

OM HOLDINGS LIMITED
(ARBN 081 028 337)



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

21 February 2011

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

Dear Sir/Madam

2010 ANNUAL CONSOLIDATED NET PROFIT INCREASE OF 75% TO A\$47 MILLION

The Board of OM Holdings Limited ("OMH" or "the Company") is pleased to announce a consolidated attributable net profit of A\$47.2 million representing a 75% increase on the consolidated attributable net profit of A\$26.9 million from the prior year.

A final dividend of 2 Australian cents per share has been declared.

HIGHLIGHTS

- **2010 full year consolidated EBITDA of A\$68.3 million representing a 93% increase from the corresponding 2009 result**
- **2010 full year consolidated EBIT of A\$56.7 million representing a 115% increase from the corresponding 2009 result**
- **2010 full year consolidated NPAT of A\$48.7 million representing a 80% increase from the corresponding 2009 result**
- **2010 full year consolidated net profit attributable to owners of the Company of A\$47.2 million representing a 75% increase from 2009**
- **2010 sales revenue of A\$307.5 million supported by higher manganese ore prices and a solid sales performance**
- **Strong demand for OMH's manganese ore and alloy products during 2010 underpinned by record Chinese crude steel production of 627 million tonnes in 2010**
- **Gross profit margin increased from 34% in 2009 to 38% in 2010**



- Basic EPS increased to A\$0.10 per share (2009: A\$0.06 per share) and net tangible asset ("NTA") backing per share increased to A\$0.64 per share (2009: A\$0.54 per share)
- Cash reserves of A\$42.1 million as at 31 December 2010. The Group made repayments of US\$17 million during the year on the US\$90 million loan drawdown to fund the Company's investment in the South African Tshipi Borwa mine
- Strategic investments totalled A\$165.3 million comprising interests held in the Tshipi Borwa mine, Northern Iron Limited, Shaw River Resources Limited and Scandinavian Resources Ltd
- Process optimisations and mine schedule improvements contributed to record production and the reduction in Bootu Creek's 2010 C1 unit cash cost to A\$4.12/dmtu (2009: A\$4.63/dmtu)

MARKET OVERVIEW AND OUTLOOK

- The successful OMS Annual Marketing and Trade Conference held in Shenzhen, China during January 2011 and attended by approximately 120 customer representatives indicated a strong interest for OMH's products in 2011
- The 2010 demand environment was driven by strong Chinese and global steel production and record imports of high grade manganese ores by the Chinese alloy industry. Chinese ore demand was temporarily interrupted during Q4 2010 by power supply restrictions to alloy smelters
- The 2010 supply environment was characterised by the recovery of major high grade ore producers' production to full capacity. By the end of Q2 2010 high grade production returned to 2008 levels, the timing of which coincided with a temporary slowdown in Chinese steel production and alloy consumption. This resulted in increasing producer ore stocks followed by aggressive de-stocking during Q3/Q4 2010. Chinese domestic ore production continued to decline in Mn unit terms while the continued reduction in Chinese manganese alloy exports now clearly indicate a permanent structural change
- 2010 manganese ore prices increased to US\$8.70/dmtu CIF China during Q2 2010 only to fall back and stabilise at the US\$6.50/dmtu CIF China level for the rest of the year
- The 2011 manganese market outlook is positive
- The continued recovery of global steel production, an expectation of 650 million tonnes of Chinese crude steel output and the trend of increasing Mn unit consumption by steelmakers is expected to underpin a positive demand environment for 2011
- The lack of latent low cost high grade ore capacity from major producers points toward the normalisation of producer and port stockpiles in the short term. The continued pressure on Chinese low grade domestic ore production from depleting resources, reducing grades, increasing costs and tightening environmental requirements will continue to influence supply conditions in 2011



OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

A\$ million	Year Ended 31 December 2010	Year Ended 31 December 2009	Variance %
Sales Volumes of Ores (Manganese, Chrome and Iron Ore) (Tonnes)	1,030,259	961,830	7
Sales Volumes of Alloys (Tonnes)	42,881	39,365	9
Total sales	307.5	280.3	10
Gross profit	117.4	95.0	24
Gross profit margin (%)	38.2%	33.9%	-
Other income	3.0	18.9	(84)
Distribution costs	(35.6)	(26.6)	34
Administration & other operating costs	(14.6)	(13.9)	5
Exploration expenditure	(4.3)	(3.1)	39
IFRS adjustments - share based option transactions	(8.4)	(11.4)	(26)
Northern Territory Government royalties	(2.1)	(8.7)	(76)
Exchange gains / (losses)	12.9	(14.9)	NM
EBITDA	68.3	35.3	93
Depreciation/amortisation	(11.6)	(8.9)	30
EBIT	56.7	26.4	115
Net finance (costs)/income	(1.4)	1.9	NM
Income tax	(6.6)	(1.3)	408
NPAT	48.7	27.0	80
Minority interests	(1.5)	(0.1)	93
Net Profit after tax attributable to owners of the Company	47.2	26.9	75

FINANCIAL ANALYSIS

In 2010, total revenue amounted to A\$307.5 million and was mainly attributed to (i) the global economic recovery where the demand for manganese ores and alloys increased, coupled with higher manganese ore selling prices and (ii) the increase in the third party ore and alloy trading activities throughout 2010 (including 220,211 tonnes of iron ore traded in accordance with a marketing agreement with Northern Iron Ltd ("NFE").

