

OM HOLDINGS LIMITED

(ARBN 081 028 337)



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18 August 2011

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

Dear Sir/Madam

2011 HALF YEAR CONSOLIDATED NET PROFIT OF A\$10.4 MILLION

The Board of OM Holdings Limited (“OMH” or “the Company”) is pleased to announce a consolidated attributable net profit of A\$10.4 million for the half year ended 30 June 2011. This result is 35% lower than the A\$16.1 million net consolidated profit reported for the same period in H1 2010 and was achieved in a challenging environment characterised by turbulent global economic conditions, a difficult Q1 2011 operating environment, significantly stronger AUD exchange rates and a back-drop of substantially weaker manganese ore spot prices.

The record production volumes achieved at the Bootu Creek Manganese Mine and the Qinzhou smelter and sintering plant supported by strong end-user demand propelled a 22% increase in turnover from A\$132.1 million in H1 2010 to A\$161.7 million during H1 2011.

HIGHLIGHTS

Corporate and Strategic

- **22% increase in turnover, from A\$132.1 million in 2010 to A\$161.7 million in 2011**
- **Consolidated cash position of \$35.5 million as at 30 June 2011**
- **Inventories of A\$171.3 million, positioning the Group well to capitalise on the upward momentum of manganese alloy prices expected during H2 2011**
- **Total value of strategic investments of A\$175.3 million, comprised the Group’s 13% effective interest in the Tshipi Borwa Project (at cost) and investments in ASX listed entities - NFE, SCR and SRR (at market value)**
- **Total consolidated assets were A\$561.7 million, an increase of A\$52.4 million since 31 December 2010. Net tangible asset backing per share increased to A\$0.66 per share as at 30 June 2011, up from A\$0.56 per share as at 31 December 2010**
- **External borrowings of A\$137.2 million as at 30 June 2011, with repayments of A\$17.7 million made during H1 2011**



Mining and Ore Processing (Bootu Creek Manganese Mine)

- Mining and ore processing segment achieved an operating profit after tax of A\$2.2 million
- Record first half year production of 447,405 tonnes (36.8% Mn), representing a 20.8% increase over the 370,468 tonnes (37.4% Mn) achieved for the same period in 2010
- Record shipments of 471,135 dry tonnes achieved in the six months ended 30 June 2011, representing a 34.5% increase over the 350,159 dry tonnes achieved for the same corresponding period in 2010
- Fully expensed C1 unit cash costs of A\$4.31/dmtu for H1 2011, comparing favourably against A\$4.65/dmtu achieved during the corresponding previous period, representing an improvement of A\$0.34/dmtu or 7%

Ferroalloy Processing (Qinzhou and Guizhou Smelter and Sintering Plants)

- Ferroalloy processing segment achieved an operating profit after tax of A\$2.1 million
- Record first half year production of 37,845 tonnes of High Carbon Ferro Manganese ("HC FeMn"), more than double the 14,154 tonnes achieved for the same period in H1 2010, and an increase of 39% over the previous record production of 27,276 tonnes achieved during the same period in H1 2008
- Record production of sinter ores of 126,277 tonnes and the operation is on track to achieving its budgeted annual production target of 240,000 tonnes for 2011
- Sales of 22,757 tonnes and 51,968 tonnes of HCFE Mn and sinter ores respectively during the six months ended 30 June 2011

Marketing, Logistics and Trading (Operating entities in Singapore, Qinzhou and Shanghai)

- The marketing, logistics and trading segment achieved an operating profit after tax of A\$12.1 million
- During the first half of 2011, equity and third party ores and alloys sold and/or traded totalled 536,673 tonnes an increase of 46% over the corresponding period in 2010



OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

A\$ million	Period Ended 30 June 2011	Period Ended 30 June 2010	Variance %
Sales Volumes of Ores (Manganese, Chrome and Iron Ore) (Tonnes)	617,134	381,594	62
Sales Volumes of Alloys (Tonnes)	27,431	14,605	88
Total sales	161.7	132.1	22
Gross profit	33.4	52.5	(36)
Gross profit margin (%)	21%	40%	
Other income	2.8	3.0	(7)
Distribution costs	(17.4)	(11.8)	47
Administration & other operating costs	(10.9)	(9.9)	(10)
Exploration expenditure	(2.1)	(2.1)	-
Northern Territory Government royalties	3.8	(1.4)	NM
Exchange gains / (losses)	4.2	(0.7)	NM
EBITDA	13.8	29.6	(53)
Depreciation/amortisation	(5.5)	(5.6)	2
EBIT	8.3	24.0	(65)
Net finance costs	(1.7)	(0.6)	183
Income tax credit/(expense)	3.5	(4.8)	NM
NPAT	10.1	18.6	(46)
Minority interests	0.3	(2.5)	NM
Net Profit after tax attributable to owners of the Company	10.4	16.1	(35)

FINANCIAL ANALYSIS

In H1 2011 total revenue amounted to A\$161.7 million as compared to A\$132.1 million in the previous corresponding period in 2010, representing a 22% increase. The higher revenue during H1 2011 was mainly attributed to (i) higher shipments of manganese ores on the back of record production volumes from the Bootu Creek Manganese Mine, (ii) higher alloy and sinter sales from the record production volumes achieved by the Qinzhou smelter and sintering plant, and (iii) an increase in third party manganese ore, chrome, iron ore and alloy trading activities. The increased turnover in the challenging environment was encouraging, even though the average realised manganese ore spot price during H1 2011 was US\$5.93/dmtu as compared to US\$7.21/dmtu for the same period in 2010, representing a decline of 18%, coupled with an average depreciation of the United States Dollar ("USD") against the Australian Dollar ("AUD") of approximately 14%. The effect of the stronger AUD in H1 2011 compared to H1 2010, had a significant impact on total revenue for H1 2011, which would have been 14% higher if the average USD:AUD exchange rate for the corresponding H1 2010 period had been applied for H1 2011.

Gross profit for the Group decreased by A\$19.1 million, from A\$52.5 million in H1 2010 to A\$33.4 million in H1 2011. The Group's gross profit margin decreased from 40% in H1 2010 to 21% in H1 2011. The main contributing factors to the lower margins arose from (i) the weaker manganese ore spot and alloy prices realised during H1 2011, and (ii) the continued depreciation of the USD against the AUD. The AUD strengthened considerably during the period and crossed the parity mark against USD in January 2011. The average exchange rate for H1 2011 was USD1:AUD0.965 as compared to USD1:AUD1.12 during H1 2010, representing a 14% appreciation of the AUD against the USD.

Manganese ore published benchmark prices (44% Mn) for the six-month period ranged from US\$5.30/dmtu CIF China to US\$6.50/dmtu CIF China during H1 2011, compared to US\$6.40/dmtu CIF China to US\$8.70/dmtu CIF China during the same corresponding period in 2010.



Other income in 2011 comprised a A\$1.8 million gain from marked to market valuation of SCR listed and unlisted options.

During 2011 distribution costs increased by A\$5.6 million to A\$17.4 million, from A\$11.8 million in 2010. This was due to (i) an increase in freight costs as a result of the increase in the volume of products shipped, and (ii) an increase in freight rates by more than 40% per metric tonne during the period.

Administrative and other operating costs increased from A\$9.9 million in 2010 to A\$10.9 million in 2011. Included within administrative expenses was A\$1.8 million for professional fees incurred as part of the Company's proposed dual listing on the HKSE which the Company pursued during H1 2011 but discontinued in early July 2011, as well as A\$2.8 million of share based option expenses, being the valuation of share based unlisted options which vested to employees during H1 2011.

A credit adjustment for Northern Territory Government royalties of A\$3.8 million was recorded in 2011. This credit arose as a result of OM (Manganese) Ltd ("OMM") recognising the benefit of carried forward losses from the gross realisation calculation under the royalty program which are available for offsetting against future royalty obligations. During the corresponding period in 2010 a charge of A\$1.4 million was recorded. Further, there was a foreign exchange gain of A\$4.2 million in H1 2011 as opposed to a loss of A\$0.8 million in H1 2010. This gain arose predominantly from unrealised gains on USD denominated bank borrowings as a result of the USD depreciating against the AUD at balance date. Except for the aforementioned, all other significant expenses, i.e. depreciation and amortisation charges and exploration costs remained relatively consistent during H1 2011 compared to H1 2010.

