the geographical locations of the businesses.

Details of the Group's material subsidiaries at the end of the reporting period are set out below:

Name	Place of incorporation/ operation	Proportion of ownership interest and voting rights held by the Group		Principal activities
		2025 %	2024 %	
<u>Held by the Company</u> OM (Manganese) Ltd. <sup>(1)</sup>	Australia	100	100	Owns manganese mine <sup>(5)</sup> , and rights to exploration and processing of manganese ore
<u>Held by OM Resources (HK) Limited</u> OM Materials (S) Pte. Ltd. <sup>(2)</sup>	Singapore	100	100	Investment holding and trading of metals and ferroalloy products
<u>Held by OM Materials (S) Pte. Ltd.</u> OM Materials (Sarawak) Sdn. Bhd. <sup>(3)</sup>	Malaysia	100	100	Sales and processing of ferroalloys and ores
<u>Held by OM Materials Trades (S) Pte. Ltd.</u> OM Materials Trading (Qinzhou) Co. Ltd. <sup>(4)</sup>	PRC	100	100	Trading of metals and ferroalloys products

## Note:

- Audited by Grant Thornton Audit Pty Ltd.
- Audited by Foo Kon Tan LLP.
- Audited by Ernst & Young PLT, Malaysia.
- Audited by Guangxi JiaHai Accountant Affairs Office Co. Ltd. for statutory purposes and by Foo Kon Tan LLP for group consolidation purposes.
- Production ceased on 25 January 2022 and the mine was placed under care and maintenance.

**11 Interests in subsidiaries (Cont'd)**

The principal activities of other subsidiaries that are not material to the Group at the end of the reporting period are summarised as follows:

<u>Principal activities</u>	<u>Place of incorporation/ operation</u>	<u>Number of subsidiaries</u>	
		<u>2025</u>	<u>2024</u>
Investment holding	The British Virgin Islands	1	1
Investment holding	Mauritius	1	1
Investment holding	Hong Kong	1	1
Investment holding	Singapore	1	1
Logistics services and rental of machinery	Malaysia	1	1
Engineering, procurement and construction services, and trading of metals and ferroalloy products	PRC	1	1
Project development and project management services	Malaysia	2	2
Exploration and mining of minerals	Malaysia	2	2
Engineering services	Malaysia	1	1
Project development and project management services	PRC	1	-
		<b>12</b>	<b>11</b>

**11.1 Business combination - OM Materials Qinzhou Co Ltd**

On 31 October 2023, the Group's wholly-owned subsidiary, OM Materials (S) Pte Ltd ("OMS") executed a Share Sale Agreement, for the sale of its 90% equity interest in OM Materials Qinzhou Co Ltd ("OMQ"), to Beijing Kunpeng Hongsheng Metal Co. Ltd ("Kunpeng"), for cash consideration of RMB 182.6 million (approximately US\$ 25.8 million).

As at 31 December 2024, the amount of RMB 92.6 million (approximately US\$12,686,000) remained outstanding. The Group, through OMS, retained a 10% equity interest in OMQ, which was accounted for as an associate as it retained significant influence in OMQ.

On 29 April 2025, OMS entered into a settlement agreement with Kunpeng for Kunpeng to transfer its 90% equity interest in OMQ back to OMS, and in return, OMS will pay Kunpeng cash consideration over several agreed tranches. This resulted in OMS regaining back 100% equity interest and control over OMQ with effect from 29 April 2025. This business combination was accounted for as a step-up acquisition from associate to subsidiary.

**11 Interests in subsidiaries (Cont'd)****11.1 Business combination - OM Materials Qinzhou Co Ltd (Cont'd)**

The following summarises the fair value of the consideration transferred, and the identifiable assets acquired and liabilities assumed at the acquisition date of 29 April 2025:

	US\$'000
<b>Fair value recognised on acquisition</b>	
Property, plant and equipment (Note 4)	15,051
Land use rights (Note 5)	7,019
Deferred tax assets (Note 10)	1,266
Inventories	942
Trade and other receivables	4,657
Cash and cash equivalents	26
Trade and other payables	(2,993)
<b>Fair value of identifiable net assets acquired</b>	<b>25,968</b>
<b>Purchase consideration</b>	
Cash consideration paid	5,509
Deferred cash payable	4,622
Fair value of existing 10% interest in acquiree	2,597
Offsetting of other receivables	10,278
<b>Fair value of purchase consideration</b>	<b>23,006</b>
Gain on bargain purchase (Note 28)	2,962
<b>Net cash outflows for the acquisition</b>	
Consideration paid	5,509
Less: Cash and cash equivalents acquired with the subsidiary	(26)
<b>Net cash outflows for the acquisition</b>	<b>5,483</b>

Gain on bargain purchase

The Group recognised a gain on bargain purchase of US\$2,962,000 mainly because the transaction involved the settlement of an outstanding claim against Kunpeng. The gain has been included in "other income" in the consolidated statement of comprehensive income for the year ended 31 December 2025.

Loss on remeasurement of previously held equity interest at fair value at acquisition date

The Group recognised a loss on equity interest of associate of US\$253,000, as a result of remeasuring at fair value its 10% equity interest held before the business combination. The loss has been included in "other operating expenses" in the consolidated statement of comprehensive income for the year ended 31 December 2025.

**11 Interests in subsidiaries (Cont'd)****11.2 Disposal of interest in subsidiary - OM Materials Qinzhou Co Ltd**

On 21 July 2025, OMS executed a sales and purchase agreement for the sale of its 60% equity interest in OMQ, to a third party, for cash consideration of approximately RMB 115.2 million (approximately US\$16.2 million).

The Group, through OMS, retains a 40% equity interest in OMQ, which is accounted for as an associate as it retains significant influence in OMQ.

Details of the disposal are as follows:

	US\$'000
<b>Carrying amounts of net assets over which control was lost</b>	
Property, plant and equipment (Note 4)	14,833
Land use rights (Note 5)	7,025
Deferred tax assets (Note 10)	1,740
Inventories	549
Trade and other receivables	52
Cash and cash equivalents	1,674
Trade and other payables	(37)
<b>Net assets derecognised</b>	<b>25,836</b>
<b>Consideration received/receivable</b>	
Cash and cash equivalents received	15,142
Deferred cash consideration receivable (Note 14)	1,009
<b>Total consideration</b>	<b>16,151</b>
<b>Gain on disposal</b>	
Total consideration	16,151
Add: Fair value of remaining 40% interest retained (Note 12)	10,575
Add: Realisation of foreign exchange reserve	158
Less: Net assets derecognised	(25,836)
<b>Gain on disposal (Note 28)</b>	<b>1,048</b>
<b>Net cash inflows arising on disposal</b>	
Consideration received in cash and cash equivalents	15,142
Less: Cash and cash equivalents disposed	(1,674)
<b>Net cash inflows arising on disposal</b>	<b>13,468</b>

## Notes to the financial statements for the financial year ended 31 December 2025

## 12 Interests in associates

The Group	2025 US\$'000	2024 US\$'000
<b>Cost of investment in associates <sup>(1)</sup></b>		
At beginning of the year	51,157	55,876
Addition (Note 11.2)	10,575	-
Deemed disposal (Note 11.1)	(2,966)	-
Transfer to assets held for sale (Note 18)	(51,889)	-
Exchange difference on translation	3,711	(4,719)
At end of the year	10,588	51,157
<b>Share of post-acquisition profits and reserves, net of dividends</b>		
At beginning of the year	28,088	28,231
Share of results of associates – continuing operations	(327)	6
Share of results of associates – discontinued operations	3,980	4,327
Dividends received	(4,419)	(1,811)
Deemed disposal (Note 11.1)	116	-
Transfer to assets held for sale (Note 18)	(29,692)	-
Exchange difference on translation	2,138	(2,665)
At end of the year	(116)	28,088
At end of the year	10,472	79,245

<sup>(1)</sup> Comprised unquoted equity shares at cost and advances to associates net of repayments. The advances to associates represent extensions of the investment in associates which are unsecured with indeterminate repayment terms.

Deemed disposal during the financial year ended 31 December 2025 relates to the deemed disposal of the Group's 10% interest in OMQ, as part of the Group regaining 100% equity interest and control in OMQ (Note 11.1).

Addition during the financial year ended 31 December 2025 relates to the Group's 40% interest in OMQ at fair value (Note 11.2), arising from the disposal of 60% interest in OMQ. As the Group still retains significant influence over OMQ, its remaining 40% interest in OMQ is accounted for as an associate.