Gross profit for the Group increased by A\$22.4 million, from A\$95.0 million for 2009 to A\$117.4 million for 2010. The Group's gross profit margin increased from 34% in 2009 to 38% in 2010. The increase of the gross profit margin was attributable to stronger manganese ore selling prices during 2010 as compared to 2009.

Manganese ore published benchmark prices during the year ranged from US\$6.50/dmtu CIF China to US\$8.70/dmtu CIF China during 2010, compared to a range of US\$3.50/dmtu CIF China to US\$6.50/dmtu CIF China during 2009.

The Group's other income decreased from A\$18.9 million in 2009 to A\$3.0 million in 2010. In 2009, A\$17.9 million related to the valuation of utility grade ore stockpiles (independently surveyed) that were written off in prior years.

During 2010 distribution costs increased by A\$9.0 million to A\$35.6 million, from A\$26.6 million in 2009. This was due to an increase in freight costs and an increase in the volume of products traded.

Administrative and other operating costs increased from A\$13.9 million in 2009 to A\$14.6 million in 2010. The increase was due to (i) higher employee expenses of A\$1.2 million and (ii) an increase in bank charges by A\$0.6 million due to increased trading activities.



Depreciation and amortisation charges increased by A\$2.7 million associated with the commissioning of OMM's secondary processing plant and OMQ's sinter processing plant during December 2009 and March 2010, respectively.

A total of A\$8.4 million was expensed in 2010 in accordance with the IFRS requirement to reflect the valuation of share based unlisted options which vested to Directors and employees during 2010.

Northern Territory Government royalties decreased by A\$6.6 million. The 2009 expense included additional payments to the Northern Territory Revenue Office for royalty obligations on stockpiles located at the Port of Darwin as at 31 December 2008. The total additional payments were A\$6.7 million.

The Group recorded a foreign exchange gain in 2010 as opposed to a loss in 2009. The Group recorded an unrealised gain on the USD denominated bank borrowings at balance date as a result of the USD depreciating against the AUD. The loss in 2009 resulted mainly from losses on hedging and the close out of forward exchange contracts.

The Group incurred a net finance cost of A\$1.4 million in 2010 against a net finance income of A\$1.9 million in 2009 due mainly to higher interest expense incurred in 2010 associated with the drawdown of the US\$90 million term loan to finance the Company's strategic investment in the South African Tshipi Borwa mine during 2010.

Taxation expense increased significantly from A\$1.3 million in 2009 to A\$6.6 million in 2010 in line with the increase in taxable profit for the year ended 31 December 2010.

The Group operating result equated to a basic earnings per share of A\$0.10 in 2010 as compared to A\$0.06 in 2009. The net tangible asset backing per share was A\$0.64 in 2010 as compared to A\$0.54 in 2009.

Dividend

The Board has declared a final dividend of A\$0.02 per share which is payable on 13 May 2011, with a Record Date for entitlements of 15 April 2011.

Results Contributions

The contributions from the various business segments were as follows:

A\$ million	Year ended 31 Dec 2010		Year ended 31 Dec 2009	
	Revenue*	Contribution	Revenue*	Contribution
Mining and ore processing	147.9	12.1	154.1	9.3
Ferroalloy manufacturing	55.9	7.5	51.7	5.7
Marketing, logistics and trading	428.7	36.1	366.5	13.3
Others		1.0		(1.9)
EBIT		56.7		26.4
Net Finance (costs)/ income		(1.4)		1.9
Tax		(6.6)		(1.3)
NPAT		48.7		27.0
Minority interests		(1.5)		(0.1)
Net Profit attributable to owners of the Company		47.2		26.9

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

Mining and ore processing

This category includes the contribution from the Bootu Creek Manganese Mine including the secondary processing plant commissioned in December 2009.

The Bootu Creek Manganese Mine (100% owned and operated by OM (Manganese) Ltd ("OMM")) produced record production of 831,361 tonnes grading 36.7% Mn in 2010 as



compared to 648,140 tonnes grading 38.85% Mn in 2009. OMM shipped 747,063 and 743,477 dry tonnes of manganese in the years 2009 and 2010 respectively.

Revenue from the mining operations amounted to A\$147.9 million for 2010 as compared to A\$154.1 million for 2009. The revenue from the mining operations decreased due primarily to the depreciation of USD against the AUD. During 2010, the USD depreciated against the AUD. In 2010, the exchange rate was A\$1.09 to US\$1.00, while in 2009, the exchange rate was A\$1.28 to US\$1.00. The increase in profit was attributable to higher manganese ore selling prices and lower total production costs in 2010.