The Group's net finance costs increased from A\$0.6 million in 2010 to A\$1.7 million in H1 2011, as a result of the draw down of a US\$60 million term loan in April 2010 to finance the acquisition of the Group's 13% effective interest in the world-class Tshipi Borwa mine in South Africa. A further US\$45 million term loan from Standard Chartered Bank was drawn down in April 2011 for financing the Group's other capital requirements.

The Group recorded a tax credit of A\$3.5 million in 2011 as opposed to a tax charge of A\$4.8 million in 2010. The tax credit arose from the recognition of a deferred tax asset on tax losses carried forward.

The Group's operating result equated to a basic earnings per share of A\$0.021 in H1 2011 as compared to A\$0.033 in H1 2010. The net tangible asset backing per share was A\$0.66 at 30 June 2011 as compared to A\$0.56 at 30 June 2010.

Results Contributions

The contributions from the various business segments were as follows:

A\$ million	Six months ended 30 June 2011		Six months ended 30 June 2010	
	Revenue*	Contribution	Revenue*	Contribution
Mining and ore processing	67.3	2.2	76.1	9.0
Ferroalloy manufacturing	44.2	2.1	22.2	4.9
Marketing, logistics and trading	191.1	12.1	204.9	7.0
Other	1.1	(4.5)	-	(2.4)
NPAT before finance costs		11.9		18.5
Finance costs/ (income)		(1.7)		0.1
Minority interests		0.2		(2.4)
Net Profit attributable to owners of the Company		10.4		16.2

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



Mining and ore processing

This segment includes the contribution from the Bootu Creek Manganese Mine.

The Bootu Creek Manganese Mine (100% owned and operated by OMM) produced record production of 447,405 tonnes grading 36.8% Mn in the six months ended 30 June 2011 as compared to 370,468 tonnes grading 37.4% Mn for the same corresponding period in 2010. OMM shipped 471,135 and 350,159 dry tonnes of manganese during the six-month period in 2011 and 2010 respectively.

On the back of higher production volumes achieved in H1 2011, OMM's fully expensed cash operating costs (C1 unit cash costs) of A\$4.31/dmtu represented a significant improvement against A\$4.65/dmtu achieved during the same period in 2010, demonstrating OMM's commitment and capability to achieve its H2 2011 target of A\$4.00/dmtu.

Revenue from the mining operations amounted to A\$67.3 million for H1 2011 as compared to A\$76.1 million for H1 2010. Despite higher volumes shipped in H1 2011, revenue from the mining operations decreased due primarily to the depreciation of the USD (USD is used for pricing of manganese ores) against the AUD, as well as the lower selling prices realised during H1 2011 due to the weaker spot manganese prices during the period.

Manganese ore published benchmark prices (44% Mn) ranged from US\$5.30/dmtu CIF China to US\$6.50/dmtu CIF China during H1 2011, compared to a range of US\$6.40/dmtu CIF China to US\$8.70/dmtu CIF China during H1 2010.

As a result of the above factors, the gross margin of OMM was negatively impacted, with declining revenue (both depreciating USD revenue and lower manganese spot pricing), despite an improvement in the unit cash operating costs. OMM generated a negative gross margin during this period, and hence recognised a credit of A\$3.8 million related to Northern Territory Government royalties.

As at 30 June 2011, the Group deferred a total of A\$13.7 million related to pre-strip mining programs undertaken in the Shekuma and Masai pits. The deferral of pre-strip mining costs aims to more accurately match the expenses of mining against the revenue as the ore is mined.

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 less adjustments for freight, Mn quality and a marketing fee.

Ferro alloy manufacturing

This segment 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. 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 99% from A\$22.2 million in H1 2010 to A\$44.2 million in H1 2011. The increase in revenue was primarily attributable to (i) the higher volume of 22,757 tonnes of manganese ferro alloy sales transacted in H1 2011 compared to 14,305 tonnes in 2010 and (ii) the contribution from 51,968 tonnes of external manganese sinter ore sales.

Despite the near doubling of revenue the profit contribution halved from A\$4.9 million to A\$2.1 million due predominantly due to the lower selling price for manganese ferro alloy and manganese sinter ore in H1 2011.



Marketing, logistics and trading

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

- equity and third party trading activities of OMS – covering marketing and trading of OMM and third party manganese, chrome and iron ore products to end users as well as to OM Materials Trading (Qinzhou) Co., Ltd (“OMQT”) and OM Hujin Science and Trade (Shanghai) Co., Ltd (“OMA”);
- ore trading activities of OMQT – 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.

In H1 2011, revenue from the Group’s marketing, logistics and trading operations was A\$191.1 million as compared to A\$204.9 million in the previous corresponding period in 2010, representing a decrease of 7% despite an increase in the volume of ores and alloys traded during the 6-month period ended 30 June 2011. The volume of ores and alloys transacted by this segment in H1 2011 totalled 536,673 tonnes, an increase of 46% over the 367,409 tonnes in H1 2010. The lower revenue was the direct result of weaker spot manganese ore and alloy prices in H1 2011. Despite the lower revenue achieved in H1 2011, the contribution improved from A\$7.0 million in 2010 to A\$12.1 million in 2011 due to (i) better margins achieved on domestic distribution of manganese ores in the Chinese spot market, (ii) appreciation of the RMB against the USD as most sales in the domestic Chinese market were denominated in RMB, and (iii) the fixed margin nature of the trading business driven by increased shipment volumes.

China crude steel production for the 6-month period ended 30 June 2011 was 353 million tonnes as compared to 320 million tonnes in 2010, representing a 10% increase year-on-year. Global steel production also grew 8% from 704.7 million in the 6-month period ended 30 June 2010 to 760 million in 2011. The expected continued strength of growth of the crude steel production is expected to underpin the future demand for manganese ores in the short to medium term.

With the roll-over of the benchmark spot ore price of 44% Mn Siliceous Lump of US\$5.30/dmtu to August 2011, the destocking process is expected to accelerate as producer stockpiles significantly reduce and Chinese ore users shift from Chinese domestic low grade ores to seaborne high grade ores as part of their overall blending strategy.

Other

This segment included the corporate activities of OMH as well as the engineering, design and technical marketing services of OMA.

The revenue recognised in H1 2011 for this segment related to the engineering and design fees earned by OMA from mainly external customers. Costs in this segment increased from A\$2.4 million in H1 2010 to A\$4.5 million in H1 2011 due predominantly to A\$1.8 million of professional fees incurred as part of the Company’s proposed dual listing on the HKSE which subsequent to balance date was discontinued.



FINANCIAL POSITION

The Group's consolidated cash position was \$35.5 million (including cash collateral of A\$14.7 million) as at 30 June 2011 as compared to A\$42.1 million (including cash collateral of A\$26.1 million) as at 31 December 2010. Cash reserves during the period were applied towards a share placement in Shaw River Manganese Limited and a convertible loan arrangement with Scandinavian Resources Ltd amounting to A\$1.6 million, contributions for capital requirements for Tshipi Borwa's mine development of A\$3.2 million, and an additional deposit of A\$2.1 million made for the land in Johor.

Receivables (including trade and other receivables and prepayments) increased to A\$59.4 million as at 30 June 2011 from A\$31.5 million as at 31 December 2010. The increase resulted from credit tightening measures imposed in the PRC which impacted banks' reserve requirement ratios and ultimately general liquidity. Instead of direct full cash settlements by customers, up to 50% of trade debts had to be customarily settled via bank drafts, which had maturity dates of up to 6 months. Various measures were adopted by the Group to convert these bank drafts into cash, and these involved (i) discounting the bank drafts and (ii) pledging these bank drafts for an equivalent amount of USD loans. Increasingly, the latter method was preferred over the former as domestic interest rates had increased. The latter was also a more viable option due to the cheaper financing costs associated with USD denominated loans, as well as impending RMB appreciation against the USD. Another contributing factor to the increase was an increase in value-added tax ("VAT") receivables of A\$1.2 million on manganese ores imported by OMQ and OMQT.

Inventories increased 9.6% from A\$156.3 million as at 31 December 2010 to A\$171.3 million as at 30 June 2011, predominantly due to the increase in quantities of finished goods at balance date from A\$40.0 million to A\$58.5 million. The increase was the result of the optimised production achieved at the Bootu Creek Manganese Mine and the Qinzhou smelter and sintering plant, as well as the increased procurement of third party manganese ores. There was also a temporary slow down of ore and alloy procurement activities during the April to May 2011 period due to power constraints experienced by some Chinese steel mills that impacted alloy sales by OMQ. With optimised production at OMQ faced with potentially challenging market conditions during the June 2011 quarter, OMQ pledged approximately US\$17.9 million worth of stocks (including HC FeMn and sinter ores) to obtain a 6-month revolving facility of US\$12 million. This is now proving to be a positive move, as the Group is very well-positioned to take advantage of the anticipated upward trend of manganese alloy prices.

