

OM HOLDINGS LIMITED

(ARBN 081 028 337)



No. of Pages Lodged: 7 Covering letter
15 ASX Appendix 4E – Preliminary Final Report

23 February 2012

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

Dear Sir/Madam

2011 ANNUAL REVENUE INCREASE OF 27% TO A\$390 MILLION DRIVEN BY RECORD VOLUMES WITH A NET LOSS OF A\$11.5 MILLION DRIVEN BY DECLINING PRICES, APPRECIATING AUD AND ONE-OFF WRITE DOWNS

The Board of OM Holdings Limited ("OMH" or "the Company") advises of OMH's 2011 annual result which was underpinned by strong production volumes reflected in a 27% increase in annual turnover to A\$390 million.

Despite the OMH Group achieving higher manganese ore, alloy and sinter ore production in 2011, the annual result was impacted by a significant decline in manganese ore prices and the ongoing appreciation of the AUD against the USD throughout 2011.

Accordingly the OMH Group recorded a consolidated operating loss after tax and minority interests of A\$11.5 million for the year ended 31 December 2011. This result included non-cash adjustments for deferred mining (A\$12.8 million), expensing of share based option transactions in accordance with IFRS requirements (A\$6.1 million), and inventory write-downs (A\$5.2 million).

Cash flows generated from the Group operations in 2011 were A\$19.0 million (2010: A\$23.3 million).

HIGHLIGHTS

- **2011 year turnover of A\$389.7 million, representing a 27% increase from the corresponding 2010 year**
- **A total of 1,574,312 tonnes of equity and third party ores and 73,880 tonnes of equity and third party alloys were transacted during 2011, representing a 53% and 72% increase respectively, over volumes achieved during 2010**
- **2011 year consolidated net loss after tax of A\$11.5 million, driven by lower spot manganese prices and the appreciating AUD during 2011**
- **Cash reserves of A\$31.9 million (including cash collateral of A\$14.3 million) at 31 December 2011**
- **Gross profit margin of 15% in 2011 versus 38% in 2010**
- **Basic loss of (A\$0.02) per share (2010: EPS of A\$0.10 per share). Net tangible asset ("NTA") backing per share of A\$0.51 per share (2010: A\$0.64 per share)**



- Strong demand for OMH's manganese ore and alloy products during 2011 underpinned by record annual Chinese crude steel production of 683 million tonnes in 2011
- During the 2011 year, the Company funded A\$11.2 million of its share of contributions towards the project capex associated with the development of the South African Tshipi Borwa mine.
- The capital expenditure incurred in the 2011 year for the Company's 80% interest in the early-stage project development at the Sarawak project amounted to A\$11.4 million
- Strategic investments totalled A\$38.6 million at balance date comprising interests held in Northern Iron Limited, Shaw River Manganese Limited and Scandinavian Resources Ltd; representing a decline of A\$57.9 million in market values reflected by the softening of equity and commodity markets since 31 December 2010

OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

A\$ million	Year Ended 31 December 2011	Year Ended 31 December 2010	Variance %
Sales Volumes of Ores (Manganese, Chrome and Iron Ore) (Tonnes)	1,574,312	1,030,259	53
Sales Volumes of Alloys (Tonnes)	73,880	42,881	72
Total sales	389.7	307.5	27
Gross profit	59.6	117.4	(49)
Gross profit margin (%)	15.3%	38.2%	
Other income	0.7	3.0	(77)
Distribution costs	(44.9)	(35.6)	26
Administration & other operating costs	(24.1)	(16.5)	46
Depreciation/amortisation	(11.6)	(11.6)	-
Net finance costs	(4.5)	(1.4)	221
Net (Loss)/Profit before tax	(24.8)	55.3	NM
Income tax credit / (expense)	13.1	(6.6)	NM
Net (Loss)/Profit after tax	(11.7)	48.7	NM
Minority interests	0.2	(1.5)	NM
Net (Loss)/Profit after tax attributable to owners of the Company	(11.5)	47.2	NM
EBITDA adjusted for non-cash items	15.4	63.9	
Non-cash expense items included above			
- Share based option transactions *	6.1	8.4	-
- Inventory write-down *	5.2	-	-
- Deferred pre-strip mining costs **	12.8	(12.8)	-