Details of the Group's material associates at the end of the reporting period was as follows:

Name	Country of incorporation	Proportion of effective ownership interest and voting rights held by the Group		Principal activities
		2025 %	2024 %	
Ntsimbintle Mining Proprietary Limited ("NMPL") <sup>(1)</sup>	South Africa	26	26	Investment holding
OM Materials Qinzhou Co. Ltd. ("OMQ")	PRC	40	10	Sales and processing of ferroalloys and ores
<b>Held by NMPL <sup>(2)</sup></b>				
Tshipi é Ntle Manganese Mining Proprietary Limited ("Tshipi Mining") <sup>(1)</sup>	South Africa	13	13	Exploration and mining of minerals

<sup>(1)</sup> audited by KPMG Inc.

<sup>(2)</sup> NMPL holds a 50.1% interest joint venture in Tshipi Mining whose results are equity-accounted in NMPL.

The Group's investment in NMPL is held by a wholly-owned subsidiary of the Company, OMH (Mauritius) Corp.

## Notes to the financial statements for the financial year ended 31 December 2025

**12 Interests in associates (Cont'd)**

All of the Group's associates are accounted for using the equity method in the Group's consolidated financial statements. In December 2025, the Group ceased equity accounting for its investment in NMPL, which holds Tshipi Mining, due to the impending disposal of its investment in NMPL. Accordingly, the Group's share of profit from NMPL, equity accounted for up to and including November 2025, is presented separately as discontinued operations in the consolidated statement of comprehensive income. The Group's investment in NMPL has been classified as assets held for sale (Note 18) as at 31 December 2025.

The financial year end date of NMPL is 30 June. For the purposes of applying the equity method accounting, the management accounts of NMPL for the period ended 30 November 2025 (2024 - 31 December 2024) have been used and appropriate adjustments have been made as necessary.

Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS.

	Ntsimbintle Proprietary Mining Limited	OM Materials Qinzhou Co. Ltd.	
	2024 US\$'000	2025 US\$'000	2024 US\$'000
The Group			
Current assets	3,380	2,306	13,125
Non-current assets	161,025 <sup>(1)</sup>	26,110	25,188
Current liabilities	(10)	(1,996)	(9,448)
Non-current liabilities	(85,847)	–	(13)
<b>Net assets</b>	<b>78,548</b>	<b>26,420</b>	<b>28,852</b>
Income	26,070 <sup>(1)</sup>	22,236	13,125
Profit/(loss) for the year	16,641	(2,063)	9,448
<b>Total comprehensive income for the year</b>	<b>16,641</b>	<b>(2,063)</b>	<b>9,448</b>
Dividends received from associate	1,811	–	–

<sup>(1)</sup> Inclusive of equity-accounted results of Tshipi Mining.

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	Ntsimbintle Proprietary Mining Limited	OM Materials Qinzhou Co. Ltd.		Total	
	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Net assets of the associate	78,548	26,420	28,852	26,420	107,400
Shareholder loans	85,847	–	–	–	85,847
	164,395	26,420	28,852	26,420	193,247
Proportion of the Group's ownership interest in the associate	42,743	10,568	2,885	10,568	45,628
Goodwill	37,127	–	–	–	37,127
Currency translation difference	(3,700)	(199)	90	(199)	(3,610)
Carrying value	76,170	10,369	2,975	10,369	79,145
Add:					
Carrying value of individually immaterial associates				103	100
<b>Carrying value of Group's interest in associates</b>				<b>10,472</b>	<b>79,245</b>

**12 Interests in associates (Cont'd)**Aggregate information of associates that are not individually material

The summarised financial information of the individually immaterial associates is as follows:

The Group	2025 US\$'000	2024 US\$'000
Profit/(loss) for the year	8	(5)
Total comprehensive income for the year	8	(5)

The Group	2025 US\$'000	2024 US\$'000
The Group's share of profit/(loss)	3	(2)

**13 Inventories**

The Group	2025 US\$'000	2024 US\$'000
<b>At cost</b>		
Raw materials	158,993	195,310
Work-in-progress	14,541	13,578
Finished goods	38,436	96,656
	211,970	305,544
<b>At net realisable value</b>		
Raw materials and finished goods	45,958	8,388
Total	257,928	313,932
<i>Recognised as expenses and included in cost of sales:</i>		
Cost of inventories (Note 29), inclusive of:	574,099	541,057
Write-down/(write-back) of inventories to net realisable value, net	4,123	(7,263)
<i>Recognised as expenses and included in other operating expenses:</i>		
Write-down of inventories to net realisable value (Note 29)	168	92

Included in the above are inventories under consignment arrangement amounting to US\$5,853,000 (2024 - US\$40,628,000).

## Notes to the financial statements for the financial year ended 31 December 2025

## 14 Trade and other receivables

	The Company		The Group	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Trade receivables (i)	-	-	34,678	24,496
Other receivables:				
Amounts due from subsidiaries (non-trade)	28,336	27,877	-	-
Deposits and other receivables:				
- third party	-	-	11,821	17,979
- associate	-	-	119	534
	28,336	27,877	11,940	18,513
Less: Allowance for impairment of other receivables:				
At beginning of the year	-	-	(626)	(609)
Exchange difference on translation	-	-	(64)	(17)
At end of the year	-	-	(690)	(626)
Net other receivables (ii)	28,336	27,877	11,250	17,887
Total (i) + (ii)	28,336	27,877	45,928	42,383

The non-trade amounts due from subsidiaries, representing advances, are interest-free, unsecured and repayable on demand.

Included in the Group's deposits and other receivables from third parties is tax recoverable of US\$821,000 (2024 - US\$784,000) from tax authorities, and the balance proceeds from the Group's disposal of 60% interest in OMQ (Note 11.2) of US\$1,009,000 (2024 - US\$Nil) as at 31 December 2025. As at 31 December 2024, the balance proceeds from the Group's disposal of 90% interest in OMQ was US\$12,686,000 (RMB92.6 million) (Note 11.1).

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Australian Dollar	6,335	5,876	180	125
Renminbi	-	-	5,953	14,713
United States Dollar	22,000	22,000	39,219	26,193
Malaysian Ringgit	-	-	472	983
Others	1	1	104	369
	28,336	27,877	45,928	42,383

The credit risk for trade and other receivables is as follows:

	The Company		The Group	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
<u>By geographical areas</u>				
Asia Pacific	28,310	27,858	40,664	31,511
America	-	-	4,487	9,987
Europe	-	-	277	351
Africa	26	19	500	534
	28,336	27,877	45,928	42,383

Neither past due nor impaired

Trade and other receivables that were neither past due nor impaired amounting to US\$28,336,000 (2024 - US\$27,877,000) and US\$45,749,000 (2024 - US\$41,902,000) for the Company and the Group respectively related to a wide range of debtors for whom there was no recent history of default.

## Notes to the financial statements for the financial year ended 31 December 2025

**14 Trade and other receivables (Cont'd)**Past due but not impaired

The ageing analysis of trade and other receivables past due but not impaired is as follows:

	The Company		The Group	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Past due 0 to 3 months	-	-	35	42
Past due 3 to 6 months	-	-	56	229
Past due over 6 months	-	-	88	210
	-	-	179	481

Trade and other receivables that were past due but not impaired related to a number of debtors that have a good credit track record with the Group. Based on historical default rates, the Group believes that no further impairment allowance is necessary in respect of trade and other receivables not past due or past due.

**15 Capitalised contract costs**

	2025 US\$'000	2024 US\$'000
The Group		
Costs to fulfil service rendered for transportation of goods sold under CFR and CIF Incoterms	679	637
Amortisation recognised as cost of sales during the year	637	301

The Group's capitalised contract costs relate to fulfilment costs of freight and insurance for the transportation of goods sold under CFR and CIF Incoterms. These costs are charged to the profit or loss on a basis consistent with the pattern of recognition of the associated revenue.

**16 Derivatives**

	Contract/notional amount		Fair value through profit or loss			
			Assets		Liabilities	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
<b>Derivatives:</b>						
Foreign exchange forward contracts	55,933	5,320	1,626	-	-	28

The Group uses foreign exchange forward contracts to manage some of its foreign currency exposure. These contracts are not designated as cash flows nor fair value hedges and are entered into for periods consistent with its foreign currency exposure.

The forward contracts are used to manage the foreign currency exposures arising from the monetary assets and liabilities denominated in currencies other than the functional currency of a subsidiary of the Group.

The Group recognised an unrealised gain of US\$1,626,000 (2024 – unrealised loss of US\$28,000) arising from fair value changes of derivative financial instruments. The fair value changes are attributable to changes in foreign exchange forward rates. The methods and assumptions applied in determining the fair value of derivatives are disclosed in Note 42.