Available for sale financial assets as at 30 June 2011 totalled A\$103.6 million (31 Dec 2010: A\$96.4 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\$92.9 million based upon a market price of A\$1.77 per share at 30 June 2011.
- 16% 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\$4.9 million based upon a market price of A\$0.40 per share at 30 June 2011.
- 8% in Shaw River Manganese Limited ("SRR"), an ASX listed manganese explorer in Western Australia, Namibia and Ghana. This investment holding was valued at A\$5.8 million based upon a market price of A\$0.16 per share at 30 June 2011.

The increase was attributable to (i) the subscription of additional shares in Shaw River Manganese Limited of approximately A\$1.1 million through a share placement, and (ii) a fair value adjustment of A\$6.0 million in 2011 as these investments appreciated in value.

In 2010, the Group secured term loans amounting to US\$90 million from Standard Chartered Bank to fund the Company's investment in the South African Tshipi Borwa mine. This investment is held by the Company through its 26% investment in an associated company,



Main Street 774 (Proprietary) Limited, which in turn holds the 50.1% interest in the Tshipi Borwa mine. The cost of this investment has increased from A\$68.5 million as at 31 December 2010 to A\$71.7 million as of 30 June 2011 with the Company making additional capital contributions towards the development of the mine.

The balance of trade and other payables increased by 5% from approximately A\$78.3 million as at 31 December 2010 to A\$82.9 million as at 30 June 2011.

Total borrowings increased from approximately A\$92.3 million as at 31 December 2010 to approximately A\$137.2 million as at 30 June 2011. The increase in borrowings was due to (i) an additional US\$45 million of financing drawn down in April 2011 for the Group's capital requirements, (ii) stock financing by OMQ amounting to US\$12 million, and (iii) additional borrowings of approximately US\$18.6 million by the Group's PRC entities, through the pledging of an equivalent amount of RMB bank drafts.

Long term deposits increased following a further deposit of A\$4.0 million being paid during the 1H 2011 (partly financed via bank borrowings) for land acquisition costs associated with a proposed integrated logistics and alloy production centre in Johor, in accordance with the terms of a Sale and Purchase Agreement announced on 31 December 2010.

Capital Structure & Dividend

As at 30 June 2011, the Company had 504,105,150 ordinary shares and 31,000,000 unlisted options on issue.

No interim dividend has been declared.

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 2,800km².

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 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;*
- *8% shareholding in **Shaw River Manganese Limited** (ASX Code: SRR), a company presently exploring for manganese in Western Australia, Ghana and Namibia; and*
- *16% shareholding in **Scandinavian Resources Ltd** (ASX Code: SCR), a company presently exploring for iron ore, manganese, gold and copper in Sweden and Norway.*

Appendix 4D

Half yearly report

Name of entity

OM HOLDINGS LIMITED
ABN or equivalent company
reference

ARBN 081 028 337

Half yearly
(tick)Preliminary
final (tick)

Half year ended ('current period')

30 June 2011

Results for announcement to the market

Extracts from this report for announcement to the market.

\$A'000

Extracted from this report for announcement to the market

Revenues from ordinary activities (<i>item 1.1</i>)	Up	22%	to	161,737
Profit (Loss) from ordinary activities after tax (<i>item 1.8</i>)	Down	45%	to	10,157
Profit (loss) from extraordinary items after tax attributable to members (<i>item 2.5</i>)	Nil	Nil		
Net profit (Loss) for the period attributable to members (<i>item 1.12</i>)	Down	35%	to	10,411

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend (<i>Preliminary final report only - item 16.4</i>)	N/A	N/A
Interim dividend (<i>Half yearly report only - item 16.6</i>)	N/A	N/A
Previous corresponding period		
Final dividend (<i>Preliminary final report - item 16.5</i>)	A2.0¢	N/A
Interim dividend (<i>Half yearly report - item 16.7</i>)	A0.75¢	N/A

Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (<i>see item 16.2</i>)	N/A
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Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

The consolidated financial statements of OM Holdings Limited are stated in Australian Dollars.

This half yearly report is to be read in conjunction with the most recent annual financial report.

Condensed consolidated statement of financial performance

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities (<i>see items 1.24-1.25</i>)	161,737	132,086
1.2 Expenses from ordinary activities (<i>see items 1.27 & 1.28</i>)	(152,991)	(108,038)
1.3 Borrowing costs	(2,077)	(631)
1.4 Share of net profits (losses) of associates and joint venture entities (<i>see item 18.1</i>)	(28)	-
1.5 Gain on dilution of interest on an associate	-	-
1.6 Profit (loss) from ordinary activities before tax	6,641	23,417
1.7 Income tax on ordinary activities	3,516	(4,842)
1.8 Profit (loss) from ordinary activities after tax	10,157	18,575
1.9 Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	-	-
1.10 Net profit (loss)	10,157	18,575
1.11 Net profit(loss) attributable to outside equity interests	254	(2,434)
1.12 Net (loss)-profit for the period attributable to members	10,411	16,141
Non-owner transaction changes in equity		
1.13 Increase (decrease) in revaluation reserves	6,023	(4,820)
1.14 Net exchange differences recognised in equity	(2,666)	3,024
1.15 Other revenue, expense and initial adjustments recognised directly in equity (attach details)	-	-
1.16 Initial adjustments from UIG transitional provisions	-	-
1.17 Total transactions and adjustments recognised directly in equity (items 1.13 to 1.16)	3,357	(1,796)
1.18 Total changes in equity not resulting from transactions with owners as owners	13,768	14,345

(Loss)/earnings per security (EPS)	Current period	Previous corresponding Period
1.19 Basic EPS	2.07¢	3.28¢
1.20 Diluted EPS	1.99¢	3.10¢

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

	Current period - \$A'000	Previous corresponding period - \$A'000
1.21 Profit (loss) from ordinary activities after tax (<i>item 1.8</i>)	10,157	18,575
1.22 Less (plus) outside equity interests (<i>item 1.11</i>)	254	(2,434)
1.23 (Loss) profit from ordinary activities after tax, attributable to members	10,411	16,141

Revenue and expenses from ordinary activities

	Current period - \$A'000	Previous corresponding period - \$A'000
1.24 Revenue from sales or services	Please refer to Interim Financial Report	Please refer to Interim Financial Report
1.25 Interest revenue		
1.26 Other relevant revenue		
1.27 Details of relevant expenses		
1.28 Depreciation and amortisation excluding amortisation of intangibles (<i>see item 2.3</i>)		
Capitalised outlays		
1.29 Interest costs capitalised in asset values	-	-
1.30 Outlays capitalised in intangibles (unless arising from an acquisition of a business) (<i>see item 5.2</i>)	-	-

Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
1.31 (Accumulated losses)/retained profits at the beginning of the financial period	168,213	137,470
1.32 Net (loss) profit attributable to members (<i>item 1.12</i>)	10,411	16,141
1.33 Net transfers from (to) reserves - non-distributable reserves - share option reserve	(226) 1,851	- -
1.34 Net effect of changes in accounting policies	-	-
1.35 Dividends and other equity distributions paid or payable	(10,043)	(9,950)
1.36 Retained profits (accumulated losses) at end of financial period	170,206	143,661

Intangible and extraordinary items

		<i>Consolidated - current period</i>			
		Before tax \$A'000	Related tax \$A'000	Related outside equity interests \$A'000	Amount (after tax) attributable to members \$A'000
		(a)	(b)	(c)	(d)
2.1	Amortisation of goodwill	Nil	Nil	Nil	Nil
2.2	Amortisation of other intangibles	Nil	Nil	Nil	Nil
2.3	Total amortisation of intangibles	Nil	Nil	Nil	Nil
2.4	Extraordinary items (details)	Nil	Nil	Nil	Nil
2.5	Total extraordinary items	Nil	Nil	Nil	Nil

Comparison of half year profits (Preliminary final report only)

		Current year - \$A'000	Previous year - \$A'000
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year (item 1.22 in the half yearly report)	N/A	N/A
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	N/A	N/A

