

OM HOLDINGS LIMITED

(ARBN 081 028 337)



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

25 February 2010

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

Dear Sir/Madam

ANNUAL CONSOLIDATED NET PROFIT OF A\$27 MILLION AND FINAL DIVIDEND OF 2 CENTS PER SHARE

The Board of OM Holdings Limited and its subsidiaries (ASX Code: OMH) is pleased to announce a **consolidated net profit after tax and minority interests of A\$26.9 million for the year ended 31 December 2009. A final dividend of A\$0.02 per share** has been declared.

This solid result reflects the continued operational and financial strengths of OMH's key mining, marketing and ferro alloy business units throughout 2009 and demonstrates the future operational growth and financial capability of these business units into 2010 as the market stabilises and continues to strengthen.

HIGHLIGHTS

- **Consolidated net profit after tax and minority interests of A\$27 million** for the year ended 31 December 2009. Strong contribution of A\$16 million during the second half of 2009 driven by improving demand fundamentals, production and sales tonnes together with increased ore and alloy prices.
- **Consolidated cash flows from operations of A\$32 million** (before interest and tax) were generated in 2009. All operating business units made a positive contribution during the year despite a challenging production and market environment.
- **EBIT margin and Return On Capital Employed of 10.2% and 10.4%** respectively.
- **2009 sales revenue of A\$280.3 million**, 51% lower than the previous year, due to lower prices of manganese ores and alloys, lower sales volumes of manganese alloys transacted offset by higher sales volumes of manganese product traded. 2010 budgeted production and sales of 1 million tonnes of ores and 41k tonnes of HCFeMn alloys underpinned by robust Chinese demand and improving ore and alloy price environment is expected to positively impact on the Group's 2010 financial performance.
- **Final dividend of A\$0.02** per share declared in line with the Company's dividend policy.
- **Basic EPS decreased to A\$0.06** (from A\$0.25) per share and net tangible asset ("NTA") **backing per share increased to A\$0.54** (from A\$0.52).
- **Cash reserves of A\$89.1 million** (including cash collateral of A\$9.4 million) as at 31 December 2009.
- **China crude steel production expected to reach 620 million tonnes in 2010.** As such, demand for manganese ore is expected to continue to strengthen.



HIGHLIGHTS (Continued)

- **Global steel production is forecast to grow by 9.2% to 1.2 billion tonnes during 2010**, with an expectation of recovery to 2008 levels. China is anticipated to continue to represent close to 50% of global steel output.
- **Significant capital programs** undertaken at the Bootu Creek Manganese Mine included the secondary processing plant costing A\$14.6 million and the sinter ore plant at the Qinzhou smelter costing US\$18 million, which were **fully funded from operating cash flows and cash reserves**.
- **External borrowings totalled only A\$1.3 million.**
- **The January/February 2010 product market price has been trading between US\$6.70 – 7.00/dmtu CIF China and is expected to increase to US\$7.50/dmtu for March/April 2010 shipments** supporting the view of strong demand and tight supply.
- **OMH annual Marketing and Trade Conference held in Nanning, China during January 2010 was attended by more than 100 customer representatives.** A very positive demand outlook for 2010 and customer product demand in excess of OMH's production capacity signals a strong 2010 outlook.
- OMH's **2010 operating strategy** continues to focus upon **cost effective maximum production flexibility and optionality** so as to take full advantage of commercial outcomes from the processing of high and low grade ROM stockpiles, optimise the operation of the recently commissioned secondary processing plant which will deliver additional annualised capacity of 250,000 tonnes increasing the Bootu Creek Manganese Mine's annualised production to 1 million tonnes.

This strategy combined with the soon to be completed sinter ore plant at Qinzhou which will have initial production capability of up to 300,000 tonnes per annum and the ability to increase smelter capacity to 600,000 tonnes (via construction of a planned second stage) will **further position the OMH Group in a strong operational, marketing and financial position** whilst the market continues to strengthen.

OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

A\$ million	Year Ended 31 December 2009	Year Ended 31 December 2008	Variance %
Sales – Manganese and Chrome Ore (Tonnes)	961,830	664,402	+45
Sales – Alloys (Tonnes)	39,365	78,999	-50
Total sales	280.3	574.1	-51
Gross profit	95.0	261.6	-64
Gross profit margin (%)	33.9%	45.6%	-
Other income	21.2	3.0	+607
Distribution costs	(26.6)	(38.8)	-31
Administration and other operating costs	(13.9)	(28.5)	-51
Depreciation/amortisation	(8.9)	(8.8)	+1
Exploration expenditure	(3.1)	(11.9)	-74
IFRS - share based option transactions	(11.4)	(13.6)	-16
Northern Territory Government royalties	(8.7)	(18.5)	-53
Mine properties impairment written back	-	9.7	-
Foreign exchange gains/ (losses)	(14.9)	(19.8)	-25
Operating profit before interest and tax	28.7	134.4	-79
Interest expense	(0.4)	(1.0)	-60
Income tax	(1.3)	(17.5)	-93
Minority interests	(0.1)	(0.3)	-67
Operating profit after tax attributable to members	26.9	115.6	-77



FINANCIAL ANALYSIS

The consolidated revenue for the year ended 31 December 2009 was A\$280.3 million representing a decrease of 51% compared to the year ended 31 December 2008. Lower operating revenue in the year of 2009 was due to lower selling prices of manganese ores and alloys, lower sales volumes of manganese alloys offset by higher sales volume of manganese and chrome ores.

The OMH Group's gross profit margin decreased from 45.6% in 2008 to 33.9% in 2009. The decrease was attributable to weak manganese ore and alloys prices during 2009 compared to 2008, however a strengthening of prices commenced in the latter half of 2009.

Manganese ore published benchmark prices during 2009 ranged from US\$3.50/dmtu to US\$6.50/dmtu.

The 2009 operating results were significantly impacted by the sharp falls in global manganese ore and alloy prices. The prior year result was achieved during a period where the global manganese market reached unprecedented highs and record ore prices reached in excess of US\$16/dmtu.

Other income of A\$21.2 million in 2009 comprised a write-back of A\$17.9 million of independently surveyed utility grade ore stockpiles, interest income of A\$2.3 million and a gain of A\$0.9 million related to the divestment of the Group's 51% shareholding in Liaoyang International Boron Alloy Co. Limited.

Distribution costs decreased by 31% from A\$38.8 million in 2008 to A\$26.6 million in 2009, due primarily to lower unit shipping costs.

Total administrative and other operating costs decreased from A\$28.5 million in 2008 to A\$13.9 million in 2009 due to general cost cutting measures, lower employee related expenses and lower withholding tax on interest income earned in Australia.

Depreciation and amortisation charges of A\$8.9 million primarily related to the Bootu Creek Manganese Mine.

Lower exploration costs in the year of 2009 were due to strategically and seasonally curtailed exploration programs at the Bootu Creek Manganese Mine offset by an over provision of exploration costs associated with exploration activities in Madagascar.

A total of A\$11.4 million was expensed in 2009 in accordance with the IFRS requirement to reflect the valuation of share based unlisted options which vested to Directors and employees during 2009.

Northern Territory Government royalties decreased by 53% from A\$18.5 million in 2008 to A\$8.7 million in 2009, due to lower manganese ore sales prices.

The OMH Group incurred foreign exchange losses of A\$14.9 million in 2009 which were mainly attributable to hedge losses incurred by OMM in the first half of the financial year.

The OMH Group operating result equated to a basic earnings per share of A\$0.06 in 2009 compared to A\$0.25 in 2008. The net tangible asset backing per share increased to A\$0.54 per share at 31 December 2009 compared to A\$0.52 per share at 31 December 2008.

Dividend

The Board has declared a final dividend of A\$0.02 per share which is payable on 28 May 2010, with a Record Date for entitlements of 30 April 2010.



Results Contributions

The operating subsidiaries' contributions to the OMH Group's result for 2009 were as follows:

A\$ million	Year ended 31 Dec 2009	Year ended 31 Dec 2008
OM (Manganese) Ltd ("OMM")	4.4	48.8
OM Materials (S) Pte Ltd ("OMS")	12.8	48.1
OM Materials (Qinzhou) Co Ltd ("OMQ")	4.2	19.5
OM Holdings Limited ("OMH")	5.4	(1.1)
Liaoyang International Boronalloy Co Ltd ("LFB")	-	0.3
OM Hujin Science & Trade (Shanghai) Co Ltd	0.1	-
Operating profit after tax attributable to members	26.9	115.6