* these costs are included in Administration & other operating costs

** this cost is included in cost of sales

FINANCIAL ANALYSIS

During the 2011 year, total revenue was A\$389.7 million, arising from an increase in the sales volumes of ore by 53% and alloy by 72%. This increase was driven by (i) record production volumes from the Company's Bootu Creek Manganese Mine and Qinzhou alloy smelter and sinter plant, (ii) the continued strong demand from Chinese end-user customers for the Company's manganese ore and alloy products, and (iii) an increase in the third party manganese and iron ore trading activities throughout 2011, including 387,000 tonnes of iron ore traded under the exclusive marketing agency agreement with NFE.



Despite a 27% increase in revenue, gross profit for the Group for the 2011 year was A\$59.6 million, a decrease of A\$57.8 million, or 49%, compared to A\$117.4 million for the 2010 year. The lower gross profit margin was attributable to weaker spot manganese ore and alloy prices, as well as the depreciation of the USD against the AUD throughout 2011.

During the 2011 year, manganese ore published benchmark prices ranged from US\$5.30/dmtu CIF China to US\$6.50/dmtu CIF China (averaging US\$5.62/dmtu), compared to a range of US\$6.50/dmtu CIF China to US\$8.70/dmtu CIF China during 2010 (averaging US\$7.45/dmtu).

The Australian dollar strengthened considerably in 2011 against 2010. The average exchange rate in 2011 was USD1:AUD0.97, as compared to USD1:AUD1.09 in 2010, representing an 11% appreciation of the AUD against the USD.

The gross margin was also negatively impacted by a non-cash adjustment of A\$12.8 million in relation to a pre-strip mining program undertaken in the Shekuma pit in the 2010 year. These pre-strip costs were deferred as at 31 December 2010 so as to more accurately match the benefit/revenue of the ores as these ores were accessed and processed in 2011. These pre-strip costs were fully expensed (with no further cash outlay) as ore was accessed in 2011. No pre-stripping costs were deferred for the financial year ended 31 December 2011.

During the 2011 year, distribution costs increased by A\$9.3 million to A\$44.9 million, from A\$35.6 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 rates during the year.

Administrative and other operating costs increased by A\$7.6 million or 46%, from A\$16.5 million in 2010 to A\$24.1 million in 2011. The increase was due predominantly to (i) the expensing of professional advisers' expenses of A\$3.2 million arising from the discontinued Hong Kong dual listing, and (ii) a non-cash inventory write down of A\$5.2 million, taking into account the latest published manganese ore prices (in accordance with the Group's accounting policy on inventory valuation). These expense increases were offset by a credit adjustment for Northern Territory Government royalties of A\$5.6 million.

Included in administrative and other operating costs was a foreign exchange gain of A\$2.3 million in 2011 (2010: A\$12.9 million). The exchange gain arose predominantly from the USD denominated bank borrowings as the USD depreciated against the AUD throughout 2011.

Depreciation and amortisation charges remained constant at A\$11.6 million for both financial years ended 2010 and 2011.

The Group recorded an increase in net finance costs from A\$1.4 million in 2010 to A\$4.5 million in 2011. This increase was due to the draw down of a US\$90 million term loan in April and August 2010, used partly to finance the acquisition of the Group's 13% effective interest in the world-class Tshipi Borwa mine in South Africa, as well as an additional US\$45 million term loan drawn down in April 2011 to finance the Company's strategic investment and capital expenditure requirements from its existing operations in 2011.

The Group recorded a tax credit of A\$13.1 million in the 2011 year as opposed to a tax expense of A\$6.6 million in the 2010 year. The tax credit arose primarily from the recognition of a deferred tax asset on tax losses carried forward.

The Group's operating result equated to a basic earnings/(loss) per share of (A\$0.02) in 2011 as compared to A\$0.10 in 2010. The net tangible asset backing per share was A\$0.51 in 2011 as compared to A\$0.64 in 2010.

Dividend

No dividend has been declared during the year.