Condensed consolidated statement of financial position		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets				
4.1	Cash (includes cash collateral of ^(a) A\$14,732,000 ^(b) A\$26,050,000 ^(c) A\$9,442,000)	35,463^(a)	42,120 ^(b)	55,561 ^(c)
4.2	Receivables	59,426	31,501	22,947
4.3	Investments	-	-	-
4.4	Inventories	171,286	156,331	116,824
4.5	Derivative financial instrument	2,232	367	-
4.6	Other (Convertible loan)	500	-	-
4.7	Total current assets	268,907	230,319	195,332
Non-current assets				
4.8	Long term deposit	6,096	2,078	-
4.9	Financial assets available for sale	103,583	96,448	137,005
4.10	Associate	71,680	68,505	-
4.11	Inventories	-	-	-
4.12	Exploration and evaluation expenditure capitalised (<i>see para .71 of AASB 1022</i>)	-	-	-
4.13	Mine development properties costs capitalised	19,081	19,511	20,164
4.14	Development properties (⁺ mining entities)	-	-	-
4.15	Other property, plant and equipment (net)	88,250	88,613	93,944
4.16	Intangibles (net)	2,065	2,065	2,065
4.17	Tax assets	303	-	-
4.18	Other (Prepaid lease payment on land use rights, long term prepayment)	1,721	1,787	2,098
4.19	Total non-current assets	292,779	279,007	255,276
4.20	Total assets	561,686	509,326	450,608
Current liabilities				
4.21	Payables	82,859	78,278	81,752
4.22	Interest bearing liabilities	90,770	49,179	31,742
4.23	Tax liabilities	3,151	7,648	2,295
4.24	Obligations under finance leases	-	-	-
4.25	Derivative financial liabilities	-	375	-
4.26	Bank overdraft	-	-	-
4.27	Total current liabilities	176,780	135,480	115,789
Non-current liabilities				
4.28	Payables	-	-	-
4.29	Interest bearing liabilities	46,460	43,097	43,249
4.30	Tax liabilities	876	1,254	5,713
4.31	Obligations under finance leases	-	-	-
4.32	Provisions	3,970	3,592	4,132
4.33	Total non-current liabilities	51,306	47,943	53,094
4.34	Total liabilities	228,086	183,423	168,883
4.35	Net assets	333,600	325,903	281,725

Condensed consolidated statement of financial position continued

	Equity			
4.36	Capital/contributed equity	25,205	25,155	24,924
4.37	Reserves	135,990	130,036	110,102
4.38	Retained profits (accumulated losses)	170,206	168,213	143,661
4.39	Equity attributable to members of the parent entity	331,401	323,404	278,687
4.40	Outside ⁺ equity interests in controlled entities	2,199	2,499	3,038
4.41	Total equity	333,600	325,903	281,725
4.42	Preference capital included as part of 4.37	N/A	N/A	N/A

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

	Current period \$A'000	Previous corresponding period - \$A'000
5.1 Opening balance	-	-
5.2 Expenditure incurred during current period	2,055	2,072
5.3 Impairment/expensing for the period	(2,055)	(2,072)
5.4 Acquisitions, disposals, revaluation increments, etc.	-	-
5.5 Expenditure transferred to Mine Development Costs	-	-
5.6 Expenditure transferred to Development Properties	-	-
5.7 Reimbursement from Co-venturers	-	-
5.8 Exchange realignment	-	-
5.9 Closing balance as shown in the consolidated balance sheet (item 4.12)	-	-

Mine development costs capitalised

	Current period \$A'000	Previous corresponding period - \$A'000
6.1 Opening balance	19,511	26,183
6.2 Expenditure incurred during current period	600	334
6.3 Impairment written back during current period	-	-
6.4 Acquisitions, disposals, revaluation increments, etc.	-	-
6.5 Expenditure transferred from Exploration and evaluation expenditure capitalised	-	-
6.6 Amortisation	(1,030)	(6,353)
6.7 Exchange realignment	-	-
6.8 Closing balance as shown in the consolidated balance sheet (item 4.13)	19,081	20,164

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding period - \$A'000
7.1 Opening balance	N/A	N/A
7.2 Expenditure incurred during current period	-	-
7.3 Expenditure transferred from exploration and evaluation	-	-
7.4 Expenditure written off during current period	-	-
7.5 Acquisitions, disposals, revaluation increments, etc.	-	-
7.6 Expenditure transferred to mine properties	-	-
7.7 Closing balance as shown in the consolidated balance sheet (item 4.14)	N/A	N/A

Condensed consolidated statement of cash flows

	Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities	Please refer to Interim Financial Report	Please refer to Interim Financial Report
8.1 Receipts from customers		
8.2 Payments to suppliers and employees		
8.3 Dividends received from associates		
8.4 Other dividends received		
8.5 Interest and other items of similar nature received		
8.6 Interest and other costs of finance paid		
8.7 Income taxes paid		
8.8 Other (provide details if material)		
8.9 Net operating cash flows		
Cash flows related to investing activities		
8.10 Payment for purchases of property, plant and equipment		
8.11 Proceeds from sale of property, plant and equipment		
8.12 Payment for purchases of equity investments		
8.13 Proceeds from sale of equity investments		
8.14 Loans to other entities		
8.15 Loans repaid by other entities		
8.16 Other (provide details if material)		
8.17 Net investing cash flows		

Condensed consolidated statement of cash flows (cont'd)

	Cash flows related to financing activities		
8.18	Proceeds from issues of securities (shares, options, etc.)		
8.19	Proceeds from borrowings		
8.20	Repayment of borrowings		
8.21	Dividends paid		
8.22	Other (provide details if material)		
	Net financing cash flows		
8.23			
8.24	Net increase (decrease) in cash held		
8.25	Cash at beginning of period (see Reconciliation of cash)		
8.26	Exchange rate adjustments to item 7.25.		
8.27	Cash at end of period (see Reconciliation of cash)		

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.*)

N/A

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
9.1 Cash on hand and at bank	20,731	24,633
9.2 Deposits at call	-	21,486
9.3 Bank overdraft	-	-
9.4 Other (provide details)	-	-
9.5 Total cash at end of period (item 8.27)	20,731	46,119

Other notes to the condensed financial statements

Ratios		Current period	Previous corresponding Period
10.1	Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax (<i>item 1.6</i>) as a percentage of revenue (<i>item 1.1</i>)	4.11%	17.73%
10.2	Profit after tax / equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (<i>item 1.12</i>) as a percentage of equity (similarly attributable) at the end of the period (<i>item 4.39</i>)	3.12%	5.79%

Earnings per security (EPS)

11. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: *Earnings Per Share* are as follows.

- (a) **Basic EPS: 2.07¢**
(b) **Diluted EPS: 1.99¢**
(c) **Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS: 503,189,299 and Diluted EPS: 522,047,735**

NTA backing		Current period	Previous corresponding Period
12.1	Net tangible asset backing per ordinary security	A 65.77 cents	A 56.10 cents

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations.)

13.1 Discontinuing Operations

N/A

Control gained over entities having material effect

14.1	Name of entity (or group of entities)	N/A
14.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	\$ Nil
14.3	Date from which such profit has been calculated	N/A
14.4	Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	\$ Nil

Loss of control of entities having material effect

15.1	Name of entity (or group of entities)	N/A
15.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	\$ N/A
15.3	Date to which the profit (loss) in item 14.2 has been calculated	N/A
15.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$ N/A
15.5	Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$ N/A

Dividends (in the case of a trust, distributions)

16.1	Date the dividend (distribution) is payable	N/A
16.2	Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if ⁺ securities are not ⁺ CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	N/A
16.3	If it is a final dividend, has it been declared? (Preliminary final report only)	N/A

Amount per security

		Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
16.4	<i>(Preliminary final report only)</i> Final dividend: Current year	N/A ¢	N/A ¢	N/A ¢
16.5	Previous year	A2.0 ¢	N/A ¢	N/A ¢
16.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year	N/A ¢	N/A ¢	N/A ¢
16.7	Previous year	A0.75 ¢	N/A ¢	N/A ¢

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
16.8 Ordinary securities	N/A ¢	N/A ¢
16.9 Preference securities	N/A ¢	N/A ¢

Half yearly report - interim dividend (distribution) on all securities or Preliminary final report - final dividend (distribution) on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
16.10 Ordinary securities <i>(each class separately)</i>	10,043	9,950
16.11 Preference securities <i>(each class separately)</i>	N/A	N/A
16.12 Other equity instruments <i>(each class separately)</i>	N/A	N/A
16.13 Total	10,043	9,950

The dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

N/A

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period \$A'000	Previous corresponding period - \$A'000
	(106)	-
17.1 Profit (loss) from ordinary activities before tax	-	-
17.2 Income tax on ordinary activities	-	-
17.3 Profit (loss) from ordinary activities after tax	(106)	-
17.4 Extraordinary items net of tax	-	-
17.5 Net profit (loss)	(106)	-
17.6 Adjustments	-	-
17.7 Share of net profit (loss) of associates and joint venture entities	(28)	-

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.4)	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period - \$A'000
18.1 Equity accounted associates and joint venture entities				
Northern Iron Limited	15.6% ⁽¹⁾	15.6%	-	-
Ntsimbintle Mining (Proprietary) Limited	-	25.9% ⁽²⁾	-	-
Main Street 774 (Proprietary) Limited	25.9% ⁽²⁾	-	(28)	-
18.2 Total	N/A	N/A	N/A	N/A
18.3 Other material interests	N/A	N/A	N/A	N/A
18.4 Total	N/A	N/A	N/A	N/A

⁽¹⁾ As at 30 June 2011 the Company held 52,482,500 ordinary shares in Northern Iron Limited (ASX Code: NFE). NFE is not an associate of the Company.

⁽²⁾ The shareholding in Ntsimbintle Mining (Proprietary) Limited was transferred to a newly incorporated company, Main Street 774 (Proprietary) Limited subsequent to the end of the previous corresponding period, i.e. 30 June 2010. Main Street 774 (Proprietary) Limited hold a 50.1% interest in Tshipi Borwa Manganese Project in South Africa

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of securities		Total number	Number quoted	Issue price per security	Amount paid up per security
19.1	Preference securities (description)	N/A	N/A	N/A	N/A
19.2	Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	N/A	N/A	N/A	N/A
19.3	Ordinary securities	504,105,150 shares of A\$0.05¢ each on issue as at 30 June 2011	504,105,150	N/A	N/A
19.4	Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	1,000,000 20,000	1,000,000 20,000	A\$0.72 A\$0.30	Fully paid Fully paid
19.5	Convertible debt securities (description and conversion factor)	N/A	N/A	N/A	N/A
19.6	Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A

19.7	Options (description and conversion factor)			Exercise price	Expiry date (if any)
		Unlisted Options	N/A		
		3,000,000		A\$2.49	01 Jan 12
		3,000,000		A\$2.49	01 Jan 13
		4,000,000		A\$1.52	03 Sept 11
		4,000,000		A\$1.64	03 Sept 12
		4,000,000		A\$1.755	03 Sept 13
		4,000,000		A\$1.87	03 Sept 14
		2,000,000		A\$2.49	01 Jan 12
		2,000,000		A\$2.49	01 Jan 13
		2,000,000		A\$2.49	01 Jan 14
		2,000,000		A\$2.49	01 Jan 15
		<u>1,000,000</u>		A\$2.58	31 Aug 11
		31,000,000			
19.8	Issued during current period	N/A	N/A	N/A	N/A
19.9	Exercised during current period	1,000,000 20,000	1,000,000 20,000	A\$0.72 A\$0.30	
19.10	Expired/lapsed during current period	2,000,000	2,000,000	A\$2.49	01 Jan 11
19.11	Debentures (description)	N/A	N/A		
19.12	Changes during current period				
	(a) Increases through issues	N/A	N/A		
	(b) Decreases through securities matured, converted	N/A	N/A		
19.13	Unsecured notes (description)	N/A	N/A		
19.14	Changes during current period				
	(a) Increases through issues	N/A	N/A		
	(b) Decreases through securities matured, converted	N/A	N/A		

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: *Segment Reporting* and for half year reports, AASB 1029: *Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's accounts should be reported separately and attached to this report.)

Please refer to Interim Financial Report

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: *Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Basis of financial report preparation

20.1 *If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period. The financial statements in this report are "condensed financial statements" as defined in AASB 1029:*

Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report. [Delete if preliminary final report.]

- 20.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Please refer to Interim Financial Report

- 20.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

N/A

- 20.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

N/A

- 20.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

Please refer to Interim Financial Report

- 20.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

N/A

- 20.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

N/A

Additional disclosure for trusts

- 21.1 Number of units held by the management company or responsible entity or their related parties.

N/A

21.2 A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- initial service charges
- management fees
- other fees

N/A

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

N/A

Date

N/A

Time

N/A

Approximate date the ⁺annual report will be available

N/A

Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used

International Accounting Standards ("IAS") 34 "Interim Financial Reporting" (As permitted by the ASX)

- 2 This report, and the accounts upon which the report is based on, use the same accounting policies.

- 3 This report does give a true and fair view of the matters disclosed.

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

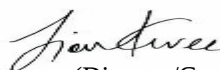
(Tick one)

- | | | | |
|--------------------------|--|-------------------------------------|--|
| ☐ | 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. |

- 5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.*)

- 6 The entity has/~~does not have~~* (*delete one*) a formally constituted audit committee.

Sign here:

 
(Director/Company Secretary)

Date: 17 August 2011

Print name: Heng Siow Kwee & Julie Wolseley

OM Holdings Limited
ARBN 081 028 337
(Incorporated in Bermuda)
and its subsidiaries

Interim Financial Report
For the six months ended 30 June 2011

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2010 and any public announcements made by OM Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Australian Securities Exchange ("ASX") Listing Rules.

**OM Holdings Limited
and its subsidiaries
Interim Financial Report for the six months ended 30 June 2011**

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Directors' report

The Directors present their report and the interim financial statements of OM Holdings Limited (the "Company") and its controlled entities (together the "Group") for the six months ended 30 June 2011.

DIRECTORS

The Directors of the Company during the period were as follows:

Low Ngee Tong (Executive Chairman)

Peter Ivan Toth (Chief Executive Officer)

Julie Anne Wolseley (Non-Executive Director and Joint Company Secretary)

Tan Peng Chin (Independent Non-Executive Director)

Wong Fong Fui (Independent Non-Executive Director)

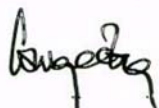
Thomas Teo Liang Huat (Independent Non-Executive Director)

REVIEW OF OPERATIONS

The Board of OM Holdings Limited (ASX Code: OMH) is pleased to advise of a consolidated net profit after tax and non-controlling interests of A\$10.4 million for the six months ended 30 June 2011, compared with a consolidated net profit after tax and non-controlling interest of A\$16.1 million for the previous corresponding period.

Signed in accordance with a resolution of the Directors.

On Behalf of the Directors



LOW NGEE TONG
Executive Chairman



PETER IVAN TOTH
Chief Executive Officer

Singapore

Dated: 17 August 2011

Statement by Directors

In the opinion of the Directors, the accompanying consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Group as at 30 June 2011 and of the results of the business, changes in equity and cash flows of the Group for the six month period ended on that dates and as 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.

On behalf of the Directors



LOW NGEE TONG
Executive Chairman



PETER IVAN TOTH
Chief Executive Officer

Dated: 17 August 2011

Review report to the members of OM Holdings Limited

Introduction

We have reviewed the accompanying consolidated statement of financial position of OM Holdings Limited. (“the Company”) and its subsidiaries (“the Group”) as at 30 June 2011, and the related statements of consolidated comprehensive income, consolidated changes in equity and consolidated cash flows for the six months period then ended, and selected explanatory notes. Management is responsible for the preparation and fair presentation of this consolidated interim financial information in accordance with the provisions of the International Financial Reporting Standards. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the Group as at 30 June 2011, and of the Group’s financial performance for the six months then ended and its cash flows for the six months then ended in accordance with the International Financial Reporting Standards.