As of 31 December 2010, the Group deferred a total of A\$12.8 million related to a pre-strip mining program undertaken in the Shekuma pit, whereby pre-strip mining costs incurred in the latter half of 2010 were deferred. The deferral of mining costs will more accurately match the benefit/revenue of the ores which are expected to be accessed in future periods. The deferred pre-strip costs associated with the Shekuma cut-back will be expensed as ore is accessed.

OMM sold 100% of its production to OM Materials (S) Pte Ltd ("OMS"). The price paid by OMS to OMM was calculated on the basis of the prevailing US\$/dmtu CIF China benchmark price for the quarter less freight, a Mn content adjustment and a marketing fee.

Ferroalloy manufacturing

This category includes the operations of the Qinzhou manganese sinter plant and alloy smelter operations located in both OM Materials (Qinzhou) Co Ltd ("OMQ") and Guizhou Jaihe Weiye Smelter Co. Ltd ("GJW"), a newly acquired subsidiary in 2010, of which the Group has an effective interest of 52.5%. Amongst other inputs the smelter purchases manganese ores at market prices from OMS, converts some of the ore into sinter for its own internal consumption, and sells sinter and alloy products to external third party domestic Chinese end users.

Revenue from the ferro alloy manufacturing operations increased by 8% from A\$51.7 million in 2009 to A\$55.9 million in 2010. The increase in revenue was primarily attributable to (i) the higher volume of 35,803 tonnes of manganese ferro alloy transacted in 2010 compared to 30,555 tonnes in 2009 and (ii) the contribution from 17,524 tonnes of external manganese sinter ore sales from the newly commissioned sinter ore plant.

The increase in the profit contribution was primarily attributable to strong demand of HC FeMn alloy in 2010.

Marketing, logistics and trading

This category includes all of the marketing, trading and logistics activities of the Group, including:

- equity and third party trading activities of OMS - including marketing and trading of OMM and third party manganese, chrome and iron ore products to end users as well as to OMQ and OM Hujin Science and Trade (Shanghai) Co., Ltd ("OMA");
- ore trading activities of OMQ – as part of the Group's Southern China stockpile distribution strategy; and
- ore trading activities of OMA – as part of the Group's Northern China stockpile distribution strategy and technical marketing focused market development activities.

In 2010, revenue from the Group's marketing, logistics and trading operations was A\$428.7 million as compared to A\$366.5 million in the previous year, representing an increase of 17%. The increase was primarily due to the higher manganese ore selling prices in 2010 and an increase in chrome and iron ore trading activities as compared to 2009.



The 2010 marketing, logistics and trading result, in terms of contributions from the operating subsidiaries was:

- OMS – A\$31.9 million
- OMQT (OMQ Trading) – A\$0.1 million
- OMA – A\$4.1 million

This business segment recorded an increase in profit due to higher volumes and higher prices underpinned by the strong demand from the Chinese steel and alloy industries.

FINANCIAL POSITION

The Group's consolidated cash position was \$42.1 million (including cash collateral of A\$26.1 million) as at 31 December 2010 compared to A\$89.1 million (including cash collateral of A\$9.4 million) as at 31 December 2009. Cash reserves during the year were applied predominantly to the investments in Northern Iron Limited, Shaw River Resources Limited and Scandinavian Resources Ltd amounting to A\$79.2 million and a significant pre-strip mining program undertaken at the Bootu Creek Manganese Mine of which A\$12.8 million was capitalised.

Receivables (including trade and other receivables and prepayments) increased to A\$33.6 million as at 31 December 2010 from A\$24.3 million as at 31 December 2009. The increase was attributed to (i) a deposit of A\$1.97 million paid for the land acquisition in Johor, Malaysia for the Group's proposed logistics and smelting facility, (ii) increase in prepaid Northern Territory royalty payments by A\$1.6 million, and (iii) increase in value-added tax ("VAT") receivables of A\$3.6 million on manganese ores imported by OMQ and OM Materials Trading (Qinzhou) Co Ltd ("OMQT") at year end.

Inventories increased 85% from A\$84.4 million as at 31 December 2009 to A\$156.3 million as at 31 December 2010. The increase is due to the following factors:

- During November and December 2010, the Group took advantage of favourable purchase opportunities to stock up on raw materials for the smelting and the sintering operations. Raw materials correspondingly increased by A\$20.1 million from A\$27.4 million in 2009 to A\$48.3 million in 2010.
- The utility grade ore stockpile (independently surveyed) at the Bootu Creek Manganese Mine increased by A\$6.3 million from 2009 to 2010. The increase is due to the change in the valuation methodology which in 2010 incorporated the effects of the present value DCF analysis. This stockpile is expected to be processed over a seven year period through the secondary processing plant.
- Finished goods increased by A\$27.7 million from A\$12.4 million in 2009 to A\$40.0 million in 2010. This increase will solidly position the Group ahead of 2011 taking into consideration the positive outlook on the pricing and trading environment.
- Pre-stripping mining costs amounting to A\$12.8 million related to the cutback at the Shekuma pit were also deferred and capitalised.