OMM recorded an operating profit after tax of A\$4.4 million, which included Northern Territory Government royalties of A\$8.7 million, an amortisation/depreciation charge of A\$8.5 million, the expensing of exploration expenditure of A\$3.4 million and exchange losses of A\$13.6 million. The lower profit contribution was impacted by lower manganese ore prices attained in 2009 compared to the previous year. The OMM operation produced 648,140 tonnes at 38.9% Mn product compared to 672,580 tonnes at 41.9% Mn in 2008. The impact of the Global Financial Crisis on market conditions in late 2008 prompted a reduction in the scheduled production rate resulting in lower production in late 2008 and more significantly in early 2009. During the first half of 2009 OMM trialled new processing parameters ultimately allowing a change in production strategy to be fully implemented by mid 2009. The improvement in market conditions aligned with the new production strategy and a continued systematic improvement of mining and processing operations throughout the year resulted in the second half production for 2009 increasing significantly to a record 390,000 tonnes. This was in line with the continued increase in production from the Bootu Creek operation and demonstrated that an annualised production rate in excess of 750,000 tonnes is possible with the existing processing facility (excluding the production benefit from the recently commissioned secondary processing plant).

OMS achieved an operating profit after tax of A\$12.8 million. Lower profit was mainly due to the decreases in manganese ore and alloy prices during 2009. However, sound marketing and trading strategies enabled OMS to take advantage of the prevailing market conditions to achieve record sales tonnage of manganese and chrome ores.

OMQ achieved an operating profit after tax of A\$4.2 million. This result was attributable to challenging market conditions in terms of both alloy demand and prices. OMQ produced 32,679 tonnes of HCFeMn in 2009 compared to 45,511 tonnes of HCFeMn in 2008, with procurement activities curtailed in the first half of 2009 due to the market conditions, however stronger domestic and international market environment conditions returned in the latter half of 2009, driven by strong crude steel production, manganese alloy demand and the seasonal pre-Chinese New Year stocking process.

FINANCIAL POSITION

With the positive operating result generated across all the OMH Group, total cash and bank balances (including cash collateral of A\$9.4 million) was A\$89.1 million as at 31 December 2009.

Inventories decreased from A\$86.3 million as at 31 December 2008 to A\$84.4 million as at 31 December 2009. The inventories as at 31 December 2009 comprised raw materials – A\$3.9 million, stocks awaiting final processing – A\$44.7 million and finished goods – A\$35.8 million.

Financial assets available for sale comprised the following holdings:

- 24.6 million shares held in Shaw River Resources Limited ("SRR"), an ASX listed manganese exploration in Western Australia. This investment holding represents 12% of the issued capital of SRR and was valued at A\$6.15 million at 31 December 2009 based upon a market price of A\$0.25 per share.
- 26.1 million Shares in Territory Resources Limited ("TTY"), an ASX listed iron ore producer. This investment holding represents 10% of the issued capital of TTY and was valued at A\$4.3 million at 31 December 2009 based upon a market price of A\$0.165 per share.



Capitalised mine development expenditure increased from A\$20.4 million as at 31 December 2008 to A\$20.7 million as at 31 December 2009 due primarily to rehabilitation works at the Bootu Creek operation.

Property, plant and equipment (net) increased from A\$69.7 million as at 31 December 2008 to A\$90.5 million as at 31 December 2009 due to the construction of the secondary processing plant at the Bootu Creek Manganese Mine and the sinter plant ore plant at Qinzhou, with a significant proportion of the final capital cost of A\$14.6 million and US\$18 million respectively incurred in 2009. Both these expansion projects were internally funded from operating cash flows and cash reserves.

Payables including trade and other payables decreased from A\$63.6 million as at 31 December 2008 to A\$46.8 million as at 31 December 2009. The decrease was primarily due to no derivative financial liabilities and lower accruals and other payables.

Total borrowings as at 31 December 2009 of A\$1.3 million related to a working capital facility at the Qinzhou operation.

Hedging

As at 31 December 2009, OMH Group had no outstanding forward exchange contracts.

Capital Structure

As at 31 December 2009, the Company had 490,935,150 ordinary shares and 57,570,000 unlisted options on issue.

During the year 13,356,000 ordinary shares were issued arising from the exercise of unlisted options and 1,300,000 unlisted options lapsed following the cessation of employment of certain employees.