Foo Kon Tan Grant Thornton LLP
Public Accountants and
Certified Public Accountants

Henry Lim
Partner in charge of the audit
Date of appointment: Financial year commencing 1 January 2006

Singapore, 17 August 2011

Consolidated statement of financial position

		The Group	
		As at 30 June 2011 A\$'000	As at 31 December 2010 A\$'000
	Notes		
Assets			
Non-Current			
Goodwill		2,065	2,065
Property, plant and equipment		88,250	88,613
Prepaid lease payments on land use rights		1,234	1,276
Long term prepayments		487	511
Long term deposit		6,096	2,078
Exploration and evaluation costs		-	-
Mine development costs		19,081	19,511
Available-for-sale financial assets		103,583	96,448
Interest in an associate		71,680	68,505
Deferred tax assets		303	-
		292,779	279,007
Current			
Inventories		171,286	156,331
Trade and other receivables		57,528	29,318
Prepayments		1,898	2,183
Derivative financial assets		2,232	367
Convertible loan		500	-
Cash collateral		14,732	26,050
Cash and bank balances		20,731	16,070
		268,907	230,319
Total assets		561,686	509,326
EQUITY			
Capital and Reserves			
Share capital	7	25,206	25,155
Treasury shares		(2,330)	(2,330)
Reserves		308,525	300,579
		331,401	323,404
Non-controlling interests		2,199	2,499
		333,600	325,903
Liabilities			
Non-Current			
Borrowings	8	46,460	43,097
Provisions		3,970	3,592
Deferred tax liabilities		876	1,254
		51,306	47,943
Current			
Trade and other payables		82,859	78,278
Derivative financial liabilities		-	375
Borrowings	8	90,770	49,179
Income tax payables		3,151	7,648
		176,780	135,480
Total equity and liabilities		561,686	509,326

Consolidated statement of comprehensive income

	Notes	6 months to 30 June 2011 A\$'000	6 months to 30 June 2010 A\$'000
Revenue		161,737	132,086
Cost of sales		(128,318)	(79,589)
Gross profit		33,419	52,497
Other revenue		2,830	3,016
Distribution costs		(17,385)	(11,696)
Administrative expenses		(7,029)	(7,022)
Other operating expenses		(3,089)	(12,747)
Finance costs		(2,077)	(631)
Share of results of associate		(28)	-
Profit before income tax		6,641	23,417
Income tax credit/(expense)		3,516	(4,842)
Profit after taxation		10,157	18,575
Profit for the period attributable to:			
Non-controlling interests		(254)	2,434
Owners of the parent		10,411	16,141
		10,157	18,575
Profit for the period		10,157	18,575
Other comprehensive income:			
Available-for-sale financial assets			
- current period gains/(losses)		6,023	(5,406)
- reclassification to profit or loss		-	586
Translation differences on consolidation		(2,712)	3,024
Other comprehensive income for the period, net of tax		3,311	(1,796)
Total comprehensive income for the period		13,468	16,779
Total comprehensive income for the period attributable to:			
Non-controlling interests		(300)	2,434
Owners of the parent		13,768	14,345
		13,468	16,779
Earnings per share	9	Cents	Cents
- Basic		2.07	3.28
- Diluted		1.99	3.10

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	Non-controlling interests A\$'000	Total equity A\$'000
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
Dividends (Note 10)	-	-	-	-	-	-	-	-	(9,950)	(9,950)	-	(9,950)
Employee share-based payment options exercised	377	8,911	-	-	-	-	-	-	-	9,288	-	9,288
Share premium arising from share options exercised	-	6,330	-	-	-	(6,330)	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	106	106
Reversal of non-distributable reserve arising from de-registration of subsidiary	-	-	-	(715)	-	-	-	-	-	(715)	-	(715)
Capital incentive granted for technology innovation	-	-	-	-	522	-	-	-	-	522	-	522
Transactions with owners	377	15,241	-	(715)	522	(6,330)	-	-	(9,950)	(855)	106	(749)
Profit for the period	-	-	-	-	-	-	-	-	16,141	16,141	2,434	18,575
Other comprehensive income (Note 12)	-	-	-	-	-	-	(4,820)	3,024	-	(1,796)	-	(1,796)
Total comprehensive income for the period	-	-	-	-	-	-	(4,820)	3,024	16,141	14,345	2,434	16,779
Balance at 30 June 2010	24,924	102,816	(1,006)	1,560	1,159	15,948	(4,577)	(5,798)	143,661	278,687	3,038	281,725
Balance at 1 January 2011	25,155	116,150	(2,330)	3,692	10	16,618	13,580	(17,684)	168,213	323,404	2,499	325,903
Dividends (Note 10)	-	-	-	-	-	-	-	-	(10,043)	(10,043)	-	(10,043)
Employee share-based payment options exercised	51	669	-	-	-	-	-	-	-	720	-	720
Share premium arising from share options exercised	-	365	-	-	-	(2,216)	-	-	1,851	-	-	-
Value for employee services received for grant of share options	-	-	-	-	-	3,552	-	-	-	3,552	-	3,552
Transfer to statutory reserve	-	-	-	234	(8)	-	-	-	(226)	-	-	-
Transactions with owners	51	1,034	-	234	(8)	1,336	-	-	(8,418)	(5,771)	-	(5,771)
Profit for the period	-	-	-	-	-	-	-	-	10,411	10,411	(254)	10,157
Other comprehensive income (Note 12)	-	-	-	-	-	-	6,023	(2,666)	-	3,357	(46)	3,311
Total comprehensive income for the period	-	-	-	-	-	-	6,023	(2,666)	10,411	13,768	(300)	13,468
Balance at 30 June 2011	25,206	117,184	(2,330)	3,926	2	17,954	19,603	(20,350)	170,206	331,401	2,199	333,600

Consolidated statement of cash flows

	6 months to 30 June 2011 A\$'000	6 months to 30 June 2010 A\$'000
Cash Flows from Operating Activities		
Profit before taxation	6,641	23,417
Adjustments for:		
Amortisation of long term prepayments and prepaid lease payments on land use rights	18	29
Amortisation of mine development	1,030	916
Depreciation of property, plant and equipment	5,826	5,505
Equity-settled share-based payments	2,752	-
Loss on disposal of available-for-sale financial asset	-	445
Loss on disposal of property, plant and equipment	-	13
Property, plant and equipment written off	145	-
Gain on bargain purchase	-	(63)
Gain on disposal of a subsidiary company	-	(775)
Exploration and evaluation costs written off	2,055	2,072
Fair value gains on derivative instruments	(1,866)	(385)
Share of results of an associate	28	-
Interest expense	2,077	631
Interest income	(358)	(687)
Operating profit before working capital changes	18,348	31,118
Increase in inventories	(18,003)	(32,401)
(Increase)/decrease in trade and bill receivables	(8,013)	2,702
Decrease/(increase) in prepayments, deposits and other receivables	(1,581)	(972)
(Decrease)/increase in trade and bill payables	(6,139)	37,441
Increase/(decrease) in other payables and accruals	12,824	(2,724)
Increase in long term liabilities	378	673
Cash (used in)/generated from operations	(2,186)	35,837
Overseas income tax paid	(1,530)	(2,782)
Net cash (used in)/generated from operating activities	(3,716)	33,055
Cash Flows from Investing Activities		
Payments for exploration and evaluation	(2,055)	(2,072)
Payments for mine development costs	(600)	(334)
Payment for prepaid land use rights	(4,018)	(358)
Purchase of property, plant and equipment	(5,332)	(6,397)
Proceeds from disposal of property, plant and equipment	-	104
Purchase of available-for-sale financial assets	(1,112)	(133,285)
Proceeds from disposal of available-for-sale financial assets	-	1,472
Loan to associate	(3,203)	-
Loan to an external party	(500)	-
Proceeds from disposal of a subsidiary (Note A)	-	-
Net cash outflow arising from acquisition of a subsidiary (Note B)	-	(900)
Interest received	358	687
Net cash used in investing activities	(16,462)	(141,083)
Cash Flows from Financing Activities		
Dividends paid	(10,043)	(9,950)
Repayment of bank and other loans	(17,693)	(4,341)
Proceeds from bank loans	43,551	78,531
Capital contribution by non-controlling interests	-	397
Decrease/(increase) in cash collateral	10,732	(50)
Proceeds from the issue of shares following from the exercise of options	720	9,288
Interest paid	(2,077)	(631)
Net cash generated from financing activities	25,190	73,244
Net increase/(decrease) in cash and cash equivalents	5,012	(34,784)
Cash and cash equivalents at beginning of period	16,070	79,708
Exchange differences on translation of cash and bank balances at beginning of period	(351)	1,195
Cash and cash equivalents at end of period	20,731	46,119

Consolidated statement of cash flows (cont'd)

Note:

A. De-registration of a subsidiary

The fair value of assets disposed of and liabilities discharged were as follows:

<u>Net assets disposed of</u>	6 months to 30 June 2011 A\$'000	6 months to 30 June 2010 A\$'000
Cash and bank balances	-	1,724
Trade and other payables	-	(60)
Gain on disposal	-	775
Proceeds received	-	2,439
Cash balance in subsidiary disposed of	-	(1,724)
Reserves written off on disposal of a subsidiary	-	(715)
Cash inflow on disposal	-	-

B. Acquisition of a subsidiary

<u>Net assets acquired</u>	6 months to 30 June 2011 A\$'000	6 months to 30 June 2010 A\$'000
Property, plant and machinery	-	1,465
Cash and bank balances	-	3
Trade and other payables	-	(180)
Gain on bargain purchase	-	(63)
Non-controlling interest	-	(322)
Purchase consideration	-	903
Less:		
Cash and bank balances in subsidiary acquired	-	3
Cash outflow on acquisition	-	900

Notes to the Interim Consolidated Financial Statements

1 Nature of operations

The interim financial report of OM Holdings Limited (“the Company”) and its subsidiaries (“the Group”) for the period ended 30 June 2011 were authorised for issue in accordance with a resolution of the Directors on the date of the Statement by Directors.