Financial assets available for sale as at 31 December 2010 totalled A\$96.8 million (2009: A\$10.5 million) and comprised the following holdings:

16% in Northern Iron Limited ("NFE"), an ASX listed mining company, which owns and operates the Sydvaranger iron ore mine in northern Norway. This investment holding was valued at A\$88.7 million based upon a market price of A\$1.69 per share on 31 December 2010.

19% in Scandinavian Resources Ltd ("SCR"), an ASX listed iron ore, manganese and base metal explorer in Sweden and Norway. This investment holding was valued at A\$3.9 million based upon a market price of A\$0.32 per share on 31 December 2010.

11% in Shaw River Resources Limited ("SRR"), an ASX listed manganese explorer in Western Australia, Namibia and Ghana. This investment holding was valued at A\$4.2 million based upon a market price of A\$0.15 per share on 31 December 2010. Since balance date



the Company participated in a share placement in SRR subscribing to an additional 8.2 million shares at A\$0.135 per share, maintaining its 11% interest.

The decrease in the balance of mine development costs was due mainly to the amortisation of A\$1.2 million for the year 2010.

In 2010, the Group secured term loans amounting to US\$90 million from Standard Chartered Bank to fund its investment in the South African Tshipi Borwa mine. This investment is held through its 26% associate company, Main Street 774 (Pty) Limited, which in turn holds the 50.1% interest in the Tshipi Borwa mine. The cost of this investment amounted to A\$68.5 million, and the remaining balance of the drawdowns were used for working capital purposes. Principle repayments of US\$16.7 million were made against this loan during 2010.

The balance of trade and other payables increased by 67% from approximately A\$46.9 million as at 31 December 2009 to A\$78.7 million as at 31 December 2010. This was due mainly to an increase in trade and bill payables of A\$40.2 million as a result of the stockpiling of raw materials for the smelting and the sintering operations and increased trading activity which took place up to balance date.

Capital Structure & Dividend

As at 31 December 2010, the Company had 503,085,150 ordinary shares and 34,020,000 unlisted options on issue.

The Board has declared a final dividend of A\$0.02 per share which is payable on 13 May 2011, with a Record Date for entitlements of 15 April 2011.

Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary



BACKGROUND PROFILE OF OM HOLDINGS LIMITED

OMH listed on the ASX in March 1998 and has its foundations in metals trading – incorporating the sourcing and distribution of manganese ore products and subsequently in processing ores into ferro-manganese intermediate products. The OMH Group now operates commercial mining operations – leading to a fully integrated operation covering Australia, China and Singapore.

Through its wholly owned subsidiary, OM (Manganese) Ltd, OMH controls 100% of the Bootu Creek Manganese Mine (“Bootu Creek”) located 110 km north of Tennant Creek in the Northern Territory.

Bootu Creek has the capacity to produce 1,000,000 tonnes of manganese product annually. Bootu Creek has further exploration potential given that its tenement holdings extend over 2,600km².

Bootu Creek’s manganese product is exclusively marketed by the OMH Group’s own trading division with a proportion of the product consumed by the OMH Group’s wholly-owned Qinzhou smelter located in south west China.

Through its Singapore based commodity trading activities, OMH has established itself as a significant manganese supplier to the Chinese market. Product from Bootu Creek has strengthened OMH’s position in this market.

OMH is a constituent of the S&P/ASX 200 a leading securities index.

OMH holds a 26% investment in Ntsimbintle Mining (Proprietary) Ltd, which holds a 50.1% interest in the world class Tshipi Borwa manganese project in South Africa.

OMH also holds the following strategic shareholding interests in ASX listed entities:

- 16% shareholding in **Northern Iron Limited** (ASX Code: NFE), a company presently producing iron ore from its Sydvaranger iron ore mine located in northern Norway;
- 11% shareholding in **Shaw River Resources Limited** (ASX Code: SRR), a company presently exploring for manganese in Western Australia and Ghana; and
- 19% shareholding in **Scandinavian Resources Ltd** (ASX Code: SCR), a company presently exploring for iron ore, manganese, gold and copper in Sweden and Norway.

OMH has also announced plans for a listing on the Main Board of The Stock Exchange of Hong Kong Limited (“HKEx”) to further broaden the Company’s shareholder base internationally and give the Company access to future capital raising opportunities in the growing Asian market to support its longer term growth strategy.

Appendix 4E

Preliminary final report

Name of entity

OM HOLDINGS LIMITED

ABN or equivalent company reference **Financial year ended**

Previous financial year ended

ARBN 081 028 337	31 December 2010	31 December 2009
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1. Results for announcement to the market

		A\$'000		A\$'000	% up/(down)
Revenues (<i>item 2.1</i>)	Up from	280,335	to	307,463	9.68
Profit after taxation from continuing operations (<i>item 2.10</i>)	Up from	27,030	to	48,751	80.36
Net profit for the period attributable to owners of the parent (<i>item 2.18</i>)	Up from	26,933	to	47,215	75.31

The consolidated financial statements of OM Holdings Limited (“OMH”) are stated in Australian Dollars for the financial year ended 31 December 2010.