## Notes to the financial statements for the financial year ended 31 December 2025

**17 Cash and bank balances**

	The Company		The Group	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Cash at bank and on hand	27	29	11,651	56,105
Short-term bank deposits	-	-	1,577	3,483
Total cash and cash equivalents	27	29	13,228	59,588
Add: Cash collateral	-	-	10,647	8,316
<b>Cash and bank balances</b>	<b>27</b>	<b>29</b>	<b>23,875</b>	<b>67,904</b>

Included in the cash collateral were amounts of US\$3,707,000 (2024 - US\$1,102,000) and US\$6,829,000 (2024 - US\$7,111,000) which were pledged to banks as security for banking facilities and the issuance of environmental bonds (Note 36.3) respectively. The Group also maintains bank deposits to the benefit of third-party suppliers to the amount of US\$111,000 (2024 - US\$103,000).

Cash and bank balances (including cash collateral) are denominated in the following currencies:

	The Company		The Group	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Australian Dollar	22	27	8,537	7,854
Renminbi	-	-	2,155	9,199
United States Dollar	5	2	7,854	39,726
Malaysian Ringgit	-	-	4,441	10,745
Others	-	-	888	380
	<b>27</b>	<b>29</b>	<b>23,875</b>	<b>67,904</b>

The short-term bank deposits have an average maturity of 1 to 2 months (2024 - 1 month) from the end of the financial year with the following effective interest rates:

	2025 Per annum	2024 Per annum
The Group		
United States Dollar	-	3.60%
Australian Dollar	3.05% to 3.47%	-
Others	0.38% to 0.86%	-

**18 Assets held for sale and discontinued operations**

On 13 May 2025, OMH (Mauritius) Corp. ("OM Mauritius"), a wholly owned subsidiary of the Group entered into a conditional binding Sale and Purchase Agreement with a third party for the sale of OM Mauritius' 26% interest in NMPL for a final gross total cash consideration of ZAR 1.95 billion (approximately US\$120 million).

The transaction is contingent on the successful sale of 74% interest in NMPL, held by the other shareholder, Ntsimbintle Holdings Proprietary Limited, and other suspensive conditions including approval by the relevant authorities.

In December 2025, material suspensive conditions have been fulfilled, including approvals being obtained from the relevant authorities, and completion of the sale is deemed as highly probable. Accordingly, the Group's investment in NMPL is reclassified as assets held for sale in the consolidated statement of financial position, and the Group ceased equity accounting. The Group's share of profit from NMPL, previously equity accounted for up to and including 30 November 2025, is presented separately as discontinued operations in the consolidated statement of comprehensive income.

	2025 US\$'000	2024 US\$'000
The Group		
Assets held for sale - Interest in associate (NMPL)	81,581	-
Share of results of an associate (NMPL) - discontinued operations	3,980	4,327

## Notes to the financial statements for the financial year ended 31 December 2025

**18 Assets held for sale and discontinued operations (Cont'd)**

The summarised financial information in respect of the interest in associate (NMPL) is set out below:

	2025 US\$'000
The Group	
Current assets	3,371
Non-current assets	194,326 <sup>(1)</sup>
Current liabilities	(8)
Non-current liabilities	(91,927)
<b>Net assets</b>	<b>105,762</b>
Income	27,356 <sup>(1)</sup>
Profit for the year	15,308
<b>Total comprehensive income for the year</b>	<b>15,308</b>
<b>Dividends received from associate</b>	<b>4,419</b>

<sup>(1)</sup> Inclusive of results of Tshipi Mining.

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate (NMPL):

	2025 US\$'000
The Group	
Net assets of the associate classified as assets held for sale	105,762
Shareholder loans	91,927
	197,689
Proportion of the Group's ownership interest in the associate	51,399
Goodwill	39,988
Currency translation difference	(9,806)
<b>Carrying value</b>	<b>81,581</b>

The net cash flows effect from the discontinued operations are as follows:

	2025 US\$'000	2024 US\$'000
The Group		
Investing activities	4,419	1,811
<b>Net cash inflow</b>	<b>4,419</b>	<b>1,811</b>

The Group successfully completed the disposal of its 26% interest in NMPL on 27 February 2026 (Note 44).

**19 Share capital**

The Company and The Group	No. of ordinary shares		Amount	
	2025 '000	2024 '000	2025 US\$'000	2024 US\$'000
<b>Authorised:</b>				
Ordinary shares of US\$0.04337 (A\$0.05) (2024 - US\$0.04337 (A\$0.05)) each	2,000,000	2,000,000	87,000	87,000
<b>Issued and fully paid:</b>				
Ordinary shares of US\$0.04304 (A\$0.05) (2024 - US\$0.04304 (A\$0.05)) each	766,257	766,257	32,976	32,976

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.

## Notes to the financial statements for the financial year ended 31 December 2025

**20 Treasury shares**

The Company and The Group	No. of ordinary shares		Amount	
	2025 '000	2024 '000	2025 US\$'000	2024 US\$'000
At 1 January and 31 December	<b>1,933</b>	1,933	<b>2,058</b>	2,058

Treasury shares relate to ordinary shares of the Company that are held by the Company. During the year, the Company acquired Nil shares (2024 - Nil shares) in the Company through on-market purchase on the Australian Securities Exchange or on Bursa Malaysia.

**21 Reserves**

		The Company		The Group	
		2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Share premium	[Note (i)]	<b>164,864</b>	164,864	<b>164,864</b>	164,864
Non-distributable reserve	[Note (ii)]	-	-	<b>1,603</b>	1,419
Capital reserve	[Note (iii)]	-	-	<b>(10,947)</b>	(10,947)
Contributed surplus	[Note (iv)]	<b>2,593</b>	2,593	-	-
Hedging reserve	[Note (v)]	-	-	-	180
Exchange fluctuation reserve (Accumulated losses)/ retained profits	[Note (vi)]	<b>(40,637)</b>	(43,668)	<b>(45,765)</b>	(48,607)
	[Note (vii)]	<b>(115,237)</b>	(115,423)	<b>278,986</b>	278,760
		<b>11,583</b>	8,366	<b>388,741</b>	385,669
<b>Share premium</b>					
At 1 January and 31 December		<b>164,864</b>	164,864	<b>164,864</b>	164,864
<b>Non-distributable reserve</b>					
At 1 January		-	-	<b>1,419</b>	1,419
Transfer to statutory reserve		-	-	<b>184</b>	-
At 31 December		-	-	<b>1,603</b>	1,419
<b>Capital reserve</b>					
At 1 January and 31 December		-	-	<b>(10,947)</b>	(10,947)
<b>Contributed surplus</b>					
At 1 January and 31 December		<b>2,593</b>	2,593	-	-
<b>Hedging reserve</b>					
At 1 January		-	-	<b>180</b>	225
Cash flow hedges		-	-	<b>(180)</b>	(45)
At 31 December		-	-	-	180
<b>Exchange fluctuation reserve</b>					
At 1 January		<b>(43,668)</b>	(39,703)	<b>(48,607)</b>	(44,562)
Currency translation differences		<b>3,031</b>	(3,965)	<b>2,842</b>	(4,045)
At 31 December		<b>(40,637)</b>	(43,668)	<b>(45,765)</b>	(48,607)
<b>(Accumulated losses)/retained profits</b>					
At 1 January		<b>(115,423)</b>	(111,631)	<b>278,760</b>	269,440
Profit/(loss) for the year		<b>2,125</b>	(3,808)	<b>2,349</b>	9,304
Dividends	[Note (viii)]	<b>(1,956)</b>	-	<b>(1,956)</b>	-
Dividends forfeited		<b>17</b>	16	<b>17</b>	16
Transfer to statutory reserve		-	-	<b>(184)</b>	-
At 31 December		<b>(115,237)</b>	(115,423)	<b>278,986</b>	278,760

**21 Reserves (Cont'd)**

Notes:

- (i) The share premium reserve 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.
- (ii) 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 the 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.

- (iii) Capital reserve relates to:
  - (a) Difference between the consideration paid and the carrying amount of the non-controlling interests acquired, and
  - (b) 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.
- (iv) The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued for acquisition of the subsidiaries and the aggregate net asset value of the subsidiaries acquired. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus can be distributed to shareholders under certain circumstances. At the Group level, the contributed surplus is eliminated against the cost of investment in subsidiaries.
- (v) 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.
- (vi) The exchange fluctuation reserve comprises all foreign exchange differences arising on the translation of the financial statements of the Company, foreign subsidiaries and associates stated in a currency different from the Company's and Group's presentation currency.
- (vii) Retained earnings of the Group 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 constitute the total distributable reserves, that is the maximum amount available for distribution to the shareholders.