The principal activities of the Company and the Group comprise the following:

- production of manganese product from the Bootu Creek Manganese Mine
- processing and sales of sinter ore and ferro alloy products
- trading of ore and ferro alloy products
- exploration and development activities aimed at further extending the mine life of the Bootu Creek Manganese Mine
- evaluation and assessment of strategic investment and project opportunities
- investment holdings, including the 13% effective interest in the Tshipi Borwa mine (currently being developed) and other investments in ASX listed entities
- development of two smelters and sintering projects in Malaysia

2 General information and basis of preparation

The interim consolidated financial statements are for the six months ended 30 June 2011 and are presented in Australian Dollar (AUD), which is the functional currency of the parent company. They have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2010.

OM Holdings Limited is the Group’s ultimate parent company. The company is a limited liability company and domiciled in Bermuda. The address of OM Holdings Limited’s registered office is located at Clarendon House, 2 Church Street Hamilton, HM11 Bermuda. OM Holdings Limited’s shares are listed on the Australian Securities Exchange (“ASX”).

3 Significant accounting policies

The interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2010, except for the adoption of the following accounting standards that became effective from 1 January 2011:

IAS 24 (Revised)	Related Party Disclosures
IAS 32 (Amendment)	Classification of Rights Issues
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
IFRIC 14 (Amendments)	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to IFRSs	Annual Improvements to IFRSs 2010

The adoption of these new/revised IFRSs and IFRICs did not result in substantial changes to the Group's accounting policies or any significant impact on the Group's financial statements except as follows:

Amendment to IAS 1 Presentation of Financial Statements

The amendment provides a choice of presenting the reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group presents the reconciliations of each component of other comprehensive income in the notes to the financial statements (see Note 12). This reduces duplicated disclosures and presents more clearly the overall changes in equity. Prior period comparatives have been restated accordingly.

Amendments to IAS 34 Interim Financial Reporting

The amendments clarified certain disclosures relating to events and transactions that are significant to an understanding of changes in the Group's circumstances since the last annual financial statements. The Group's interim financial statements as of 30 June 2011 reflect these amended disclosure requirements, where applicable.

4 Estimates

The fair value of unquoted share option and convertible right are estimated using the binomial model and combined probability weighted value of the debt and equity components based on a range of share price and conversion probabilities at the date of grant by an independent valuer. The estimation requires input of subjective assumptions and changes in the subjective inputs may materially affect the fair value estimates.

5 Segment reporting

The Group identifies its operating segments based on the regular internal financial information reported to the executive Directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive Directors are determined following the Group's major products and services. The Group has identified the following reportable segments:

- *mining* - exploration and mining of manganese ore
- *processing* - production of manganese ferroalloys and manganese sinter ore
- *marketing and trading* - trading of manganese ore, manganese ferroalloys and sinter ore, chrome ore and iron ore

5 Segment reporting (cont'd)

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

	Mining	Processing	Marketing and trading	Others	Total
	2010	2010	2010	2010	2010
6 months to June 2010	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Revenue					
From external customers	-	22,162	109,924	-	132,086
From other segments	76,114	-	94,955	-	171,069
Segment revenues	76,114	22,162	204,879	-	303,155
Segment operating profit before tax	10,726	5,592	9,424	(2,381)	23,361
Segment assets	169,076	73,959	59,645	147,928	450,608

	Mining	Processing	Marketing and trading	Others	Total
	2011	2011	2011	2011	2011
6 months to June 2011	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Revenue					
From external customers	-	44,160	116,700	877	161,737
From other segments	67,298	-	74,412	206	141,916
Segment revenues	67,298	44,160	191,112	1,083	303,653
Segment operating profit before tax	(2,544)	2,191	13,248	(4,507)	8,388
Segment assets	168,333	128,750	82,622	181,981	561,686

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

	6 months to 30 June 2011 A\$'000	6 months to 30 June 2010 A\$'000
Profit or loss		
Segment results	8,388	23,361
Share of associates' result	(28)	-
Finance costs	(2,077)	(631)
Finance income	358	687
Group profit before tax	6,641	23,417

6 Analysis of selected items of the consolidated interim financial statements

In 2011, total revenue amounted to A\$161.7 million as compared to A\$132.1 million in the corresponding period in 2010, representing a 22.4% increase. The higher revenue was mainly attributed to (i) more shipments of manganese ores on the back of record production volumes from the Bootu Creek mine, (ii) higher sales achieved from High Carbon Ferro Manganese (“HC FeMn”) and manganese sinter ores with the record production volumes achieved by the Qinzhou smelter and sintering plant, and (iii) increase in third party manganese ore, chrome, iron and alloy trading activities in 2011.

Gross profit for the Group decreased by A\$19.1 million, from A\$52.5 million for 2010 to A\$33.4 million for 2011. The Group’s gross profit margin decreased from 39.7% in 2010 to 20.7% in 2011. The main contributing factors to the lower margin arose from (i) the weaker manganese ore spot and alloy prices realised in 2011, and (ii) the continued depreciation of the United States Dollar (“USD”) against the Australian Dollar (“AUD”). The AUD strengthened considerably and crossed the parity mark against USD in January 2011; average rate for 2011 was USD1:AUD0.965 as compared to USD1:AUD1.12 for 2010, representing a 14% appreciation of the AUD against the USD.

During 2011 distribution costs increased by A\$5.7 million to A\$17.4 million, from A\$11.7 million in 2010. This was due to an increase in freight costs as a result of the increase in the volume of products shipped and an increase in freight rate by more than 40% per metric tonne during 2011.

Included within other operating expenses was a credit adjustment for Northern Territory Government royalties of A\$3.8 million in 2011. This credit arose as a result of OM (Manganese) Ltd (“OMM”) recognising the benefit of carried forward losses from the gross realisation calculation under the royalty program which are available for offsetting against future royalty obligations. During the corresponding period in 2010 a charge of A\$1.4 million was recorded. Further, there was a foreign exchange gain of A\$4.2 million in 2011 as opposed to a loss of A\$0.8 million in the corresponding period in 2010. This gain arose predominantly from unrealised gains on USD denominated bank borrowings as a result of the USD depreciating against the AUD at financial reporting period.

The Group’s finance costs increased from A\$0.6 million in 2010 to A\$2.1 million in 2011, as a result of the draw down of a US\$60 million term loan in April 2010 to finance the acquisition of the Group’s 13% effective interest in the world-class Tshipi Borwa mine in South Africa. A further US\$45 million term loan from Standard Chartered Bank was draw down in April 2011 for financing the Group’s other capital requirements.

Long term deposits increased following a further deposit of A\$4.0 million being paid during the 2011 (partly financed via bank borrowings) for land acquisition associated with a proposed integrated logistics and alloy production centre in Johor, in accordance with the terms of a Sale and Purchase Agreement announced on 31 December 2010.

Deferred tax assets arose from the recognition of unutilised tax losses and timing difference from revenue recognition between PRC GAAP and IFRS.