Events Subsequent to Balance Date

As previously announced the Company now holds a 14.6% strategic investment in ASX listed iron ore producer Northern Iron Limited ("NFE"), costing A\$61.4 million. NFE owns and operates the Sydvaranger iron ore mine in northern Norway and is considered the operation has the potential to become an independent long life world class emerging iron ore opportunity. OMH's commodity diversification strategy incorporating this investment is in line with its stated objective of building a significant carbon steel materials business. The investment is also viewed as strategically important and complementary to OMH's existing operations within the global steel materials business.

OMH has funded the NFE investment from its existing cash reserves however it is in the process of assessing a number of other financing options to more appropriately gear the investment and ensure that OMH's cash reserves continue to remain strong and available for the completion of previously announced project and investment opportunities, as well as for other investment and acquisition opportunities presently under investigation.

OMH intends to maintain its strong balance sheet and its policy of declaring dividends based upon financial performance.



Market Outlook – Operationally and Financially

OMH expects the seaborne high grade manganese market environment to remain positive during 2010. The expectation of global steel production in excess of 1.2 billion tonnes and crude steel production in China in excess of 600 million tonnes, representing close to 50% of global steel production, is anticipated to underpin a positive demand environment for steelmaking raw materials. The continued strength of the Chinese economy is expected to support domestic consumption of steel predominantly driven by high steel intensity project related infrastructure spending. The trend of long product construction steel and demand consuming Silico Manganese alloys relying on high value-in-use high grade siliceous ores (such as Bootu Creek's product) will continue strongly into 2010.

The wildcards of Chinese fiscal and monetary policy including the availability of credit as well as the supply behaviour of low grade Chinese domestic manganese ore supply driven by its economic reserves, grades, costs and price elasticity will have the potential to influence the overall supply and demand environment for seaborne high grade manganese ores.

However, the gradual return of global and Chinese steel production and steelmaking raw material demand to 2008 levels is expected, coupled with the return of at-capacity production levels by major manganese ore producers and no major new high grade capacity additions expected in the short/medium term will underpin a year of strong demand and pricing environment.

OMH's Bootu Creek Manganese Mine will benefit from these market conditions during 2010 on the basis of its increased production capacity for both the 'traditional' 38% Mn grade product as well as the 'new' 35% Mn sinter feed grade products - from the newly commissioned secondary processing plant supplying the newly constructed Qinzhou sinter ore plant. Demand for both OMH's lumpy as well as the new sinter product is expected to be very strong, supported by its favourable value-in-use characteristics and underpinned by the nearly fully committed sales book position for 2010.

The monthly pricing mechanism advocated and pursued by OMH during 2009 and now well entrenched and adopted by both sellers and buyers in the Chinese market will continue to ensure that OMH benefits at all times from the strengthening market prices during the year – accurately representing the prevailing supply and demand balance. OMH supports and advocates an industry pricing mechanism which is capable of achieving real-time pricing of products based on their value-in-use characteristics, reflecting the appropriate market clearing price on the basis of the prevailing supply demand situation.

The OMH Group's marketing capability in China focusing on establishing and maintaining direct strategic customer relationships, the establishment and execution of an appropriate combination of long term, short term and spot contracts to end users, a domestic Chinese stockpiling, sales and distribution network and trading of complimentary third party ores will continue to provide additional benefits to the Group.

The OMH Group's operating and strategic activities during 2010 will focus on:

- 1 million tonnes of production from the Bootu Creek Manganese Mine following the commissioning of the secondary processing plant and the implementation of the fully optimised production strategy focusing on costs, production yields and metal recoveries;
- 40,000 tonnes of HCFeMn production from the Qinzhou smelter focusing on costs, production efficiencies and domestic customers - now fully tied in with the newly commissioned sinter plant, budgeted to produce 200,000 tonnes of high grade sinter during 2010 for internal consumption and external sales, gradually ramping up to reach its full capacity of 300,000 tonnes per annum;
- completion of the acquisition of the 26% interest in Ntsimbintle Mining (Proprietary) Limited (which owns 50.1% of the Tshipi Manganese Project) by Q1 2010 and active involvement in the Tshipi Manganese Project to ensure its timely and efficient project development; and



- continued relentless pursuit of manganese focused exploration and growth opportunities as well as the identification, analysis and execution of steelmaking raw material related opportunities supporting the Company's stated strategy of becoming a leading globally integrated manganese producer and steelmaking raw materials supplier.