## Notes to the financial statements for the financial year ended 31 December 2025

**21 Reserves (Cont'd)**

Notes (Con't):

(viii) The Company and The Group

	2025 US\$'000	2024 US\$'000
Final tax-exempt (one-tier) dividend of US\$0.00256 (A\$0.004) per share for 2024	1,956	-
	<u>1,956</u>	<u>-</u>

On 9 March 2026, the Company declared a special dividend of A\$0.01 per share to be paid to shareholders on 29 May 2026. The special dividend is payable to shareholders on the register of members on 8 May 2026. The total estimated dividend to be paid is US\$5,350,000 (A\$7,643,000), which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2026.

**22 Borrowings**

The Group	2025 US\$'000	2024 US\$'000
<b>Non-current</b>		
Bank loans (Note 22.1)	102,119	58,442
Other borrowings (Note 22.2)	-	19,186
	<u>102,119</u>	<u>77,628</u>
Structuring and arrangement fee	(946)	(52)
	<u>101,173</u>	<u>77,576</u>
<b>Current</b>		
Bank loans (Note 22.1)	92,205	141,968
Other borrowings (Note 22.2)	20,665	278
	<u>112,870</u>	<u>142,246</u>
Structuring and arrangement fee	(914)	(77)
	<u>111,956</u>	<u>142,169</u>
	<u>213,129</u>	<u>219,745</u>

**22.1 Bank loans**

The Group	2025 US\$'000	2024 US\$'000
Bank loans, secured [Note (a)]	2,144	2,466
Bank loans, secured [Note (b)]	-	30,000
Bank loans, secured [Note (c)]	-	166,739
Bank loans, secured [Note (d)]	-	1,205
Bank loans, secured [Note (e)]	57,757	-
Bank loans, secured [Note (f)]	133,994	-
Bank loans, unsecured	429	-
	<u>194,324</u>	<u>200,410</u>
Amount repayable not later than one year	92,205	141,968
Amount repayable later than one year and not later than five years	102,119	58,442
	<u>194,324</u>	<u>200,410</u>

Notes:

- (a) These loans were secured by a charge over an office premise and a corporate guarantee from a subsidiary.

**22 Borrowings (Cont'd)****22.1 Bank loans (Cont'd)**

Notes (Cont'd):

- (b) This revolving credit facility was secured by a limited deed of debenture and a corporate guarantee from the Company. The loan was fully repaid and the facility was terminated in the year ended 31 December 2025.
- (c) These loans were secured by:
- shares of OM Materials (Sarawak) Sdn Bhd, a company incorporated in Malaysia;
  - a charge over its property, plant and equipment (Note 4);
  - a charge over certain bank accounts;
  - a charge over land use rights (Note 5);
  - a debenture;
  - a borrower assignment;
  - an assignment of insurances;
  - a shareholder assignment;
  - an assignment of reinsurances; and
  - a corporate guarantee from the Company

These loans were fully repaid and the facilities were terminated in the year ended 31 December 2025.

- (d) This loan was secured by a deed of charge and assignment and a corporate guarantee from the Company. The loan was fully repaid and the facilities were terminated in the year ended 31 December 2025.
- (e) These loans are secured by a corporate guarantee from the Company.
- (f) These loans comprise term loans and revolving credit facility, and are secured by:
- a debenture (includes charge over certain property, plant and equipment (Note 4));
  - an assignment and charge over certain bank accounts;
  - a charge over certain land use rights (Note 5);
  - a corporate guarantee from the Company
- (g) Non-current borrowings with covenants:

Certain subsidiaries of the Group have loans partially classified as non-current, and are subjected to financial covenants testing. The non-current portion of these term loans amounted to US\$102,119,000 as at 31 December 2025 (2024 - US\$58,442,000).

The loans as at 31 December 2025 are subjected to financial covenants that are tested half-yearly, on 30 June and 31 December, including debt to net worth, debt to EBITDA, debt service coverage ratio, interest service coverage ratio, and minimum tangible net worth.

The loans as at 31 December 2024 required the subsidiary to maintain a debt-to-equity ratio of not more than 70:30 and were tested on a quarterly basis on 31 March, 30 June, 30 September and 31 December. These loans were fully repaid and the facilities were terminated in the year ended 31 December 2025.

The Group has complied with the all the financial covenants throughout the reporting period.

## Notes to the financial statements for the financial year ended 31 December 2025

**22 Borrowings (Cont'd)****22.2 Other borrowings**

	2025 US\$'000	2024 US\$'000
The Group		
Bonds, unsecured [Note (a)]	20,665	19,186
Third party loan, unsecured	-	278
	<u>20,665</u>	<u>19,464</u>
Amount repayable not later than one year	20,665	278
Amount repayable later than one year and not later than five years	-	19,186
	<u>20,665</u>	<u>19,464</u>

Note:

- (a) The bonds issued by a wholly-owned subsidiary of A\$30,926,000 (US\$20,665,000) to certain key management personnel, employees and investors of the Group in November 2022 are unsecured, and for a 3 years term. Coupon of 10% per annum is paid semi-annually in arrears on 30 May and 30 November each year, commencing on 30 May 2023 and continuing throughout the term. The subsidiary has the right to redeem the outstanding principal amount together with unpaid accrued interest, on or after the second anniversary of the issue date with prior written notice. In December 2024, the tenor of the bonds were extended by 6 months on the same terms and coupon rate, to mature in May 2026.

On 6 March 2026, the Group's wholly-owned subsidiary issued a voluntary early redemption notice to its private bond holders to redeem the full outstanding principal amount together with unpaid accrued interest on 20 March 2026 (Note 44).

**22.3 Currency risk**

Total borrowings are denominated in the following currencies:

	2025 US\$'000	2024 US\$'000
The Group		
United States Dollar	189,891	197,815
Renminbi	2,573	2,466
Australian Dollar	20,665	19,464
	<u>213,129</u>	<u>219,745</u>

**22.4 Effective interest rates**

The effective interest rates of the borrowings at the end of the reporting period are 2.85% to 10.00% (2024 - 2.40% to 10.00%) per annum.

**23 Lease liabilities**

	2025 US\$'000	2024 US\$'000
The Group		
Undiscounted lease payments due:		
- Year 1	1,802	3,856
- Year 2	844	1,488
- Year 3	156	644
- Year 4 and onwards	101	107
	<u>2,903</u>	<u>6,095</u>
Less: Unearned interest cost	(254)	(465)
Lease liabilities	<u>2,649</u>	<u>5,630</u>
Presented as:		
- Non-current	999	2,009
- Current	1,650	3,621
	<u>2,649</u>	<u>5,630</u>

## Notes to the financial statements for the financial year ended 31 December 2025

**23 Lease liabilities (Cont'd)**

Interest expense on lease liabilities of US\$307,000 (2024 - US\$282,000) is recognised within “finance costs” in the consolidated statement of comprehensive income.

Rental expenses not capitalised in lease liabilities but recognised in the profit or loss are set out below:

The Group	2025 US\$'000	2024 US\$'000
Short-term leases	1,252	1,364
Leases of low-value assets	11	-

Total cash outflows for all leases in the year amounted to US\$5,526,000 (2024 - US\$4,660,000).

As at 31 December 2025, the Group’s short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group’s short-term lease expense for the year.

The Group’s lease liabilities are secured by the lessors’ title to the leased assets.

Further information about the financial risk management is disclosed in Note 39 and leasing activities in Note 35.

Lease liabilities are denominated in the following currencies:

The Group	2025 US\$'000	2024 US\$'000
Malaysian Ringgit	1,966	4,728
Others	683	902
	<b>2,649</b>	<b>5,630</b>

**24 Trade and other payables**

	The Company		The Group	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
<b>Non-current</b>				
Other payables	-	-	174	137
<b>Current</b>				
Trade payables				
- third party	-	-	118,367	173,774
- associate	-	-	2,915	4,995
	-	-	<b>121,282</b>	<b>178,769</b>
Amount due to subsidiaries (non-trade)	73,208	70,481	-	-
Accruals	782	1,619	13,910	9,456
Other payables	39	48	8,499	8,670
Retention monies	-	-	3,949	4,562
Welfare expense payable	-	-	634	440
Interest payables	-	-	753	176
	<b>74,030</b>	<b>72,148</b>	<b>27,745</b>	<b>23,304</b>
	<b>74,030</b>	<b>72,148</b>	<b>149,027</b>	<b>202,073</b>
<b>Total</b>	<b>74,030</b>	<b>72,148</b>	<b>149,201</b>	<b>202,210</b>

The current amount due to subsidiaries (non-trade) represents advances which are unsecured, interest-free and repayable on demand.