Results Contributions

The contributions from the OMH Group business segments were as follows:

A\$ million	Year ended 31 Dec 2011		Year ended 31 Dec 2010	
	Revenue*	Contribution	Revenue*	Contribution
Mining and ore processing	133.4	(29.9)	147.9	12.1
Ferroalloy manufacturing	119.0	0.2	55.9	7.5
Marketing, logistics and trading	434.2	17.4	357.4	36.1
Other	1.3	(7.9)	-	1.0
Net (Loss)/Profit before finance costs		(20.2)		56.7
Net finance costs		(4.5)		(1.4)
Income tax (credit) / expense		13.1		(6.6)
Net (Loss)/Profit after tax **		(11.7)		48.7
Minority interests		0.2		(1.5)
Net (Loss) / Profit attributable to owners of the Company		(11.5)		47.2

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

** numbers may not add due to rounding

Mining and ore processing

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

The Bootu Creek Manganese Mine (100% owned and operated by OM (Manganese) Ltd ("OMM")) produced record production of 902,082 tonnes grading 36.7% Mn in 2011 as compared to 831,361 tonnes grading 36.7% Mn in 2010. Annual shipments were 961,470 and 747,063 dry tonnes of manganese ores in the years 2011 and 2010 respectively.

Revenue for the 2011 year amounted to A\$133.4 million as compared to A\$147.9 million for the 2010 year. Despite higher volumes shipped in 2011, revenue was negatively impacted by the depreciation of the USD (USD is used for pricing of manganese ores) against the AUD, as well as the lower selling prices in 2011 due to weaker spot manganese ore prices.

The negative contribution of A\$29.9 million also included the expensing of a non-cash item of A\$12.8 million in relation to a pre-strip mining program undertaken in the Shekuma pit in the 2010 year. No pre-stripping costs were deferred for the financial year ended 31 December 2011.

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 freight, a Mn content adjustment and a marketing fee.

Ferroalloy manufacturing

This category includes the operations of the Qinzhou alloy smelter and sinter plant operations of both OM Materials (Qinzhou) Co Ltd ("OMQ" – 100% owned) and Guizhou Jaihe Weiye Smelter Co. Ltd (52.5% effective interest). Amongst other inputs the smelter purchases manganese ores at market prices from OMS, converts some of the ores into sinter for its own internal consumption, and sells sinter and alloy products to external third party domestic Chinese end users.

The ferro alloy manufacturing operations achieved record revenue of A\$119 million for the 2011 year, representing an increase of 113% from A\$55.9 million in 2010. The increase in revenue was primarily attributable to (i) the higher volumes of 65,197 tonnes of manganese ferro alloy transacted in 2011 compared to 35,803 tonnes in 2010 and (ii) the contribution of 132,137 tonnes of external manganese sinter ore sales.



Despite the doubling of revenue the profit contribution was significantly lower primarily attributable to lower selling prices for manganese sinter ores, however the Group's strategy to gain customers' acceptance of OMQ's sinter product was in line with its market development strategy and was overall very encouraging. Further, prices of alloy sold during the 2011 year were also marginally lower than the 2010 year.

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.

During the 2011 year, revenue from the Group's trading operations was A\$434.2 million as compared to A\$357.4 million in the 2010 year, representing an increase of 21%. The increase was primarily due to the higher volumes of manganese ore traded in 2011 and an increase in the volumes of chrome and iron ore traded as compared to 2010.

This business segment recorded a decrease in profit due to lower selling prices of the manganese and chrome despite higher volumes being transacted during the 2011 year.

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 the 2011 year related to engineering and design fees earned by OMA from mainly external customers. Costs in this segment increased to A\$7.9 million in 2011 due mainly to the expensing of A\$3.2 million of professional advisers' fees arising from the discontinued Hong Kong dual listing, and an increase in legal and professional fees of A\$0.5 million.