ASX Appendix 4E – Preliminary Final Report is attached.

Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley

Company Secretary

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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 3,325km².

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

- a 15% shareholding in **Northern Iron Limited** (ASX Code: NFE), a company presently producing iron ore from its Sydvaranger iron ore mine located in northern Norway.
- a 12% shareholding in **Shaw River Resources Limited** (ASX Code: SRR), a company presently exploring for manganese in Western Australia and Ghana.
- a 10% shareholding in **Territory Resources Limited** (ASX Code:TTY), a company operating the Frances Creek iron ore mine in the Northern Territory.

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 2009

31 December 2008

1. Results for announcement to the market

		A\$'000		A\$'000	% up/(down)
Revenues (<i>item 2.1</i>)	Down from	574,065	to	280,335	(51.17)
Profit after taxation from continuing operations (<i>item 2.9</i>)	Down from	115,934	to	27,030	(76.69)
Net profit for the period attributable to owners of the parent (<i>item 2.18</i>)	Down from	115,632	to	26,933	(76.71)

The consolidated financial statements of OM Holdings Limited (“OMH”) are stated in Australian Dollars for the financial year ended 31 December 2009.

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

	Current period - \$A'000	Previous corresponding period - \$A'000
Details of relevant expenses	Please refer to accompanying ASX Announcement	Please refer to accompanying ASX Announcement
2.24 Amortisation of prepaid lease payment on land use rights	61	42
2.25 Amortisation of mine development costs	1,620	1,694
2.26 Contract provision	-	-
2.27 Depreciation on property, plant and equipment	7,998	7,017
2.28 Impairment of exploration expenditure	3,084	11,917
2.29 Staff costs (including directors' remuneration and retirement benefits scheme contributions)	14,726	23,589
Other income		
2.30 Interest income	2,253	2,726
2.31 Impairment of mine development costs written back	-	9,699
2.32 Gain on disposal of a subsidiary company	872	-
2.33 Write back of inventories	17,862	-
2.34 Sundry income	212	285
Capitalised outlays		
2.35 Outlays capitalised in intangibles (unless arising from an acquisition of a business)		
- exploration and evaluation costs (see item 3.36)	3,084	11,917
- mine development cost (see item 3.44)	-	-

Consolidated statement of changes in equity

	Share capital A\$'000	Share premium A\$'000	Treasury shares A\$'000	Non-distributable reserve A\$'000	Capital reserve A\$'000	Share option reserve A\$'000	Fair value reserve A\$'000	Exchange fluctuation reserve A\$'000	Retained profits A\$'000	Total attributable to equity holders of the parent A\$'000	Minority interests A\$'000	Total equity A\$'000
2.37 Balance at 1 January 2008	22,747	71,021	-	1,457	63	4,510	33,310	(5,921)	36,597	164,358	1,809	166,167
2.38 Total comprehensive income for the year	-	-	-	-	-	-	(45,949)	20,759	115,632	90,442	302	90,744
2.39 Purchase of treasury shares	-	-	(1,006)	-	-	-	-	-	-	(1,006)	-	(1,006)
2.40 Share options exercised	1,132	5,829	-	-	-	-	-	-	-	6,961	-	6,961
2.41 Equity settled share-based transactions	-	-	-	-	-	13,756	-	-	-	13,756	-	13,756
2.42 Dividend paid to minority interest	-	-	-	-	-	-	-	-	-	-	(74)	(74)
2.43 Dividend paid	-	-	-	-	-	-	-	-	(25,996)	(25,996)	-	(25,996)
2.44 Transfer	-	-	-	818	-	-	-	-	(1,333)	(515)	515	-
2.45 Others	-	-	-	-	-	-	-	-	178	178	-	178
2.46 Balance at 31 December 2008	23,879	76,850	(1,006)	2,275	63	18,266	(12,639)	14,838	125,078	248,178	2,552	250,730
2.47 Balance at 1 January 2009	23,879	76,850	(1,006)	2,275	63	18,266	(12,639)	14,838	125,078	248,178	2,552	250,730
2.48 Total comprehensive income for the year	-	-	-	-	-	-	12,882	(23,660)	26,933	16,155	97	16,252
2.49 Share options exercised	668	3,322	-	-	-	-	-	-	-	3,990	-	3,990
2.50 Share premium arising from share option exercised	-	7,403	-	-	-	(7,403)	-	-	-	-	-	-
2.51 Equity settled share-based transactions	-	-	-	-	-	11,415	-	-	-	11,415	-	11,415
2.52 Elimination of MI arising from disposal of subsidiary company	-	-	-	-	-	-	-	-	-	-	(2,552)	(2,552)
2.53 Capital injection from MI due to incorporation of subsidiary company	-	-	-	-	-	-	-	-	-	-	401	401
2.54 Dividend paid	-	-	-	-	-	-	-	-	(14,541)	(14,541)	-	(14,541)
2.55 Balance at 31 December 2009	24,547	87,575	(1,006)	2,275	63	22,278	243	(8,822)	137,470	265,197	498	265,695