2. Consolidated statement of comprehensive income

		Current period - \$A'000	Previous corresponding period - \$A'000
2.1	Revenues	307,463	280,335
2.2	Cost of sales	(190,072)	(185,372)
2.3	Gross profit	117,391	94,963
2.4	Other income (see items 2.30 to 2.36)	17,139	21,199
2.5	Distribution costs	(35,557)	(26,604)
2.6	Administrative expenses	(11,643)	(10,765)
2.7	Other operating expenses	(29,387)	(50,091)
2.8	Finance costs	(2,583)	(405)
2.9	Profit from continuing operating before taxation (see items 2.24 to 2.29)	55,360	28,297
2.9a	Share of associates' results, net of tax	(37)	-
2.9b	Taxation	(6,572)	(1,267)
2.10	Profit after taxation from continuing operations	48,751	27,030
	Other comprehensive income after tax:		
2.11	Fair value changes on derivative financial instruments	-	14,668
2.12	Deferred tax asset/(liability) on fair value changes	-	(4,401)
		-	10,267
2.13	Fair value changes on available-for-sale financial assets	13,337	2,615
2.14	Translation differences on consolidation	(8,862)	(23,660)
2.16	Other comprehensive income for the year, net of tax	4,475	(10,778)
2.17	Total comprehensive income for the year	53,226	16,252
	Profit attributable to:		
2.18	Owners of the parent	47,215	26,933
2.19	Minority interests	1,536	97
		48,751	27,030
	Total comprehensive income attributable to:		
2.20	Owners of the parent	51,690	16,155
2.21	Minority interests	1,536	97
		53,226	16,252
	Earnings per share		
2.22	- Basic (see item 12.1)	9.58 cents	5.59 cents
2.23	- Diluted (see item 12.1)	9.23 cents	5.32 cents

Notes to the consolidated statement of comprehensive income
Revenue and expenses from ordinary activities

		Current period - \$A'000	Previous corresponding period - \$A'000
	Details of relevant expenses	Please refer to accompanying ASX Announcement	Please refer to accompanying ASX Announcement
2.24	Amortisation of prepaid lease payment on land use rights	30	28
2.25	Amortisation of mine development costs	1,895	1,620
2.26	Contract provision	-	-
2.27	Depreciation on property, plant and equipment	11,031	7,998
2.28	Impairment of exploration expenditure	4,327	3,084
2.29	Staff costs (including directors' remuneration and retirement benefits scheme contributions)	15,138	14,726
2.30	Other income	1,227	2,253
2.31	Interest income	185	-
2.32	Negative goodwill written off		
2.32	Gain on disposal of a subsidiary company	1,996	872
2.33	Write back of inventories	-	17,862
2.34	Gain on disposal of financial asset available for sale	700	-
2.35	Exchange gain	12,867	-
2.36	Sundry income	164	212
Capitalised outlays			
2.36a	Outlays capitalised in intangibles (unless arising from an acquisition of a business)		
	- exploration and evaluation costs (see item 3.36)	4,327	3,084
	- mine development cost (see item 3.44)	-	-

Consolidated statement of changes in equity

		Share capital A\$'000	Share premium A\$'000	Treasury shares A\$'000	Non- distributable reserve A\$'000	Capital reserve A\$'000	Share option reserve A\$'000	Fair value reserve A\$'000	Exchange fluctuation reserve A\$'000	Retained profits A\$'000	Total attributable to equity holders of the parent A\$'000	Minority interests A\$'000	Total equity A\$'000
2.37	Balance at 1 January 2009	23,879	76,850	(1,006)	2,275	637	18,266	(12,639)	14,838	125,078	248,178	2,552	250,730
2.38	Total comprehensive income for the year	-	-	-	-	-	-	12,882	(23,660)	26,933	16,155	97	16,252
2.39	Share options exercised	668	3,322	-	-	-	-	-	-	-	3,990	-	3,990
2.40	Share premium arising from share options exercised	-	7,403	-	-	-	(7,403)	-	-	-	-	-	-
2.41	Value for employee services received for grant of share options	-	-	-	-	-	11,415	-	-	-	11,415	-	11,415
2.42	Elimination of MI arising from disposal of subsidiary company	-	-	-	-	-	-	-	-	-	-	(2,552)	(2,552)
2.43	Capital injection from MI due to incorporation of subsidiary company	-	-	-	-	-	-	-	-	-	-	401	401
2.44	Dividend paid	-	-	-	-	-	-	-	-	(14,541)	(14,541)	-	(14,541)
2.45	Balance at 31 December 2009	24,547	87,575	(1,006)	2,275	637	22,278	243	(8,822)	137,470	265,197	498	265,695
2.46	Balance at 1 January 2010	24,547	87,575	(1,006)	2,275	637	22,278	243	(8,822)	137,470	265,197	498	265,695
2.47	Total comprehensive income for the year	-	-	-	-	-	-	13,337	(8,862)	47,215	51,690	1,536	53,226
2.48	Purchase of treasury shares	-	-	(1,324)	-	-	-	-	-	-	(1,324)	-	(1,324)
2.49	Share options exercised	608	14,482	-	-	-	-	-	-	-	15,090	-	15,090
2.50	Share premium arising from share options exercised	-	14,093	-	-	-	(14,093)	-	-	-	-	-	-
2.51	Value for employee services received for grant of share options	-	-	-	-	-	8,433	-	-	-	8,433	-	8,433
2.52	Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	465	465
2.53	Reversal of non-distribution reserve arising from de-registration of subsidiary	-	-	-	(1,332)	(627)	-	-	-	-	(1,959)	-	(1,959)
2.54	Transfer	-	-	-	2,749	-	-	-	-	(2,749)	-	-	-
2.55	Dividend paid	-	-	-	-	-	-	-	-	(13,723)	(13,723)	-	(13,723)
2.56	Balance at 31 December 2010	25,155	116,150	(2,330)	3,692	10	16,618	13,580	(17,684)	168,213	323,404	2,499	325,903