## Notes to the financial statements for the financial year ended 31 December 2025

**24 Trade and other payables (Cont'd)**

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Australian Dollar	30,926	31,371	913	1,749
Renminbi	-	-	11,109	11,881
United States Dollar	42,947	40,630	33,913	80,649
Malaysian Ringgit	-	-	102,393	107,671
Others	157	147	873	260
	<b>74,030</b>	<b>72,148</b>	<b>149,201</b>	<b>202,210</b>

All trade payables are generally on 30 to 120 (2024 - 30 to 120) days' credit terms.

**25 Provisions**

The Group	2025 US\$'000	2024 US\$'000
<u>Rehabilitation</u>		
At beginning of the year	3,880	4,579
Adjustments from mine development costs (Note 7)	(87)	(171)
Utilisation	(86)	(138)
Exchange realignment	291	(390)
At end of the year	<b>3,998</b>	<b>3,880</b>
Non-current	<b>3,810</b>	<b>3,393</b>
Current	<b>188</b>	<b>487</b>
	<b>3,998</b>	<b>3,880</b>

According to the Mine Management and Environmental Management Plans submitted to the Northern Territory Government in Australia, the wholly-owned subsidiary, OM (Manganese) Ltd is obligated for the rehabilitation and restoration of areas disturbed arising from mining activities conducted by OM (Manganese) Ltd. Mine rehabilitation costs are provided for at the present value of future expected expenditure when the liability is incurred. Although the ultimate cost to be incurred is uncertain, the Group has estimated its costs based on the rates outlined by the Northern Territory Department of Industry, Tourism and Trade using current restoration standards and techniques.

**26 Deferred capital grant**

The Group	2025 US\$'000	2024 US\$'000
<u>Government grant</u>	<b>5,998</b>	<b>6,565</b>
Non-current	<b>5,431</b>	<b>5,998</b>
Current	<b>567</b>	<b>567</b>
	<b>5,998</b>	<b>6,565</b>

A government grant was awarded for the construction of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached. The movement in the deferred capital grant is due to amortisation of US\$567,000 (2024 - US\$567,000) (Note 29).

## Notes to the financial statements for the financial year ended 31 December 2025

**27 Contract liabilities**

	2025 US\$'000	2024 US\$'000
The Group		
<b>Transportation of goods sold under CFR and CIF Incoterms</b>	<b>12,159</b>	46,981

The Group's contract liabilities relate to the Group's obligation to transport goods sold to customers under CFR and CIF Incoterms for which the Group has received advance payments from these customers.

	2025 US\$'000	2024 US\$'000
The Group		
<b>Revenue recognised in current period that were included in the contract liabilities balance at the beginning of the year</b>	<b>46,981</b>	21,270

Unsatisfied performance obligations in relation to contract liabilities at the end of the reporting period are:

	2025 US\$'000	2024 US\$'000
The Group		
<b>Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied at the end of the year</b>	<b>12,159</b>	46,981

The Group expects that 100% of the transaction price allocated to the unsatisfied performance obligations at the end of the current year may be recognised as revenue during the next reporting period.

**28 Other income**

	2025 US\$'000	2024 US\$'000
The Group		
Interest income from banks	762	777
Commission income	1,746	1,427
Government grant	387	25
Gain on bargain purchase of a subsidiary (Note 11.1)	2,962	-
Gain on disposal of investment property (Note 8)	1,685	-
Gain on disposal of a subsidiary (Note 11.2)	1,048	-
Gain on lease termination	225	-
Insurance compensation	1,777	128
Sundry income	593	560
	<b>11,185</b>	<b>2,917</b>

## Notes to the financial statements for the financial year ended 31 December 2025

## 29 (Loss)/profit before income tax, from continuing operations

The Group	Note	2025 US\$'000	2024 US\$'000
(Loss)/profit before income tax, from continuing operations has been arrived at after charging/(crediting):			
Depreciation of property, plant and equipment:			
- cost of sales		28,144	23,198
- other operating expenses		1,839	2,647
	4	29,983	25,845
Gain on disposal of property, plant and equipment <sup>(1)</sup>		(9)	-
Gain on disposal of investment property <sup>(1)</sup>	8	(1,685)	-
Write off of property, plant and equipment <sup>(1)</sup>		353	14
Amortisation of land use rights <sup>(1)</sup>	5	143	127
Amortisation of mine development costs <sup>(1)</sup>	7	380	490
Depreciation of investment property <sup>(1)</sup>	8	3	8
Depreciation of right-of-use assets <sup>(1)</sup>	9	3,548	2,963
Cost of inventories recognised as expenses and included in cost of sales	13	574,099	541,057
Write-down/(write-back) of inventories to net realisable value, net			
- cost of sales	13	4,123	(7,263)
- other operating expenses	13	168	92
Amortisation of deferred capital grant <sup>(2)</sup>	26	(567)	(567)
Realised foreign exchange loss - net <sup>(1)</sup>		2,077	5,358
Unrealised foreign exchange (gain)/loss - net <sup>(1)</sup>		(303)	6,415
Loss on lease modification		-	7
Gain on lease termination	28	(225)	-
Gain on bargain purchase of a subsidiary	11.1	(2,962)	-
Loss on deemed disposal of an associate	11.1	253	-
Gain on disposal of a subsidiary	11.2	(1,048)	-
Rental expenses:			
- short-term leases	23	1,252	1,364
- leases of low-value assets	23	11	-
Finance costs:			
- loans		22,226	28,346
- lease liabilities		307	282
- others		1,041	826
		23,574	29,454
Employee benefits expenses	33	45,572	44,207

<sup>(1)</sup> These are included under "other operating expenses" in the consolidated statement of comprehensive income.

<sup>(2)</sup> This is included under "cost of sales" in the consolidated statement of comprehensive income.

## 30 Taxation

A provision for enterprise income tax on the subsidiaries operating in the People's Republic of China ("PRC") has been made in accordance with the Income Tax Law of PRC concerning Foreign Investment Enterprises and Foreign Enterprises and various local income tax laws.

A Global Trader Programme is granted by the Singapore Ministry of Trade and Industry to a Singapore subsidiary, OM Materials (S) Pte. Ltd., for a concessionary rate of 10% valid up to December 2028, subject to the fulfilment of specific conditions.

In November 2017, OM Materials (Sarawak) Sdn. Bhd. ("OM Sarawak") was awarded Pioneer Status by the Malaysian Investment Development Authority ("MIDA"), which entitled OM Sarawak exemption from tax for a period of 5 years effective 1 December 2016 to 30 November 2021 on 100% of statutory income derived from the production of ferro-silicon, silicon manganese and high carbon ferromanganese. OM Sarawak has provided for 24% tax on 100% of its taxable income for the financial years ended 31 December 2025 and is currently pending MIDA's approval on the activation of the second 5 years' tax exemption which entitles 70% tax exemption on its statutory income from 1 December 2021 to 30 November 2026, subject to meeting all the conditions set by MIDA. Upon approval, OM Sarawak's annual tax position will be adjusted accordingly.

## Notes to the financial statements for the financial year ended 31 December 2025

**30 Taxation (Cont'd)**

Taxation has been provided at the appropriate tax rates prevailing in Australia, Singapore, Malaysia, Hong Kong and PRC in which the Group operates on the estimated assessable profits for the year. These rates generally range from 10% to 30% for the reporting period.

The Group	2025 US\$'000	2024 US\$'000
Current taxation:		
- Singapore income tax (concessionary tax rate of 10%)	1,029	2,932
- PRC tax (tax rate of 25%)	(1,981)	974
- Malaysia (tax rate of 24%)	598	1,598
Deferred taxation (Note 10)	(7,280)	3,028
	<b>(7,634)</b>	<b>8,532</b>
Under/(over) provision in prior years:		
- current taxation	105	(553)
- deferred taxation (Note 10)	483	144
	<b>588</b>	<b>(409)</b>
Income tax (credit)/expense	<b>(7,046)</b>	<b>8,123</b>
Other taxation:		
- withholding tax	(304)	100
	<b>(304)</b>	<b>100</b>
Tax (credit)/expense	<b>(7,350)</b>	<b>8,223</b>

A reconciliation of the income tax applicable to the accounting results at the applicable tax rates to the income tax expense for the reporting period is as follows:

The Group	2025 US\$'000	2024 US\$'000
(Loss)/profit before income tax from continuing operations	(10,229)	13,614
Profit before tax from discontinued operation	3,980	4,327
(Loss)/profit before income tax	<b>(6,249)</b>	<b>17,941</b>
Tax at applicable tax rates	<b>(5,249)</b>	<b>3,462</b>
Tax effect of non-taxable income <sup>(1)</sup>	(1,853)	(136)
Tax effect of non-deductible expenses <sup>(2)</sup>	1,752	4,792
Tax effect of allowances and concessions given by tax jurisdictions	(1,465)	(1,410)
Deferred tax assets not recognised	769	3,491
Foreign exchange differences on deferred tax	(1,024)	(1,017)
Effects of share of results of associates	(564)	(650)
Under/(over) provision in prior years	588	(409)
Income tax(credit)/expense	<b>(7,046)</b>	<b>8,123</b>

<sup>(1)</sup> Non-taxable income mainly relates to amortisation of deferred capital grant, gain on disposal of an investment property, gain on bargain purchase of a subsidiary and gain on disposal of subsidiary.