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\$ 9,392,000 (2008: A\$22,317,000))	89,100	119,278
3.2	Receivables	24,294	26,903
3.3	Inventories	84,423	86,272
3.4	Total current assets	197,817	232,453
Non-current assets			
3.5	Investments	10,457	4,443
3.6a	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)(see item 3.41)	-	-
3.6b	Mine development costs	20,746	20,384
3.7	Other property, plant and equipment (net)	90,469	69,734
3.7a	Deferred tax assets	3,332	4,844
3.8	Prepaid lease payment on land use rights	1,727	2,395
3.9	Intangibles (net)	2,065	2,190
3.10	Total non-current assets	128,796	103,990
3.11	Total assets	326,613	336,443
Current liabilities			
3.12	Payables	46,856	63,642
3.13	Interest bearing liabilities - borrowings	912	2,170
3.14	Non-interest bearing liabilities - borrowings	-	-
3.15	Tax liabilities	1,736	14,713
3.16	Other	-	-
3.17	Bank overdraft	-	-
3.18	Hire-purchase creditor	-	-
3.19	Total current liabilities	49,504	80,525
Non-current liabilities			
3.20	Deferred tax liabilities	7,544	4,531
3.21	Interest-bearing liabilities - borrowings	411	-
3.22	Long term provision	3,459	657
3.23	Trade and other payables	-	-
3.24	Total non-current liabilities	11,414	5,188
3.25	Total liabilities	60,918	85,713
3.26	Net assets	265,695	250,730

3. Statements of financial position (continued)

	Equity		
3.27	Capital/contributed equity	112,122	100,729
3.28	Reserves	15,605	22,371
3.29	Retained profits (see item 6)	137,470	125,078
3.30	Equity attributable to members of the parent entity	265,197	248,178
3.31	Outside ⁺ equity interests in controlled entities	498	2,552
3.32	Total equity	265,695	250,730
3.33	Preference capital included as part of item 3.30	N/A	N/A

Notes to the statements of financial position

Exploration and evaluation expenditure capitalised

	At end of current period \$A'000	As shown in last annual report \$A'000
3.34	Opening balance	-
3.35	Exchange realignment	-
3.36	Expenditure incurred during current year (see item 2.35)	11,917
3.37	Expenditure written off during current year	-
3.38	Impairment adjustment	(11,917)
3.39	Expenditure transferred to mine development costs	-
3.40	Other	-
3.41	Closing balance as shown in consolidated balance sheet (item 3.6a)	-

Mine development costs

	At end of current period \$A'000	As shown in last annual report \$A'000
<u>Cost</u>		
3.42	Opening balance	24,201
3.43	Costs incurred during the year	-
	26,183	24,201
<u>Accumulated amortisation/impairment losses</u>		
3.44	Opening balance	(11,822)
3.45	Impairment adjustment	9,699
3.46	Amortisation for the year (see item 2.19)	(1,694)
3.47	Others	-
	(5,437)	(3,817)
3.48	Closing balance as shown in consolidated balance sheet (item 3.6b)	20,384