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

Inventories increased 9.6% from A\$156.3 million as at 31 December 2010 to A\$171.3 million as at 30 June 2011, predominantly due to the increase in quantities of finished goods from A\$40.0 million to A\$58.5 million. The increase was the result of the optimised production achieved at the Bootu Creek Manganese Mine and the Qinzhou smelter and sintering plant, as well as the increased procurement of third party manganese ores. There was also a temporary slowdown of ore and alloy procurement activities during the April to May 2011 period due to power constraints experienced by some Chinese steel mills that impacted alloy sales by OM Materials (Qinzhou) Co Ltd ("OMQ"). With optimised production at OMQ and faced with potentially challenging market conditions in the June 2011 Quarter, OMQ pledged approximately US\$17.9 million worth of stocks (including HCFeMn and sinter ores) to obtain a 6-month revolving facility of US\$12 million. This is proving to be a positive move, as the Group is very well-positioned to take advantage of the anticipated upward trend of manganese alloy prices.

The convertible loan was acquired from Scandinavian Resources Limited ("SCR") with coupon rate of 12.5% per annum during this reporting period.

Derivative financial assets increased from A\$0.4 million in 2010 to A\$2.2 million in 2011. This was mainly due to marked-to-market gain of A\$1.9 million from SCR quoted and unquoted share options as at end of this financial reporting period.

Receivables (including trade and other receivables and prepayments) increased to A\$59.4 million as at 30 June 2011 from A\$31.5 million as at 31 December 2010. The increase resulted from credit tightening measures imposed in the PRC which impacted banks' reserve requirement ratios and ultimately general liquidity. Instead of direct full cash settlements by customers, up to 50% of trade debts had to be customarily settled via bank drafts, which had maturity dates of up to 6 months. Another contributing factor to the increase was an increase in value-added tax ("VAT") receivables of A\$1.2 million on manganese ores imported by OMQ and OM Materials Trading (Qinzhou) Co Ltd ("OMQT").

The Group's consolidated cash position was \$35.4 million (including cash collateral of A\$14.7 million) as at 30 June 2011 as compared to A\$42.1 million (including cash collateral of A\$26.1 million) as at 31 December 2010. Cash reserves during the period were applied towards a share placement in Shaw River Manganese Limited and a convertible loan arrangement with SCR amounting to A\$1.6 million, contributions for capital requirements for Tshipi Borwa's mine development of A\$3.2 million, and an additional deposit of A\$2.1 million made for the land in Johor.

Income tax payables decreased by 58.9% from A\$7.6 million as at 31 Dec 2010 to A\$3.1 million as at 30 June 2011. This was due mainly to decrease in profit before income tax.

The balance of trade and other payables increased by 5.3% from approximately A\$78.3 million as at 31 December 2010 to A\$82.9 million as at 30 June 2011.

7 Share issue

During the six months ended 30 June 2011, 1,020,000 shares were issued upon the exercise of share options previously granted under the Group's employee share option scheme or as previously approved by shareholders in a general meeting. During this period, the weighted average exercise price at the date of exercise was A\$0.71 (during the six months ended 30 June 2010: A\$1.23). Each share issued has the same right to receive dividends and the repayment of capital and represents one vote at any shareholders' meeting of OM Holdings Limited.

Shares issued and authorised are summarised as follows:

	No. of ordinary shares (amounts in thousand shares)		Amount	
	As at 30 June 2011 '000	As at 31 December 2010 '000	As at 30 June 2011 A\$'000	As at 31 December 2010 A\$'000
Authorised:				
Ordinary shares of A\$0.05 (2010 - A\$0.05) each	2,000,000	2,000,000	100,000	100,000
Issued and fully paid:				
Ordinary shares of A\$0.05 (2010 - A\$0.05) each as at beginning of period/year	503,085	490,935	25,155	24,547
Options exercised during the period/year	1,020	12,150	51	608
Ordinary shares of A\$0.05 (2010 - A\$0.05) each as at end of period/year	504,105	503,085	25,206	25,155

8 Borrowings

	As at 30 June 2011 A\$'000	As at 31 December 2010 A\$'000
Non-Current		
Other loans, unsecured	-	452
Bank loans, secured [note (a)]	44,428	42,645
Bank loan, secured [note (b)]	2,032	-
	46,460	43,097
Current		
Bank loans, secured [note (a)]	49,539	29,526
Bank loans, secured [note (c)]	-	15,562
Bank loans, secured [note (d)]	19,096	-
Bank loan, secured [note (e)]	11,338	-
Bank loan, secured [note (f)]	10,432	3,344
Bank loans, unsecured [note (g)]	365	747
Total borrowings	90,770	49,179
	137,230	92,276
Borrowings are repayable:		
Within one year	90,770	49,179
In the second year	42,855	29,526
In the third to fifth years, inclusive	3,605	13,571
	137,230	92,276

8 Borrowings

Note:

- (a) The loans are secured by:
- charges over certain bank deposit accounts; and
 - irrevocable and unconditional corporate guarantees provided by the Company and a subsidiary.

The loans are repayable in monthly instalments of (i) A\$1,573,000 over 36 months which commenced on 8 May 2010, (ii) monthly instalments of A\$786,000 over 36 months which commenced on 2 September 2010 and (iii) monthly instalments of A\$1,769,000 over 24 months which commenced from 2 May 2011. The weighted average effective interest rate was 3.41% (2010 – 3.49%) per annum.

- (b) The loan is secured by
- charges over first deed of assignment over the land, and
 - irrevocable and unconditional corporate guarantees provided by the Company

The loan is repayable in 40 quarterly instalments of A\$398,600. The first instalment is to commence three months after date of full disbursement of the loan and thereafter on the same date of every quarter. The weighted average effective interest of the bank loan was 2.7% per annum.

- (c) The loans are secured by charges over certain bank deposits, and the weighted average effective interest of the bank loans was 8.37% per annum.
- (d) The loans are secured by charges over certain bills receivable, and the weighted average effective interest of the bank loans was 4.37% per annum.
- (e) The loan is secured by charges over certain inventories, and the weighted average effective interest of the bank loan was 5.1% per annum.
- (f) The loans are secured by charges over certain bank deposits, and the weighted average effective interest of the bank loans was 2.58% (2010 – 1.89%) per annum
- (g) The unsecured loan is interest free and repayable on demand.

9 Earnings per share

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

	6 months to 30 June 2011	6 months to 30 June 2010
Profit		
Net profit attributable to owners of the Company	10,411	16,141
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	503,189	491,659
Effect of dilutive potential ordinary shares in respect of share options	18,858	28,391
Weighted average number of ordinary shares for the purpose of diluted earnings per share	522,047	520,050

10 Dividend

During the six months to 30 June 2011, OM Holdings Limited paid dividends of A\$10,043,000 to its equity shareholders (six months to 30 June 2010 - A\$9,950,000). This represents a payment of A\$0.02 per share (six months to 30 June 2010 - A\$0.02 per share).

11 Related parties transactions

During the interim period, Group entities entered into the following transactions with related parties:

(A) Related parties transactions

	6 months to 30 June 2011 A\$'000	6 months to 30 June 2010 A\$'000
Company secretarial fees paid to a company of which a director is a director and beneficial shareholder	188	123
Legal fees paid to a firm of which a director is a director and beneficial shareholder	24	55

(B) Compensation of directors and key management personnel

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

	6 months to 30 June 2011 A\$'000	6 months to 30 June 2010 A\$'000
Directors		
- Directors of the Company	554	1,082
- Directors of the subsidiaries	880	940
- Defined contribution plans	33	72
Key Management personnel (other than directors)		
- Salaries, wages and other related costs	745	564
- Defined contribution plans	45	49

12 Other components of equity

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

	Exchange fluctuation reserve A\$'000	Fair value reserve A\$'000	Total A\$'000
Balance at 1 January 2010	(8,822)	243	(8,579)
Available-for-sale financial assets			
- current period gains (losses)	-	(5,406)	(5,406)
- reclassification to profit or loss	-	586	586
Exchange differences on translating foreign operations	3,024	-	3,024
Other comprehensive income for the period (all attributable to the parent)	3,024	(4,820)	(1,796)
Balance at 30 June 2010	(5,798)	(4,577)	(10,375)

	Exchange fluctuation reserve A\$'000	Fair value reserve A\$'000	Total A\$'000
Balance at 1 January 2011	(17,684)	13,580	(4,104)
Available-for-sale financial assets			
- current period gains (losses)	-	6,023	6,023
Exchange differences on translating foreign operations	(2,666)	-	(2,666)
Other comprehensive income for the period (all attributable to the parent)	(2,666)	6,023	3,357
Balance at 30 June 2011	(20,350)	19,603	(747)

13 Contingent liabilities

Litigation issues that were disclosed in the 31 December 2010 Financial Statements are still in process and there are no further developments up to the date of reporting period which require further disclosure.