<sup>(2)</sup> Non-deductible expenses mainly relate to depreciation and amortisation of non-qualifying assets, non-trade loan interest expenses, provision of expenses and foreign exchange differences.

**31 Cash flow hedges**

The Group	2025 US\$'000	2024 US\$'000
Cash flow hedges:		
Loss arising during the year	(180)	(45)

**32 Profit per share****The Group**

Basic profit per share is calculated based on the consolidated profit attributable to owners of the parent divided by the weighted average number of shares (excluding treasury shares) on issue of 764,324,000 (2024 - 764,324,000) ordinary shares during the financial year.

Fully diluted profit per share is calculated based on the consolidated profit attributable to owners of the parent divided by 764,324,000 (2024 - 764,324,000) ordinary shares (excluding treasury shares). The number of ordinary shares was calculated based on the weighted average number of shares on issue during the financial year adjusted for the effects of all dilutive convertible bonds and warrants. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the year or if later, the date of the issue of the potential ordinary shares.

The following table reflects profit or loss and share data used in the computation of basic and diluted profit per share for the years ended 31 December:

The Group	2025 '000	2024 '000
Weighted average number of ordinary shares for the purpose of basic profit per share	764,324	764,324
Effect of dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares for the purpose of diluted profit per share	764,324	764,324

(Loss)/profit per share figures are calculated as follows:

The Group	From continuing operations US\$'000	From discontinued operations US\$'000	Total US\$'000
<b>2025</b>			
(Loss)/profit for the year attributable to owners of the Company	(1,631)	3,980	2,349
Effect of dilutive potential ordinary shares	-	-	-
(Loss)/profit for the purposes of diluted (loss)/profit per share	(1,631)	3,980	2,349
<b>(Loss)/profit per share (cents)</b>			
- Basic	(0.21)	0.52	0.31
- Diluted	(0.21)	0.52	0.31
<b>2024</b>			
Profit for the year attributable to owners of the Company	4,977	4,327	9,304
Effect of dilutive potential ordinary shares	-	-	-
Profit for the purposes of diluted profit per share	4,977	4,327	9,304
<b>Profit per share (cents)</b>			
- Basic	0.65	0.57	1.22
- Diluted	0.65	0.57	1.22

**33 Employee benefits expense**

The Group	2025 US\$'000	2024 US\$'000
Directors' fees	423	436
Directors' remuneration other than fees:		
- Directors of the Company	991	1,164
- Directors of the subsidiaries	2,196	2,067
- Defined contributions plans	125	139
Key management personnel (other than Directors):		
- Salaries, wages and other related costs	2,488	2,537
- Defined contributions plans	302	277
	6,525	6,620
Other than key management personnel:		
- Salaries, wages and other related costs	35,800	34,595
- Defined contributions plans	3,247	2,992
	45,572	44,207

**34 Related party transactions**

In addition to the related party information disclosed elsewhere in the financial statements, the following amounts are transactions with related parties based upon commercial arm's length terms and conditions:

The Group	2025 US\$'000	2024 US\$'000
(a) <u>Trading and other transactions</u>		
Commission charged to an associate	1,746	1,427
Commission charged by an associate	(496)	(451)
Purchases of goods from an associate	(69,412)	(60,898)
(b) <u>Key management personnel</u>		
Bonds held by key management personnel at year end (Note 22.2(a))	4,920	4,568
Interest expense on bonds issued to key management personnel	472	488

**35 Leases**(i) The Group as lessee(a) *Properties*

The Group leases several land and buildings for operational and storage purposes (Note 9).

The Group makes prepayments for usage of land (Note 5) in Malaysia under leasing agreements where the Group constructs buildings and infrastructure for office and operational use.

There are no externally imposed covenants on these property lease arrangements.

(b) *Plant and machinery, office equipment and motor vehicles*

The Group makes monthly lease payments to acquire plant and machinery and office equipment used for manufacturing and operational activities. The Group also acquires motor vehicles under hire purchase arrangements to render internal logistics support. These plant and machinery, office equipment and motor vehicles are recognised as the Group's right-of-use assets (Note 9). The lease agreements for plant and machinery, office equipment and motor vehicles prohibit the Group from subleasing them to third parties.

Information regarding the Group's right-of-use assets and lease liabilities are disclosed in Note 9 and 23 respectively.

## Notes to the financial statements for the financial year ended 31 December 2025

**35 Leases (Cont'd)**(ii) The Group as lessor*Investment property*

Operating leases, in which the Group is the lessor, relate to investment property (Note 8) owned by the Group with a remaining lease term of 20 months as at 31 December 2024. The operating lease contract contains market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The Group's revenue from rental income received on the investment properties are disclosed in Note 8.

The future minimum rental receivable under non-cancellable operating leases contracted for the reporting date are as follows:

The Group	2025 US\$'000	2024 US\$'000
Undiscounted lease payments to be received:		
- Year 1	-	71
- Year 2	-	48
- Year 3	-	-
	-	119

The Group has disposed of its investment property during the financial year ended 31 December 2025.

**36 Commitments****36.1 Capital commitments**

The following table summarises the Group's capital commitments:

The Group	2025 US\$'000	2024 US\$'000
Capital expenditure contracted but not provided for in the financial statements:		
- acquisition of property, plant and equipment	848	2,331

**36.2 Mineral Tenements**

In order to maintain the mineral tenements in which a subsidiary is involved, the subsidiary has committed to fulfil the minimum annual expenditures in accordance with the requirements of the Northern Territory Department of Industry, Tourism and Trade for the next financial year, as set out below:

The Group	2025 US\$'000	2024 US\$'000
Mineral tenements annual expenditure commitments	84	90

**36.3 Environmental bonds**

A subsidiary has environmental bonds to the value of US\$6,829,000 (2024 - US\$7,111,000) lodged with the Northern Territory Government (Department of Industry, Tourism and Trade) to secure environmental rehabilitation commitments. The bonds are secured by cash collaterals of US\$6,829,000 (2024 - US\$7,111,000) (Note 17).

**37 Other matters****Sponsor Guarantee issued under the terms of the Power Purchase Agreement with Syarikat Sesco Berhad**

Pursuant to the Power Purchase Agreement (“PPA”) between a subsidiary, OM Materials (Sarawak) Sdn. Bhd. (“OM Sarawak”), and Syarikat Sesco Berhad (“SSB”), OM Holdings Limited (“OMH”) issued guarantees to SSB for certain obligations of OM Sarawak under the PPA.

The guarantees disclosed above do not fall into the category of financial guarantees as they do not relate to debt instruments. The purpose of these guarantees is essentially to facilitate SSB providing power supply to OM Sarawak on the condition that these guarantees provided by OMH 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 Sarawak entered into a project finance Facilities Agreement (“FA”) for a limited recourse senior project finance debt facility.

Concurrently, OMH and OM Materials (S) Pte Ltd (“OMS”), the ultimate and immediate holding company of OM Sarawak, entered into a Project Support Agreement (“PSA”) in relation to the project finance debt facility. The PSA governs the rights and obligations of OMH and OMS. These obligations and liabilities are severally liable.

The PSA lapsed upon the final repayment of the project financing facilities in March 2025.

**Guarantee issued under facilities agreements**

In March 2025, OMS and OM Sarawak individually entered into two distinct and separate loan facilities agreements, where OMH is also a party to both facilities agreements as the guarantor. The guarantee is to two separate set of lenders of OMS and OM Sarawak under the two distinct and separate facilities agreements, and continues until the facilities are fully repaid.