FINANCIAL POSITION

The Group's consolidated cash position was \$31.9 million (including cash collateral of A\$14.3 million) as at 31 December 2011 as compared to A\$42.1 million (including cash collateral of A\$26.1 million) as at 31 December 2010. Cash flows generated from operations during the 2011 year were A\$19.0 million (2010: A\$23.3 million), which were predominantly applied towards earthworks at the Company's 80% interest in the Sarawak project (amount incurred in 2011 amounted to approximately A\$11.4 million) as well as the Company's contributions for capital requirements towards the Tshipi Borwa's mine development of A\$11.2 million. Receivables (including trade and other receivables and prepayments) increased to A\$89.8 million as at 31 December 2011 from A\$33.9 million as at 31 December 2010. The increase was attributed to an increase in trade and bills receivables by A\$61.5 million due to higher trading activities as at end of the year as Chinese producers stocked up prior to the Lunar New Year festivities in January 2012, as well as the tighter liquidity experienced in 2012 as compared to 2011. The tightening of credit arose from the increase in Chinese banks' reserve requirement ratios and resulted in the Group having to accept bank drafts instead of cash. This increase in receivables was partly offset by (i) a decrease in prepayments by about A\$2 million on land purchased at Johor, and (ii) a decrease in deposits and other receivables of A\$3.1 million.



Inventories increased marginally from A\$156.3 million as at 31 December 2010 to A\$158.1 million as at 31 December 2011. The increase was due mainly to the increase in trading activities and included goods-in-transit of A\$25.3 million at 31 December 2011.

Financial assets available for sale as at 31 December 2011 totalled A\$38.6 million, as compared to A\$96.4 million as at 31 December 2010. The decline resulted primarily from marked-to-market adjustments through the fair value reserve, and included a write down through the fair value reserve of A\$59 million of investments held in Shaw River Manganese Limited, Northern Iron Limited and Scandinavian Resources Ltd. Subsequent to the balance date the Company divested its investment in Scandinavian Resources Ltd at a slightly higher value than its acquisition amount.

The composition of the Company's total borrowings included 'longer term structural components' including (i) A\$90.2 million term loans from Standard Chartered Bank and (ii) \$16.1 million of borrowings used for the purchase of Johor land. The 'short term operational/working capital components' included (i) A\$38.1 million of short term loans whereby an equivalent amount of Chinese bank drafts were pledged, (ii) A\$11.1 million of OMQ's stock financing and (iii) A\$11.8 million of trust receipts used for trade financing. The remaining balance of A\$0.2 million related to an interest-free loan from the Qinzhou local government.

The balance of trade and other payables increased by 53% from approximately A\$78.3 million as at 31 December 2010 to A\$120.3 million as at 31 December 2011. This was due mainly to an increase in trade payables of A\$42.3 million as a result of increased trading activities up to the balance date, which included the goods-in-transit of A\$25.3 million.

Capital Structure

As at 31 December 2011, the Company had 504,105,150 ordinary shares and 26,000,000 unlisted options on issue. Subsequent to balance date 5,000,000 unlisted options expired.

Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary



BACKGROUND INFORMATION ON 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 2,400km².

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 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:

- 14% shareholding in **Northern Iron Limited** (ASX Code: NFE), a company presently producing iron ore from its Sydvaranger iron ore mine located in northern Norway; and
- 8% shareholding in **Shaw River Manganese Limited** (ASX Code: SRR), a company presently exploring for manganese in Namibia, Western Australia and Ghana.

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 2011

31 December 2010

1. Results for announcement to the market

		A\$'000		A\$'000	% up/(down)
Revenues (<i>item 2.1</i>)	Up from	307,463	to	389,737	27
(Loss)/profit after taxation from continuing operations (<i>item 2.12</i>)	Down from	48,751	to	(11,733)	(124)
Net (loss)/profit for the period attributable to owners of the parent (<i>item 2.17</i>)	Down from	47,215	to	(11,511)	(124)

The consolidated financial statements of OM Holdings Limited (“OMH”) are stated in Australian Dollars for the financial year ended 31 December 2011.