4. Consolidated statement of cash flows

	Current period - \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities		
4.1 Profit before tax	28,297	133,463
4.2 Amortisation of mine development costs	1,620	1,694
4.3 Amortisation of prepaid lease	28	33
4.4 Amortisation of long term prepayments	33	9
4.5 Depreciation of property, plant and equipment	7,998	7,017
4.6 Equity-settled share-based payment	11,423	13,756
4.7 Exchange rate adjustments	(21,566)	17,300
4.8 Impairment of mine development costs written back	-	(9,699)
4.9 Loss on disposal of financial asset available for sales	39	58
4.10 Loss on disposal of property, plant and equipment	93	968
4.10a Gain on disposal of a subsidiary company	(872)	-
4.11 Provision for exploration and evaluation costs	3,084	11,917
4.12 Write down/(write back) of inventories to net realisable value	(17,862)	3,511
4.13 Interest expenses	405	973
4.14 Interest income	(2,253)	(2,726)
4.15 <i>Operating profit before working capital changes</i>	10,467	178,274
4.16 Decrease/(increase) in inventories	14,925	(38,760)
4.17 (Increase)/decrease in trade and bill receivables	(1,578)	8,252
4.18 Increase in prepayments, deposits and other receivables	(586)	(7,947)
4.19 Increase/(decrease) in trade and bills payables	6,967	(2,837)
4.20 (Decrease)/increase in other payables and accruals	(737)	14,420
4.21 Increase in other long term liabilities	2,801	359
4.22 <i>Cash generated from operations</i>	32,259	151,761
4.23 Interest paid	(405)	(973)
4.24 Overseas tax paid	(14,122)	(7,934)
4.25 Net operating cash flows	17,732	142,854
Cash flows related to investing activities		
4.26 Payment for exploration and evaluation costs	(3,084)	(11,917)
4.26a Payment for mine development costs	(2,672)	-
4.27 Purchase of property, plant and equipment	(33,425)	(14,943)
4.28 Purchase of financial assets available for sale	(4,017)	-
4.29 Proceeds from disposal of property, plant and equipment	807	97
4.30 Proceeds from disposal of financial asset available for sales	579	61
4.30a Proceeds from disposal of subsidiary company	443	-
4.31 Interest received	2,253	2,726
4.32 Net investing cash flows	(39,116)	(23,976)

4. Consolidated statement of cash flows (continued)

Cash flows related to financing activities			
4.33	Dividend paid to minority shareholders	-	(74)
4.34	Dividend paid	(14,541)	(25,996)
4.35	Purchase of treasury shares	-	(1,006)
4.35a	Capital contribution by minority interest	458	-
4.36	Net repayment from new bank and other loans	(24)	(3,867)
4.36a	Net proceeds from new bank and other loans	1,323	-
4.37	Decrease/increase in cash collateral	12,925	(18,549)
4.38	Proceeds from issue of shares, net of issue costs	3,990	6,961
4.39	Net financing cash flows	4,131	(42,531)
4.40	Net increase in cash held	(17,253)	76,347
4.41	Cash at beginning of period (see <i>Reconciliation of cash</i>)	96,961	20,614
4.42	Cash at end of period (see <i>Reconciliation of cash item 4.49</i>)	79,708	96,961

4.43 Non-cash financing and investing activities

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

Nil

4.44 Reconciliation of cash

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

	Current period - \$A'000	Previous corresponding period - \$A'000
4.45 Cash on hand and at bank (excluding cash collateral)	79,708	96,961
4.46 Deposits at call	-	-
4.47 Bank overdraft	-	-
4.48 Other (provide details)	-	-
4.49 Total cash at end of period (item 4.42)	79,708	96,961

5. Dividends (distributions)

	Amount per security	Franked amount per security
Final dividend	A\$ 0.02	N/A
Interim dividend	N/A	N/A
Previous corresponding period		
- Final dividend	A\$ 0.03	N/A
- Interim dividend	A\$ 0.035	N/A
Date the dividend (distribution) is payable:	Final : 28 May 2010 Interim : N/A	
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	Final : 30 April 2010 Interim : N/A	
If it is a final dividend, has it been declared	No (Only proposed)	

OM Holdings Limited has no dividend or distribution reinvestment plans.

6. Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
6.1 Retained profits at the beginning of the financial period	125,078	36,597
6.2 Net profit attributable to members (<i>item 2.12</i>)	26,933	115,632
6.3 Net transfers from (to) reserves (<i>details if material</i>)	-	(1,155)
6.4 Net effect of changes in accounting policies	-	-
6.5 Dividends and other equity distributions paid or payable	(14,541)	(25,996)
6.6 Retained profits at end of financial period (see item 3.29)	137,470	125,078

7. NTA backing

	Current period A\$	Previous corresponding period A\$
7.1 Net tangible asset backing per ⁺ ordinary security	53.70 cents	52.04 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
-	-	-	-

9. 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.