**38 Operating segments**

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

Mining	Exploration and processing of manganese ore
Smelting	Production of manganese ferroalloys, ferrosilicon, silicon metal and manganese sinter ore
Marketing and Trading	Marketing of manganese ferroalloys, ferrosilicon, silicon metal and manganese sinter ore produced by the smelting segment, and trading of manganese 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 and share of results of associates, 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 commercially and 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.

**38 Operating segments (Cont'd)**

	Mining		Smelting		Marketing and Trading		Others		Total	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
<b>Reportable segment revenue</b>										
Sales to external customers	-	-	100,696	143,281	535,546	510,865	63	128	636,305	654,274
Inter-segment sales	577	-	373,846	384,728	119,042	164,133	35,502	74,878	528,967	623,739
Elimination	(577)	-	(373,846)	(384,728)	(119,042)	(164,133)	(35,502)	(74,878)	(528,967)	(623,739)
	-	-	100,696	143,281	535,546	510,865	63	128	636,305	654,274
<b>Reportable segment profit(loss), from continuing operations</b>	(2,008)	(8,084)	(6,868)	27,682	19,066	22,577	2,720	110	12,910	42,285
<b>Share of results of an associate, representing discontinued operations</b>	-	-	-	-	-	-	-	-	3,980	4,327
<b>Reportable segment assets</b>	45,833	43,781	783,846	854,522	667,340	638,539	152,551	142,106	1,649,570	1,678,948
Elimination									(906,185)	(816,946)
Investment in associates									10,472	79,245
Assets held for sale									81,581	-
Total assets									835,438	941,247
<b>Reportable segment liabilities</b>	130,843	120,872	459,475	504,397	340,341	318,522	90,705	89,842	1,021,364	1,033,633
Elimination									(608,232)	(512,552)
Total liabilities									413,132	521,081
<b>Other segment information</b>										
Purchase of property, plant and equipment	728	1,997	3,671	6,297	22	115	942	973	5,363	9,382
Addition of evaluation and exploration costs	164	121	-	-	-	-	-	-	164	121
Amortisation of deferred capital grant	-	-	(567)	(567)	-	-	-	-	(567)	(567)
Amortisation of land use rights	-	-	122	115	-	-	21	12	143	127
Amortisation of mine development costs	380	490	-	-	-	-	-	-	380	490
Depreciation of right-of-use assets	-	-	2,821	2,368	381	376	346	219	3,548	2,963
Depreciation of investment property	-	-	-	-	3	8	-	-	3	8
Depreciation of property, plant and equipment	167	458	29,529	24,879	84	87	203	421	29,983	25,845
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	(9)	-	(9)	-
Gain on disposal of investment property	-	-	-	-	(1,685)	-	-	-	(1,685)	-
Gain on bargain purchase of a subsidiary	-	-	-	-	(2,962)	-	-	-	(2,962)	-
Gain on disposal of a subsidiary	-	-	-	-	(1,048)	-	-	-	(1,048)	-
Loss on deemed disposal of an associate	-	-	-	-	253	-	-	-	253	-
Write off of property, plant and equipment	-	-	353	14	-	-	-	-	353	14
Write-down/(write-back) of inventories to net realisable value, net	168	92	1,177	(11,887)	2,946	4,624	-	-	4,291	(7,171)
Unrealised (gain)/loss on derivatives	-	-	(995)	23	(631)	5	-	-	(1,626)	28

**38 Operating segments (Cont'd)**

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

	2025 US\$'000	2024 US\$'000
The Group		
Reportable segment profit, from continuing operations	12,910	42,285
Finance income	762	777
Share of results of associates, from continuing operations	(327)	6
Finance costs	(23,574)	(29,454)
(Loss)/profit before income tax, from continuing operations	(10,229)	13,614
Share of results of an associate, representing discontinued operations	3,980	4,327
(Loss)/profit before income tax	(6,249)	17,941

The Group's non-current assets (other than deferred tax assets) are divided into the following geographical areas:

	Non-current assets	
	2025 US\$'000	2024 US\$'000
The Group		
Asia Pacific	408,628	426,788
Africa	-	76,171
	408,628	502,959

The geographical location of non-current assets is based on the physical location of the assets.

The Group's revenues from external customers by different geographical areas are disclosed in Note 3.

**39 Financial risk management objectives and policies**

The Company and the Group are exposed to financial risks arising from its operations and use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance.

Risk management is carried out by the Finance Division under policies approved by the Board of Directors. The Finance Division identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

**39.1 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade receivables, cash and cash equivalents and other financial assets. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Company and the Group adopt the policy of dealing only with high credit quality counterparties.

**39 Financial risk management objectives and policies (Cont'd)****39.1 Credit risk (Cont'd)**

The Company's and the Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management.

Exposure to credit risk

As the Company and the Group do not hold any collateral for trade receivables, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

The Company's and the Group's major classes of financial assets are bank deposits and trade and other receivables. Cash is held with reputable financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 14.

Guarantees

The Company provides corporate guarantees to certain banks and suppliers of its subsidiaries. The Company's maximum exposure to credit risk in respect of the corporate guarantees at the reporting date is equal to the facilities drawn down by the subsidiaries in the amounts of US\$284,613,000 (2024 - US\$317,912,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under these corporate guarantees.

There is no impact on the corporate guarantee as there are no differential rates given by the financial institutions.

Undrawn credit facilities

The Group has undrawn credit facilities of approximately US\$59,709,000 (2024 - US\$45,640,000) at the reporting date.

**39.2 Liquidity risk**

Liquidity risk is the risk that the Company or the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's and the Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows:

	Less than 1 year US\$'000	Between 2 and 5 years US\$'000	Over 5 years US\$'000	Total US\$'000	Total carrying amount US\$'000
The Group					
<b>As at 31 December 2025</b>					
Trade and other payables <sup>(1)</sup>	147,784	174	-	147,958	147,958
Borrowings	122,313	109,950	-	232,263	213,129
Lease liabilities	1,802	1,101	-	2,903	2,649
	271,899	111,225	-	383,124	363,736

**39 Financial risk management objectives and policies (Cont'd)****39.2 Liquidity risk (Cont'd)**

	Less than 1 year US\$'000	Between 2 and 5 years US\$'000	Over 5 years US\$'000	Total US\$'000	Total carrying amount US\$'000
The Group					
<b>As at 31 December 2024</b>					
Trade and other payables <sup>(1)</sup>	201,438	137	-	201,575	200,293
Borrowings	153,091	81,171	-	234,262	219,745
Lease liabilities	3,856	2,239	-	6,095	5,630
	<b>358,385</b>	<b>83,547</b>	<b>-</b>	<b>441,932</b>	<b>425,668</b>
The Company					
<b>As at 31 December 2025</b>					
Trade and other payables	<b>74,030</b>	-	-	<b>74,030</b>	<b>74,030</b>
	<b>74,030</b>	-	-	<b>74,030</b>	<b>74,030</b>
Financial guarantees	<b>284,613</b>	-	-	<b>284,613</b>	-
<b>As at 31 December 2024</b>					
Trade and other payables	72,148	-	-	72,148	72,148
	<b>72,148</b>	-	-	<b>72,148</b>	<b>72,148</b>
Financial guarantees	<b>317,912</b>	-	-	<b>317,912</b>	-

<sup>(1)</sup> Excluded VAT tax payable of US\$133,000 (2024 - US\$1,000), advance from customers of US\$1,110,000 (2024 - US\$1,916,000) from trade and other payables

The above table analyses the financial instruments of the Group for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The Group has various lines of credit with major financial institutions for the purpose of drawing upon short term borrowings, through the pledging of bills receivables or inventories. Further, management closely monitors the Group's capital structure to ensure that there are adequate funds to meet all its obligations in a timely and cost effective manner.

The Group manages its liquidity risk by ensuring there are sufficient cash and current assets to meet all their normal operating commitments in a timely and cost-effective manner and having adequate amount of credit facilities. The Group has the ability to generate additional working capital through financing from financial institutions.

**39.3 Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of the Company's and the Group's financial instruments will fluctuate because of changes in market interest rates.

The Company's and the Group's exposure to interest rate risk arises primarily from their bank borrowings, cash collaterals and fixed deposits.

**39 Financial risk management objectives and policies (Cont'd)****39.3 Interest rate risk (Cont'd)**Sensitivity analysis for interest rate risk

At the end of the reporting period, if United States Dollar ("USD") interest rates had been 75 (2024 - 75) basis points lower/higher with all other variables held constant, the Company's and the Group's profit net of tax would have been higher/lower by the amounts shown below, arising mainly as a result of lower/higher interest expense on bank borrowings and lower/higher interest income on cash and bank balances.