2. Consolidated statement of comprehensive income

		Current period - \$A'000	Previous corresponding period - \$A'000
2.1	Revenues	389,737	307,463
2.2	Cost of sales	(330,107)	(190,072)
2.3	Gross profit	59,630	117,391
2.4	Other income (see items 2.28 to 2.32)	1,928	4,272
2.5	Distribution costs	(44,890)	(35,557)
2.6	Administrative expenses	(14,083)	(11,643)
2.7	Other operating expenses	(21,644)	(16,520)
2.8	Finance costs	(5,721)	(2,583)
2.9	(Loss)/Profit from continuing operating before taxation (see items 2.23 to 2.27)	(24,780)	55,360
2.10	Share of associates' results, net of tax	(33)	(37)
2.11	Taxation	13,080	(6,572)
2.12	(Loss)/profit after taxation from continuing operations	(11,733)	48,751
	Other comprehensive (expense)/income after tax:		
2.13	Fair value changes on available-for-sale financial assets	(58,987)	13,337
2.14	Translation differences on consolidation	705	(8,862)
2.15	Other comprehensive (expense)/income for the year, net of tax	(58,282)	4,475
2.16	Total comprehensive (expense)/income for the year	(70,015)	53,226
	(Loss)/Profit attributable to:		
2.17	Owners of the parent	(11,511)	47,215
2.18	Non-controlling interest	(222)	1,536
		(11,733)	48,751
	Total comprehensive (expense)/ income attributable to:		
2.19	Owners of the parent	(69,793)	51,690
2.20	Non-controlling interest	(222)	1,536
		(70,015)	53,226
	(Loss)/earnings per share		
2.21	- Basic (see item 12.1)	(2.29 cents)	9.58 cents
2.22	- Diluted (see item 12.1)	(2.23 cents)	9.23 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
2.23	Amortisation of prepaid lease payment on land use rights	36	39
2.24	Amortisation of mine development costs	1,714	1,895
2.25	Depreciation on property, plant and equipment	11,959	11,031
2.26	Exploration expenditure	3,126	4,327
2.27	Staff costs (including directors' remuneration and retirement benefits scheme contributions)	18,608	15,138
	Other income		
2.28	Negative goodwill written off	-	185
2.29	Gain on disposal of a subsidiary company	-	1,996
2.30	Gain on disposal of financial asset available for sale	-	700
2.31	Sundry income	758	164
2.32	Interest income	1,170	1,227
	Capitalised outlays		
2.33	Outlays capitalised in intangibles (unless arising from an acquisition of a business)		
	- exploration and evaluation costs (see item 3.37)	3,126	4,327
	- mine development cost (see item 3.44)	1,233	660

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 interest A\$'000	Total equity A\$'000
2.34	Balance at 1 January 2010	24,547	87,575	(1,006)	2,275	637	22,278	243	(8,822)	137,470	265,197	-	265,695
2.35	Total comprehensive income for the year	-	-	-	-	-	-	13,337	(8,862)	47,215	51,690	1,536	53,226
2.36	Purchase of treasury shares	-	-	(1,324)	-	-	-	-	-	-	(1,324)	-	(1,324)
2.37	Share options exercised	608	14,482	-	-	-	-	-	-	-	15,090	-	15,090
2.38	Share premium arising from share options exercised	-	14,093	-	-	-	(14,093)	-	-	-	-	-	-
2.39	Value for employee services received for grant of share options	-	-	-	-	-	8,433	-	-	-	8,433	-	8,433
2.40	Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	465
2.41	Reversal of non-distribution reserve arising from de-registration of subsidiary	-	-	-	(1,332)	(627)	-	-	-	-	(1,959)	-	(1,959)
2.42	Transfer	-	-	-	2,749	-	-	-	-	(2,749)	-	-	-
2.43	Dividend paid	-	-	-	-	-	-	-	-	(13,723)	(13,723)	-	(13,723)
2.44	Balance at 31 December 2010	25,155	116,150	(2,330)	3,692	10	16,618	13,580	(17,684)	168,213	323,404	2,49	325,903
2.45	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
2.46	Total comprehensive income for the year	-	-	-	-	-	-	(58,987)	705	(11,511)	(69,793)	(222)	(70,015)
2.47	Share options exercised	50	675	-	-	-	-	-	-	-	725	-	725
2.48	Share premium arising from share options exercised	-	817	-	-	-	(7,513)	-	7	6,689	-	-	-
2.49	Value for employee services received for grant of share options	-	-	-	-	-	8,472	-	-	-	8,472	-	8,472
2.50	Capital injection from non-controlling interest	-	-	-	-	-	-	-	-	-	-	2,917	2,917
2.51	Transfer	-	-	-	249	(8)	-	-	(12)	(229)	-	-	-
2.52	Dividend paid	-	-	-	-	-	-	-	-	(10,029)	(10,029)	-	(10,029)
2.53	Balance at 31 December 2011	25,205	117,642	(2,330)	3,941	2	17,577	(45,407)	(16,984)	153,133	252,779	5,194	257,973