3. Statements of financial position

		At end of current period \$A'000	As shown in last annual report \$A'000
	Current assets		
3.1	Cash (including cash collateral of A\$ 26,050,000 (2009: A\$9,392,000))	42,120	89,100
3.2	Receivables	33,579	24,326
3.3	Inventories	156,331	84,423
3.4	Total current assets	232,030	197,849
	Non-current assets		
3.5a	Investments (see item 9)	96,815	10,457
3.5b	Associate (see item 8)	68,505	-
3.6a	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)(see item 3.41)	-	-
3.6b	Mine development costs	19,511	20,746
3.7	Other property, plant and equipment (net)	89,124	91,072
3.7a	Deferred tax assets	-	-
3.8	Prepaid lease payment on land use rights	1,276	1,092
3.9	Intangibles (net)	2,065	2,065
3.10	Total non-current assets	277,296	125,432
3.11	Total assets	509,326	323,281
	Current liabilities		
3.12	Payables	78,278	46,856
3.12a	Derivative financial liabilities	375	-
3.13	Interest bearing liabilities – borrowings	49,179	912
3.14	Non-interest bearing liabilities – borrowings	-	-
3.15	Tax liabilities	7,648	1,736
3.16	Other	-	-
3.17	Bank overdraft	-	-
3.18	Hire-purchase creditor	-	-
3.19	Total current liabilities	135,480	49,504
	Non-current liabilities		
3.20	Deferred tax liabilities	1,254	4,212
3.21	Interest-bearing liabilities – borrowings	43,097	411
3.22	Long term provision	3,592	3,459
3.23	Trade and other payables	-	-
3.24	Total non-current liabilities	47,943	8,082
3.25	Total liabilities	183,423	57,586
3.26	Net assets	325,903	265,695

3. Statements of financial position (continued)

	Equity		
3.27	Capital/contributed equity	141,305	112,122
3.28	Reserves	13,886	15,605
3.29	Retained profits (see item 6)	168,213	137,470
3.30	Equity attributable to members of the parent entity	323,404	265,197
3.31	Outside ⁺ equity interests in controlled entities	2,499	498
3.32	Total equity	325,903	265,695
3.33	Preference capital included as part of item 3.30	N/A	N/A

Notes to the statements of financial position

Exploration and evaluation expenditure capitalised

	At end of current period \$A'000	As shown in last annual report \$A'000
3.34 Opening balance	-	-
3.35 Exchange realignment	-	-
3.36 Expenditure incurred during current year (see item 2.35)	4,327	3,084
3.37 Expenditure written off during current year	-	-
3.38 Impairment adjustment	(4,327)	(3,084)
3.39 Expenditure transferred to mine development costs	-	-
3.40 Other	-	-
3.41 Closing balance as shown in consolidated balance sheet (item 3.6a)	-	-

Mine development costs

	At end of current period \$A'000	As shown in last annual report \$A'000
<u>Cost</u>		
3.42 Opening balance	26,183	24,201
3.43 Costs incurred during the year	660	1,982
	26,843	26,183
<u>Accumulated amortisation/impairment losses</u>		
3.44 Opening balance	(5,437)	(3,817)
3.45 Impairment adjustment		-
3.46 Amortisation for the year (see item 2.19)	(1,895)	(1,620)
3.47 Others		-
	(7,332)	(5,437)
3.48 Closing balance as shown in consolidated balance sheet (item 3.6b)	19,511	20,746