		The Company Resulting effect: profit/(loss)		The Group Resulting effect: profit/(loss)	
		2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
United States Dollar (USD)	- lower 75 basis points (2024 - 75 basis points)	-	-	1,127	924
	- higher 75 basis points (2024 - 75 basis points)	-	-	(1,127)	(924)

**39.4 Foreign currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group operates and sells its products in several countries and transacts in foreign currencies. As a result, the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions, primarily with respect to AUD, Renminbi ("RMB") and Malaysian Ringgit ("MYR").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the AUD, RMB and MYR exchange rates against USD, with all other variables held constant, of the Company's and the Group's profit before income tax.

		2025	2024
		Resulting effect - profit/(loss) US\$'000	Resulting effect - profit/(loss) US\$'000
The Group			
Australian Dollar	- strengthened 5% (2024 - 5%)	(643)	(662)
	- weakened 5% (2024 - 5%)	643	662
Renminbi	- strengthened 5% (2024 - 5%)	(279)	478
	- weakened 5% (2024 - 5%)	279	(478)
Malaysian Ringgit	- strengthened 5% (2024 - 5%)	(4,972)	(5,038)
	- weakened 5% (2024 - 5%)	4,972	5,038
The Company			
Australian Dollar	- strengthened 5% (2024 - 5%)	(1,228)	(1,273)
	- weakened 5% (2024 - 5%)	1,228	1,273

#### 40 Capital risk management

The Company's and the Group's objectives when managing capital are:

- to safeguard the Company's and the Group's abilities to continue as a going concern;
- to support the Company's and the Group's stability and growth;
- to provide capital for the purpose of strengthening the Company's and the Group's risk management capability; and
- to provide an adequate return to shareholders.

The Company and the Group actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Company and the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company has formalised a dividend policy in February 2023, to seek to maintain an annual dividend payout of between 10% to 30% of net profit after tax attributable to owners, subject to a cap of 50% of free cash flow, and other considerations as determined by the Board of Directors. This dividend policy takes effect from the year commencing 1 January 2023, however continues to be re-assessed by the Board at each reporting date and taking into consideration prevailing factors.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company and the Group, is reasonable.

The Company monitors capital using gearing ratio, which is the Group's net debt (excluding lease liabilities) divided by total equity:

	2025 US\$'000	2024 US\$'000
The Group		
Borrowings (Note 22)	213,129	219,745
Less: Cash and bank balances (including cash collateral) (Note 17)	(23,875)	(67,904)
<b>Net debt</b>	<b>189,254</b>	<b>151,841</b>
<b>Total equity</b>	<b>422,306</b>	<b>420,166</b>
<b>Gearing ratio</b>	<b>0.45</b>	<b>0.36</b>

There are no changes in the Company's and the Group's approach to capital management during the year.

#### 41 Financial instruments

##### Accounting classifications of financial assets and financial liabilities

	Note	At fair value US\$'000	At amortised cost US\$'000	Total US\$'000
<b>31 December 2025</b>				
The Group				
<b>Financial assets</b>				
Trade and other receivables <sup>(1)</sup>	14	–	44,260	44,260
Cash and bank balances (including cash collateral)	17	–	23,875	23,875
Derivatives	16	1,626	–	1,626
		<b>1,626</b>	<b>68,135</b>	<b>69,761</b>

**41 Financial instruments (Cont'd)****Accounting classifications of financial assets and financial liabilities (Cont'd)**

	Note	At fair value US\$'000	At amortised cost US\$'000	Total US\$'000
<b>31 December 2025</b>				
The Company				
<b>Financial assets</b>				
Trade and other receivables	14	-	28,336	28,336
Cash and bank balances	17	-	27	27
		-	28,363	28,363
<b>31 December 2024</b>				
The Group				
<b>Financial assets</b>				
Trade and other receivables <sup>(1)</sup>	14	-	40,205	40,205
Cash and bank balances (including cash collateral)	17	-	67,904	67,904
		-	108,109	108,109
The Company				
<b>Financial assets</b>				
Trade and other receivables	14	-	27,877	27,877
Cash and bank balances	17	-	29	29
		-	27,906	27,906

<sup>(1)</sup> Excluded tax recoverable of US\$821,000 (2024 - US\$784,000) and advance to suppliers of US\$847,000 (2024 - US\$1,394,000) from trade and other receivables

	Note	At fair value US\$'000	At amortised cost US\$'000	Total US\$'000
<b>31 December 2025</b>				
The Group				
<b>Financial liabilities</b>				
Borrowings	22	-	213,129	213,129
Lease liabilities	23	-	2,649	2,649
Trade and other payables <sup>(1)</sup>	24	-	147,958	147,958
		-	363,736	363,736
The Company				
<b>Financial liabilities</b>				
Trade and other payables	24	-	74,030	74,030
		-	74,030	74,030
<b>31 December 2024</b>				
The Group				
<b>Financial liabilities</b>				
Borrowings	22	-	219,745	219,745
Lease liabilities	23	-	5,630	5,630
Trade and other payables <sup>(1)</sup>	24	-	200,293	200,293
Derivatives	16	28	-	28
		28	425,668	425,696

**41 Financial instruments (Cont'd)****Accounting classifications of financial assets and financial liabilities (Cont'd)**

	Note	At fair value US\$'000	At amortised cost US\$'000	Total US\$'000
<b>31 December 2024</b>				
The Company				
<b>Financial liabilities</b>				
Trade and other payables	24	-	72,148	72,148
		-	72,148	72,148

(1) Excluded VAT tax payable of US\$133,000 (2024 - US\$1,000), advance from customers of US\$1,110,000 (2024 - US\$1,916,000) from trade and other payables

**42 Fair value measurement**Definition of fair value

IFRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 : unobservable inputs for the asset or liability.

Financial assets and liabilities carried at fair value:

Quantitative disclosures of fair value measurement hierarchy for financial assets held at fair value as at 31 December are as follows:

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
<b>31 December 2025</b>				
The Group				
<b>Derivative assets (Note 16)</b>				
Foreign exchange forward contracts	-	1,626	-	1,626
<b>31 December 2024</b>				
The Group				
<b>Derivative liabilities (Note 16)</b>				
Foreign exchange forward contracts	-	(28)	-	(28)

Fair value of foreign exchange forward contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

There have been no transfers between levels during the financial year.

#### 42 Fair value measurement (Cont'd)

##### Financial assets and liabilities that are not carried at fair value but whose carrying amounts approximate that of fair value

The carrying amounts of trade and other receivables (Note 14), cash and bank balances (Note 17), current trade and other payables (Note 24), current lease liabilities (Note 23) and current borrowings (Note 22) are reasonable approximations of fair values due to their short-term nature.

The carrying amounts of non-current trade and other payables (Note 24), non-current lease liabilities (Note 23) and non-current borrowings (Note 22) are reasonable approximations of fair values as their interest rate approximates the market lending rate.

#### 43 Contingencies

##### *Construction claim*

On 8 July 2022, one of the subsidiaries of the Group received a claim from a third party for the sum of approximately MYR30 million (equivalent to approximately US\$7,394,000) and costs in respect of a construction project. As at the date of this report, no determination can be made of the possible outcome of the claim.

##### *Claim related to professional services*

On 27 December 2024, two subsidiaries of the Group filed a claim for the sum of MYR13.5 million (equivalent to US\$3.3 million) for non-performance of contracted professional services. In response, the defendants filed their statement of defence and counterclaim amounting to US\$13.9 million. As of the date of this report, no determination can be made of the possible outcome of the claim and counterclaim.

#### 44 Subsequent events

##### *Disposal of a subsidiary*

On 29 January 2026, the Group, through its subsidiary OM Materials Trades (S) Pte Ltd ("OMST"), entered into a sales and purchase agreement with the Group's associate, OM Materials (Qinzhou) Co. Ltd., to dispose of its 100% equity interest in OM Materials Trading (Qinzhou) Co. Ltd for cash consideration of approximately RMB 32 million (approximately US\$ 4.6 million). The disposal transaction was successfully completed on 10 March 2026, and the cash consideration is expected to be received in 2026.

##### *Disposal of an associate*

On 27 February 2026, the Group successfully completed the disposal of its 26% interest in NMPL (classified as assets held for sale (Note 18) as at 31 December 2025), for a final gross total cash consideration of ZAR 1.95 billion (approximately US\$120 million).

##### *Voluntary early redemption of bonds*

On 6 March 2026, the Group's wholly-owned subsidiary OM Materials (S) Pte Ltd ("OMS") issued a voluntary early redemption notice to its private bond holders to redeem the full outstanding principal amount of A\$30,926,000 (approximately US\$20,665,000) together with unpaid accrued interest on 20 March 2026.