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\$ 14,269,000 (2010: A\$26,050,000))	31,880	42,120
3.2 Receivables	89,767	33,946
3.3 Investments (see item 9)	38,571	-
3.4 Inventories	158,106	156,331
3.5 Total current assets	318,324	232,397
Non-current assets		
3.6 Investments (see item 9)	-	96,448
3.7 Associate (see item 8)	79,661	68,505
3.8 Mine development costs (see item 3.49)	19,030	19,511
3.9 Other property, plant and equipment (net)	123,543	89,124
3.10 Deferred tax assets	9,714	-
3.11 Prepaid lease payment on land use rights	1,290	1,276
3.12 Intangibles (net)	2,065	2,065
3.13 Total non-current assets	235,303	276,929
3.14 Total assets	553,627	509,326
Current liabilities		
3.15 Payables	120,250	78,278
3.16 Derivative financial liabilities	8	375
3.17 Interest bearing liabilities – borrowings	106,189	49,179
3.18 Non-interest bearing liabilities – borrowings	-	-
3.19 Tax liabilities	3,018	7,648
3.20 Others	-	-
3.21 Total current liabilities	229,465	135,480
Non-current liabilities		
3.22 Deferred tax liabilities	-	1,254
3.23 Interest-bearing liabilities – borrowings	61,318	43,097
3.24 Long term provision	4,871	3,592
3.25 Total non-current liabilities	66,189	47,943
3.26 Total liabilities	295,654	183,423
3.27 Net assets	257,973	325,903

3. Statements of financial position (continued)

	Equity		
3.28	Capital/contributed equity	142,847	141,305
3.29	Reserves	(43,201)	13,886
3.30	Retained profits (see item 6)	153,133	168,213
3.31	Equity attributable to members of the parent entity	252,779	323,404
3.32	Outside ⁺ equity interests in controlled entities	5,194	2,499
3.33	Total equity	257,973	325,903
3.34	Preference capital included as part of item 3.28	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
3.35	Opening balance	-
3.36	Exchange realignment	-
3.37	Expenditure incurred during current year (see item 2.33)	4,327
3.38	Expenditure written off during current year (see item 2.26)	(4,327)
3.39	Impairment adjustment	-
3.40	Expenditure transferred to mine development costs	-
3.41	Other	-
3.42	Closing balance as shown in consolidated balance sheet	-

Mine development costs

	At end of current period \$A'000	As shown in last annual report \$A'000
<u>Cost</u>		
3.43	Opening balance	26,183
3.44	Costs incurred during the year (see item 2.33)	660
	28,076	26,843
<u>Accumulated amortisation/impairment losses</u>		-
3.45	Opening balance	(5,437)
3.46	Impairment adjustment	
3.47	Amortisation for the year (see item 2.24)	(1,895)
3.48	Others	
	(9,046)	(7,332)
3.49	Closing balance as shown in consolidated balance sheet (item 3.8)	19,511