4. Consolidated statement of cash flows

		Current period – \$A'000	Previous corresponding period – \$A'000
	Cash flows related to operating activities		
4.1	Profit before tax	55,323	28,297
4.2	Amortisation of mine development costs	1,895	1,620
4.3	Amortisation of prepaid lease	30	28
4.4	Amortisation of long term prepayments	9	9
4.5	Depreciation of property, plant and equipment	11,031	7,998
4.6	Equity-settled share-based payment	8,432	11,423
4.7	Negative goodwill written off	(185)	-
4.8	Loss on disposal of financial asset available for sales	(700)	39
4.9	Loss on disposal of property, plant and equipment	13	93
4.10	Gain on disposal of a subsidiary company	(1,996)	(872)
4.10a	Share of associates' result	37	-
4.11	Provision for exploration and evaluation costs	4,327	3,084
4.12	Write back of inventories to net realisable value	-	(17,862)
4.13	Interest expenses	2,583	405
4.14	Interest income	(1,227)	(2,253)
4.15	<i>Operating profit before working capital changes</i>	79,572	32,009
4.16	(Increase)/decrease in inventories	(75,812)	1,427
4.17	Increase in trade and bill receivables	(1,153)	(5,361)
4.18	Increase in prepayments, deposits and other receivables	(10,113)	(1,330)
4.19	Increase in trade and bills payables	36,158	9,422
4.20	Decrease in other payables and accruals	(2,082)	(737)
4.21	Increase in other long term liabilities	133	2,801
4.22	<i>Cash generated from operations</i>	26,703	38,231
4.23	Interest paid	(2,583)	(405)
4.24	Overseas tax paid	(3,394)	(14,122)
4.25	Net operating cash flows	20,726	23,704
	Cash flows related to investing activities		
4.26	Payment for exploration and evaluation costs	(4,327)	(3,084)
4.26a	Payment for mine development costs	(660)	(1,982)
4.26b	Payment for prepaid lease	(311)	-
4.26c	Acquisition of associate	(68,542)	-
4.26d	Acquisition of subsidiary company	(768)	-
4.27	Purchase of property, plant and equipment	(9,748)	(33,394)
4.28	Purchase of financial assets available for sale	(79,216)	(4,017)
4.29	Proceeds from disposal of property, plant and equipment	76	118
4.30	Proceeds from disposal of financial asset available for sales	6,895	579
4.30a	Proceeds from disposal of subsidiary company	-	443
4.31	Interest received	1,227	2,253
4.32	Net investing cash flows	(155,374)	(39,084)

4. Consolidated statement of cash flows (continued)

	Cash flows related to financing activities		
4.33	Dividend paid to minority shareholders	-	-
4.34	Dividend paid	(13,723)	(14,541)
4.35	Purchase of treasury shares	(1,324)	-
4.35a	Capital contribution by minority interest	-	401
4.36	Repayment of bank and other loans	(18,176)	(24)
4.36a	Proceeds from bank loans	109,126	1,323
4.37	Decrease/increase in cash collateral	(17,260)	11,832
4.38	Proceeds from issue of shares, net of issue costs	15,090	3,990
4.39	Net financing cash flows	73,733	2,981
4.40	Net increase in cash held	(60,915)	(12,399)
4.41	Cash at beginning of period (see <i>Reconciliation of cash</i>)	79,708	96,961
4.41a	Exchange differences on translation of cash and bank balances at beginning	(2,723)	(4,854)
4.42	Cash at end of period (see <i>Reconciliation of cash item 4.49</i>)	16,070	79,708

4.43 Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. (*If an amount is quantified, show comparative amount.*)

Nil

4.44 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:

		Current period - \$A'000	Previous corresponding period - \$A'000
4.45	Cash on hand and at bank (excluding cash collateral)	16,070	79,708
4.46	Deposits at call	-	-
4.47	Bank overdraft	-	-
4.48	Other (provide details)	-	-
4.49	Total cash at end of period (item 4.42)	16,070	79,708

5. Dividends (distributions)

	Amount per security	Franked amount per security
Final dividend Interim dividend	A\$0.02 A\$ 0.0075	A\$ 0.02 A\$ 0.0075
Previous corresponding period		
- Final dividend	A\$ 0.02	A\$ 0.02
- Interim dividend	N/A	N/A
Date the dividend (distribution) is payable: Final : 13/05/2011 Interim : 24/09/2010		
Record date for determining entitlements to the dividend, (in the case of a trust, distribution) Final : 15/04/2011 Interim : 30/09/2010		
If it is a final dividend, has it been declared No (Only proposed)		

OM Holdings Limited has no dividend or distribution reinvestment plans.

6. Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
6.1 Retained profits at the beginning of the financial period	137,470	125,078
6.2 Net profit attributable to members (<i>item 2.12</i>)	47,215	26,933
6.3 Net transfers from (to) reserves (<i>details if material</i>)	(2,749)	-
6.4 Net effect of changes in accounting policies	-	-
6.5 Dividends and other equity distributions paid or payable	(13,723)	(14,541)
6.6 Retained profits at end of financial period (see item 3.29)	168,213	137,470

7. NTA backing

	Current period A\$	Previous corresponding period A\$
7.1 Net tangible asset backing per ⁺ ordinary security	64.37 cents	53.70 cents

8. Details of associates

Name of the associate	Percentage of interest	Aggregate share of profits/(losses)	
		Current period - \$A'000	Previous corresponding period - \$A'000
Main Street 774 (Pty) Limited ⁽¹⁾	26%	(37)	-

⁽¹⁾ This company hold a 50.1% interest in Tshipi Kalahari Manganese Project in South Africa.