10. Commentary on the result for the year

10.1 Earnings per security (EPS)

	Current period A\$	Previous corresponding period A\$
(a) Basic EPS	5.59 cents	24.81 cents
(b) Diluted EPS	5.32 cents	23.55 cents

- (c) Diluted EPS is calculated based on the profit attributable to equity holders of the Company of A\$26,932,875(2008: A\$115,631,914) and the weighted average number of ordinary shares adjusted for the effects of all dilutive potential shares of 506,321,734 (2008: 491,115,369) after taking into account the effect of dilutive potential ordinary shares for the share options.

10.2 Segment information

Please refer to Table 1 attached.

10.3 Others

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

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

- | | | | |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |

Sign here:


(Joint Company Secretary)

Date: 25 February 2010

Print name: HENG SIOW KWEE/JULIE ANNE WOLSELEY

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Table 1 Segment information

(a) Operating segments

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

	Ores		Ferroalloys		Others		Elimination		Total operations	
	2009 A\$'000	2008 A\$'000	2009 A\$'000	2008 A\$'000	2009 A\$'000	2008 A\$'000	2009 A\$'000	2008 A\$'000	2009 A\$'000	2008 A\$'000
Revenue										
External sales	228,544	370,122	51,791	203,891	-	52	-	-	280,335	574,065
Inter-segment sales	286,502	287,647	5,454	64,185	-	-	(291,956)	(351,832)	-	-
	515,046	657,769	57,245	268,076	-	52	(291,956)	(351,832)	280,335	574,065
Result										
Segment results	21,563	84,919	4,886	46,780	-	11	-	-	26,449	131,710
Unallocated corporate income and expenses									-	-
Profit from operations									26,449	131,710
Finance costs									(405)	(973)
Finance income									2,253	2,726
Profit before income tax									28,297	133,463
Income tax expenses									(1,267)	(17,529)
Profit for the year									27,030	115,934

Table 1 Segment information (cont'd)

(a) Operating segments (cont'd)

	Ores		Ferroalloys		Others		Total operations	
	2009 A\$'000	2008 A\$'000	2009 A\$'000	2008 A\$'000	2009 A\$'000	2008 A\$'000	2009 A\$'000	2008 A\$'000
Segment assets	238,832	193,324	26,529	62,396	-	2,483	265,361	258,203
Segment liabilities	52,180	65,552	6,399	15,943	-	185	58,579	81,680
Costs to acquire property, plant and equipment	29,613	13,895	3,812	1,035	-	13	33,425	14,943
Depreciation of property, plant and equipment	7,701	6,274	293	742	4	1	7,998	7,017
Amortisation of prepaid lease	20	10	8	23	-	-	28	33
Amortisation of long term prepayments	25	7	8	2	-	-	33	9
Amortisation of mine development	1,620	1,694	-	-	-	-	1,620	1,694
Impairment of evaluation and exploration costs	2,942	10,741	(46)	541	188	635	3,084	11,917

SEGMENT INFORMATION (cont'd)

(b) Geographical segments

	2009 A\$'000	2008 A\$'000
<u>Revenue</u>		
PRC	256,791	414,127
Korea	11,688	61,504
Australian	9,684	17,705
Others	2,172	80,729
	<u>280,335</u>	<u>574,065</u>

<u>Non-current assets</u>		
PRC	22,717	15,299
Korea	52	185
Australian	93,492	81,620
Others	12,535	6,886
	<u>128,796</u>	<u>103,990</u>

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

	2009 A\$'000	2008 A\$'000
Segment assets	530,867	515,590
Elimination	(265,506)	(257,387)
Property, plant and equipment	5	10
Available-for-sale investment	10,457	4,443
Goodwill	2,065	2,190
Other receivables	396	103
Cash and cash equivalents	48,329	71,494
	<u>326,613</u>	<u>336,443</u>

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

	2009 A\$'000	2008 A\$'000
Segment liabilities	228,038	225,040
Elimination	(169,459)	(143,360)
Other payables	2,339	4,033
	<u>60,918</u>	<u>85,713</u>

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