4. Consolidated statement of cash flows

	Current period – \$A'000	Previous corresponding period – \$A'000
Cash flows related to operating activities		
4.1 (Loss)/profit before taxation	(24,813)	55,323
4.2 Amortisation of mine development costs	1,714	1,895
4.3 Amortisation of prepaid lease	29	30
4.4 Amortisation of long term prepayments	7	9
4.5 Depreciation of property, plant and equipment	11,959	11,031
4.6 Equity-settled share-based payments	6,106	8,432
4.7 Gain on bargain purchase	-	(185)
4.8 Loss/(gain) on disposal of financial asset available for sales	367	(700)
4.9 Loss on disposal of property, plant and equipment	117	13
4.10 Gain on disposal of a subsidiary company	-	(1,996)
4.11 Share of results of an associate	33	37
4.12 Exploration and evaluation costs written off	3,126	4,327
4.13 Write down of inventories to net realisable value	5,225	-
4.14 Fair value gains on derivative instruments	(20)	-
4.15 Interest expenses	5,721	2,583
4.16 Interest income	(1,170)	(1,227)
4.17 <i>Operating profit before working capital changes</i>	8,401	79,572
4.18 Increase in inventories	(7,985)	(75,812)
4.19 Increase in trade and bill receivables	(28,086)	(1,153)
4.20 Decrease/(increase) in prepayments, deposits and other receivables	6,217	(10,113)
4.21 Increase in trade and bills payables	42,246	36,158
4.22 Decrease in other payables and accruals	(527)	(2,082)
4.23 Increase in other long term liabilities	1,280	133
4.24 <i>Cash generated from operations</i>	21,546	26,703
4.25 Overseas tax paid	(2,502)	(3,394)
4.26 Net operating cash flows	19,044	23,309
Cash flows related to investing activities		
4.27 Payment for exploration and evaluation	(3,126)	(4,327)
4.28 Payment for mine development costs	(1,233)	(660)
4.29 Payment for prepaid lease	-	(311)
4.30 Loan to associates	(11,189)	-
4.31 Acquisition of subsidiary company	-	(768)
4.32 Acquisition of associates	-	(68,542)
4.33 Purchase of property, plant and equipment	(43,409)	(9,748)
4.34 Purchase of available for sale financial assets	(1,112)	(79,216)
4.35 Proceeds from disposal of property, plant and equipment	-	76
4.36 Proceeds from disposal of available for sale financial asset	-	6,895
4.37 Issue of convertible loan	(500)	-
4.38 Interest received	1,170	1,227
4.39 Net investing cash flows	(59,399)	(155,374)

4. Consolidated statement of cash flows (continued)

	Cash flows related to financing activities		
4.40	Dividend paid	(10,029)	(13,723)
4.41	Purchase of treasury shares	-	(1,324)
4.42	Capital contribution by non-controlling interest	2,917	-
4.43	Repayment of bank and other loans	(31,666)	(18,176)
4.44	Proceeds from bank loans	73,258	109,126
4.45	Decrease/(increase) in cash collateral	12,325	(17,260)
4.46	Proceeds from issue of shares, net of issue costs	725	15,090
	Interest paid	(5,721)	(2,583)
4.47	Net financing cash flows	41,809	71,150
4.48	Net increase in cash held	1,454	(60,915)
4.49	Cash at beginning of period (see <i>Reconciliation of cash</i>)	16,070	79,708
4.50	Exchange differences on translation of cash and bank balances at beginning	87	(2,723)
4.51	Cash at end of period (see <i>Reconciliation of cash item 4.56</i>)	17,611	16,070

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

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
4.52	Cash on hand and at bank (excluding cash collateral)	17,611	16,070
4.53	Deposits at call	-	-
4.54	Bank overdraft	-	-
4.55	Other (provide details)	-	-
4.56	Total cash at end of period (item 4.51)	17,611	16,070

5. Dividends (distributions)

	Amount per security	Franked amount per security
Final dividend Interim dividend	N/A N/A	N/A N/A
Previous corresponding period		
- Final dividend	A\$ 0.02	N/A
- Interim dividend	A\$ 0.0075	N/A
Date the dividend (distribution) is payable: Final : N/A Interim : N/A Record date for determining entitlements to the dividend, (in the case of a trust, distribution) Final : N/A Interim : N/A If it is a final dividend, has it been declared N/A		

OM Holdings Limited has no dividend distribution 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	168,213	137,470
6.2 Net profit attributable to members (<i>item 2.17</i>)	(11,511)	47,215
6.3 Net transfers from (to) reserves (<i>details if material</i>)	6,460	(2,749)
6.4 Net effect of changes in accounting policies	-	-
6.5 Dividends and other equity distributions paid or payable	(10,029)	(13,723)
6.6 Retained profits at end of financial period (see item 3.30)	153,133	168,213

7. NTA backing

	Current period A\$	Previous corresponding period A\$
7.1 Net tangible asset backing per ⁺ ordinary security	50.76 cents	64.37 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%	(33)	(37)

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

9. Investment

	Current period A\$'000	Previous corresponding period A\$'000
Shaw River Manganese Limited	-	4,206
Scandinavian Resources Ltd	-	3,546
Northern Iron Limited	-	88,696
Investment (Non-Current) (<i>item 3.6</i>)	-	96,448

	Current period A\$'000	Previous corresponding period A\$'000
Shaw River Manganese Limited	2,537	-
Scandinavian Resources Ltd	2,445	-
Northern Iron Limited	33,589	-
Investment (Current) (<i>item 3.3</i>)	38,571	-