9. Investment

	Current period A\$'000	Previous corresponding period A\$'000
(a) Shaw River Resources Limited	4,206	6,157
(b) Territory Resources Limited	-	4,300
(c) Scandinavian Resources Ltd	3,913	-
(d) Northern Iron Limited	88,696	-
Total investment	96,815	10,457

10. Acquisition of subsidiary

Name of the subsidiary	Date of acquisition
Guizhou Jiahe Weiye Ferroalloys Co Limited	28 Feb 2010

11. Foreign Accounting Standards used in compiling the report

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards ("IAS") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee.

12. Commentary on the result for the year

12.1 Earnings per security (EPS)

	Current period A\$	Previous corresponding period A\$
(a) Basic EPS	9.58 cents	5.59 cents
(b) Diluted EPS	9.23 cents	5.32 cents

- (c) Diluted EPS is calculated based on the profit attributable to equity holders of the Company of A\$47,215,365(2009: A\$26,932,875) and the weighted average number of ordinary shares adjusted for the effects of all dilutive potential shares of 511,379,699(2009: 506,321,734) after taking into account the effect of dilutive potential ordinary shares in respect of share options.

12.2 Segment information

Please refer to Table 1 attached.

12.3 Others

Significant features of operating performance and a discussion of trends in performance are detailed in the accompanying ASX Announcement.

11. This report is based on accounts to which one of the following applies

- | | | | |
|-------------------------------------|--|--------------------------|--|
| ☐ | The accounts have been audited. | ☐ | The accounts have been subject to review. |
| ☒ | The accounts are in the process of being audited or subject to review. | ☐ | The accounts have <i>not</i> yet been audited or reviewed. |

Sign here:  
Company Secretary

Date: 21 February 2011

Print name: Heng Siow Kwee/Julie Anne Wolseley

Table 1 Segment information

(a) Operating segments

Analysis of operating revenue, segment results, segment assets and segment liabilities by products is as follows:

	Mining		Manufacturing		Trading		Others		Elimination		Total operations	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Revenue												
External sales	-	9,684	55,864	38,472	251,599	232,179	-	-	-	-	307,463	280,335
Inter-segment sales	147,854	144,442	-	13,217	177,059	134,296	-	-	(324,913)	(291,955)	-	-
	147,854	154,126	55,864	51,689	428,658	366,475	-	-	(324,913)	(291,955)	307,463	280,335
Result												
Segment results	12,115	9,252	7,517	5,729	36,077	13,313	1,007	(1,845)	-	-	56,716	26,449
Unallocated corporate income and expenses											-	-
Operating profit											56,716	26,449
Finance costs											(2,583)	(405)
Finance income											1,227	2,253
Share of net profits of associate											(37)	-
Income tax expenses											(6,572)	(1,267)
Profit for the year											48,751	27,030

Table 1 Segment information (cont'd)

(a) Operating segments (cont'd)

	Mining		Manufacturing		Trading		Others		Total operations	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Segment assets	175,180	157,648	103,865	83,424	191,449	84,355	201,718	180,194	672,212	505,621
Associate	-	-	-	-	-	-	68,505	-	68,505	-
Segment liabilities	150,926	139,491	58,035	38,426	164,124	37,558	116,316	3,283	489,401	218,758
Costs to acquire property, plant and equipment	3,993	19,966	5,494	13,053	260	375	1	-	9,748	33,394
Depreciation of property, plant and equipment	9,065	6,881	1,840	965	122	148	4	4	11,031	7,998
Amortisation of prepaid lease	-	-	30	28	-	-	-	-	30	28
Amortisation of long term prepayments	-	-	-	-	9	9	-	-	9	9
Amortisation of mine development	1,895	1,620	-	-	-	-	-	-	1,895	1,620
Impairment of evaluation and exploration costs	4,096	3,366	-	-	118	(470)	113	188	4,327	3,084

SEGMENT INFORMATION (cont'd)

(b) Geographical segments

	2010 A\$'000	2009 A\$'000
<u>Revenue</u>		
PRC	295,865	256,791
Korea	-	11,688
Australian	-	9,684
Others	11,598	2,172
	307,463	280,335

Non-current assets

PRC	25,205	22,685
Korea	-	52
Australian	182,733	90,158
Mauritius	68,505	-
Others	853	12,537
	277,296	125,432

Reportable segments' assets are reconciled to total assets as follow:

	2010 A\$'000	2009 A\$'000
Segment assets	672,212	505,621
Elimination	(356,321)	(204,254)
Investments in associate	68,505	-
Financial instruments	96,815	10,457
Cash collateral	26,050	9,392
Goodwill	2,065	2,065
	509,326	323,281

Reportable segments' liabilities are reconciled to total liabilities as follow:

	2010 A\$'000	2009 A\$'000
Segment liabilities	489,401	218,758
Elimination	(314,880)	(167,120)
Deferred tax liabilities	1,254	4,212
Other payables	7,648	1,736
	183,423	57,586