10. Acquisition of subsidiary

Name of the subsidiary	Date of acquisition
N/A	N/A

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 (Loss)/earnings per security (EPS)

	Current period A\$	Previous corresponding period A\$
(a) Basic (loss)/earnings per security	(2.29 cents)	9.58 cents
(b) Diluted (loss)/earnings per security	(2.23 cents)	9.23 cents

- (c) Diluted (loss)/earnings per security is calculated based on the (loss)/profit attributable to equity holders of the Company of (A\$11,512,356), (2010: profit A\$47,215,365) and the weighted average number of ordinary shares adjusted for the effects of all dilutive potential shares of 515,334,862 (2010: 511,379,699) 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.

13. 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: 23 February 2012

Print name: Heng Siow Kwee/ Julie Anne Wolseley

Table 1 Segment information

	Mining		Processing		Marketing and Trading		Others		Total	
	2011 A\$'000	2010 A\$'000	2011 A\$'000	2010 A\$'000	2011 A\$'000	2010 A\$'000	2011 A\$'000	2010 A\$'000	2011 A\$'000	2010 A\$'000
Reportable segment revenue										
Sales to external customers	-	-	119,010	55,864	270,290	251,599	437	-	389,737	307,463
Inter-segment sales	133,353	147,854	-	-	163,861	105,760	824	-	298,038	253,614
Elimination									(298,038)	(253,614)
	133,353	147,854	119,010	55,864	434,151	357,359	1,261	-	389,737	307,463
Reportable segment profit	(29,904)	12,115	171	7,517	17,438	36,077	(7,934)	1,007	(20,229)	56,716
Reportable segment assets	157,639	175,180	141,355	103,865	302,856	191,449	222,835	201,718	824,685	672,212
Elimination									(415,358)	(356,321)
Investment in associates									79,661	68,505
Deferred tax assets									9,714	-
Available-for-sale financial assets									38,571	96,448
Derivative financial assets									20	367
Goodwill									2,065	2,065
Cash collateral									14,269	26,050
									553,627	509,326
Segment liabilities	180,136	150,926	33,214	41,274	129,497	88,609	149,152	116,316	491,999	397,125
Elimination									(366,827)	(314,880)
Borrowings									167,464	92,276
Deferred tax liabilities									-	1,254
Income tax payables									3,018	7,648
									295,654	183,423

Table 1 Segment information (cont'd)

Other segment information	Mining		Processing		Marketing and Trading		Others		Total	
	2011 A\$'000	2010 A\$'000	2011 A\$'000	2010 A\$'000	2011 A\$'000	2010 A\$'000	2011 A\$'000	2010 A\$'000	2011 A\$'000	2010 A\$'000
Costs to acquire property, plant and equipment	3,744	3,993	41,406	5,494	625	260	-	1	45,775	9,748
Depreciation of property, plant and equipment	9,114	9,065	2,485	1,840	360	122	-	4	11,959	11,031
Amortisation of prepaid lease	-	-	29	30	-	-	-	-	29	30
Amortisation of long term prepayments	-	-	-	-	7	9	-	-	7	9
Amortisation of mine development	1,714	1,895	-	-	-	-	-	-	1,714	1,895
Write off of evaluation and exploration costs	3,060	4,096	-	-	66	118	-	113	3,126	4,327

Table 1 Segment information (cont'd)

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

	2011	2010
	A\$'000	A\$'000
Reportable segment (loss)/profit	(20,229)	56,716
Finance income	1,170	1,227
Share of results of associate	(33)	(37)
Finance costs	(5,721)	(2,583)
(Loss)/profit before income tax	(24,813)	55,323

The Group's revenues from external customers and its non-current assets (other than available-for-sales financial assets and deferred tax assets) are divided into the following geographical areas:

	2011	2010
	A\$'000	A\$'000
<u>Revenue</u>		
PRC	389,737	295,865
Others	-	11,598
	389,737	307,463
<u>Non-current assets</u>		
PRC	26,634	25,205
Australian	77,964	83,854
Mauritius	79,661	68,505
Malaysia	38,477	-
Others	2,853	2,917
	225,589	180,481