

OM HOLDINGS LIMITED

(ARBN 081 028 337)



No. of Pages Lodged: 9 Covering letter
16 ASX Appendix 4E – Preliminary Final Report

28 February 2013

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

Dear Sir/Madam

The Board of OM Holdings Limited ("OMH" or the "Company") advises that the Company's consolidated attributable net result including non-cash impairment charges of A\$53.0 million (related to the Company's investments in Northern Iron Limited (ASX Code: NFE) and Shaw River Manganese Limited (ASX Code: SRR)), was a loss after tax of A\$60.9 million for the financial year ended 31 December 2012.

Excluding non-cash impairment charges and other non-cash items the operating divisions of the Group achieved an underlying EBITDA of A\$21.9 million and corresponding EBIT of A\$8.0 million¹.

The strong operating result was achieved in a challenging market environment characterised by the continuation of the Eurozone debt crisis, a slow-down in the growth rate of the Chinese economy, a persistently strong Australian dollar, weak manganese ore spot prices as well as challenging operating conditions at the Company's wholly-owned Bootu Creek Manganese Mine.

HIGHLIGHTS

GROUP

- 2012 revenue of A\$408 million, representing a 5% increase from 2011
- Excluding non-cash impairment charges and other non-cash items, an underlying EBITDA of A\$21.9 million and corresponding EBIT of A\$8.0 million were achieved by the operating divisions of the Group
- Non-cash impairment charge of A\$53.0 million associated with the re-valuation of the Company's investments in NFE and SRR
- Cash reserves of A\$89 million (including cash collateral of A\$15 million) at 31 December 2012
- Operating cash-flows of A\$61 million generated in 2012
- Group inventories declined from A\$158.1 million in 2011 to A\$119.3 million in 2012
- Basic loss of A\$0.10 per share (2011: basic loss of A\$0.02 per share). Net tangible asset backing of A\$0.48 per share (2011: A\$0.51 per share)

¹ Please see note on page 8 for further information.



- Gross profit margin of 12% in 2012 versus 15% in 2011
- Standard Chartered Bank term debt repayments in 2012 amounted to A\$35.4 million with an outstanding term loan of A\$53.1 million as at 31 December 2012

MINING AND ORE PROCESSING

- Production and shipments of Bootu Creek ore were 737,766 tonnes (2011: 902,082 tonnes) and 773,888 dry tonnes (2011: 961,470 dry tonnes) in 2012, impacted by the transition to an Owner Miner operating model during H2 2012 and rail service disruptions caused by a freight rail derailment during H1 2012
- Despite lower production volumes, Bootu Creek's cash operating costs have declined by 6% from A\$4.25/dmtu in 2011 to A\$3.99/dmtu in 2012 (FOB Darwin)
- In September 2012, the Territory Revenue Office ("TRO") issued an updated assessment of Northern Territory ("NT") royalties payable by the Group, further to a previous assessment issued in 2010, for the Years of Assessment ("YA") from 2006 to 2009. This updated assessment caused the Group to incur a further A\$9.3 million in royalty expenses in 2012, in addition to A\$6.2 million of additional royalties paid to the TRO in 2010 resulting from the previous assessment. The Company continues to dispute the 2010 assessment and has also strongly objected to this new assessment and will pursue the matter with the TRO in accordance with the Taxation Administration Act (NT). As the basis of this latest assessment is even more punitive than previous assessments, the Group also reversed A\$5.9 million of royalty credits previously recognised for YA 2010 and 2011, into royalty expenses in 2012. As a result, a total of A\$15.2 million was charged to royalty expenses for this financial year

FERRO ALLOY MANUFACTURING

- Record annual production of 80,801 tonnes in 2012 (2011: 73,838 tonnes) and record annual sales of 76,427 tonnes in 2012 (2011: 65,197 tonnes) of High Carbon Ferro Manganese by OM Qinzhou, representing a 9% and 17% increase, respectively

MARKETING, LOGISTICS AND TRADING

- The average manganese ore benchmark price in 2012 was US\$5.07/dmtu CIF China, compared to US\$5.62/dmtu CIF China in 2011, representing a 10% decline
- The Group continued to experience strong demand for its manganese ore and alloy products during 2012, underpinned by record Chinese crude steel production of 716.5 million tonnes in 2012
- Chinese manganese ore port stocks have continued to reduce during 2012 and spot ore benchmark prices have steadily increased during Q1 2013, reaching US\$5.65/dmtu CIF China in March 2013
- 1,592,568 tonnes (2011: 1,574,312 tonnes) of equity and third party ores and 119,584 tonnes (2011: 73,880 tonnes) of equity and third party alloys were transacted during 2012

PROJECTS

- During 2012 the Company funded A\$12.0 million towards its share of Tshipi Borwa mine development capital expenditure ("capex") and working capital funding commitments
- Capex contributions towards the Company's 80% interest in the development of the OM Sarawak project amounted to A\$29.0 million in 2012



OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

KEY DRIVERS (Tonnes)	Year Ended 31 Dec 2012	Year Ended 31 Dec 2011	Variance %
Sales volumes of Ores (Manganese, Chrome and Iron Ore)	1,592,568	1,574,312	1
Sales volumes of Alloys	119,584	73,880	62

FINANCIAL RESULTS			
Total sales	408.2	389.7	5
Gross profit	50.6	59.6	(15)
Gross profit margin (%)	12.4%	15.3%	
Other income	8.4	0.7	NM
Distribution costs	(24.3)	(44.9)	(46)
Administration & other operating costs	(18.8)	(28.4)	(34)
Impairment charge	(53.0)	-	NM
Depreciation/amortisation	(11.3)	(11.6)	(3)
Net finance costs	(5.1)	(4.5)	13
Net loss before tax	(53.5)	(29.1)	NM
Income tax (expenses)/ credit	(7.4)	17.4	NM
Net loss after tax	(60.9)	(11.7)	NM
Minority interests	(0.2)	0.2	NM
Net loss after tax attributable to owners of the Company	(61.1)	(11.5)	NM

OPERATING RESULTS ADJUSTED FOR NON-CASH ITEMS			
Net loss after tax	(60.9)	(11.7)	
Adjust for non-cash items:			
Deferred pre-strip mining costs	-	12.8	
Inventory write-down	-	5.2	
Share based option transactions	3.4	6.1	
Impairment charge	53.0	-	
Depreciation/amortisation ⁽²⁾	13.9	13.7	
Net finance costs	5.1	4.5	
Income tax (expenses)/ credit	7.4	(17.4)	
Adjusted EBITDA ⁽¹⁾	21.9	13.2	
Less Depreciation/amortisation	(13.9)	(13.7)	
Adjusted EBIT	8.0	(0.5)	

(1) Adjusted EBITDA is defined as operating profit before depreciation and amortisation, impairment write-back/expense, non-cash inventory write-downs, deferring stripping, and other non-cash items. Adjusted EBITDA is not a uniformly defined measure and other companies in the mining industry may calculate this measure differently. Consequently, the Group's presentation of Adjusted EBITDA may not be readily comparable to other companies' figures.

(2) Inclusive of depreciation and amortisation charges recorded through cost of sales



FINANCIAL ANALYSIS

Total sales for 2012 increased by 5% to A\$408.2 million on marginally higher ore volumes and better than expected alloy volumes. Despite the increase in sales, the gross profit margin of 12.4% (15.3% in 2011) was significantly eroded by weaker manganese ore and alloy prices.

During 2012, manganese ore published benchmark prices ranged from US\$4.75/dmtu CIF China to US\$5.35/dmtu CIF China (averaging US\$5.07/dmtu), compared to a range of US\$5.30/dmtu CIF China to US\$6.50/dmtu CIF China during 2011 (averaging US\$5.62/dmtu). During this same period, the Australian dollar maintained its strength against the United States dollar.

Other income increased by A\$7.7 million to A\$8.4 million in 2012, predominantly due to the A\$6.7 million received as damages awarded by the Supreme Court of Australia in respect of a legal action against the process plant engineers of the Bootu Creek Manganese Mine.

Distribution costs decreased from A\$44.9 million in 2011 to A\$24.3 million in 2012, primarily due to the change in shipping terms from FOB in 2011 to CFR in 2012 for NFE iron ore shipments.

Administrative and other operating costs decreased by A\$9.6 million from A\$28.4 million in 2011 to A\$18.8 million in 2012, due mainly to expenses incurred in 2011 but not in 2012 - (i) 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.

The Group recorded an increase in net finance costs from A\$4.5 million in 2011 to A\$5.1 million in 2012. This increase was due to (i) the increase in working capital borrowings (through pledging of bank drafts for short-term loans), and (ii) other short-term stock financing.

The Group recorded tax expenses of A\$7.4 million in 2012 as opposed to a tax credit of A\$17.4 million in 2011.

In September 2012, the Territory Revenue Office ("TRO") issued a new assessment of Northern Territory ("NT") royalties payable by the Group, further to a previous assessment issued in 2010, for the Years of Assessment ("YA") from 2006 to 2009. This new assessment caused the Group to incur a further A\$9.3 million in royalty expenses in 2012, in addition to A\$6.2 million of additional royalties paid to the TRO in 2010 resulting from the previous reassessment. The Company continues to dispute the 2010 assessment and has also strongly objected to this new assessments and will pursue the matter with the TRO in accordance with the Taxation Administration Act (NT) on the basis of sound, externally referenced, industry benchmarked and independently verified transfer pricing principles adopted by OMM. As the basis of this latest assessment is even more punitive than previous assessments, the Group, on grounds of financial prudence, also reversed A\$5.9 million of royalties credit previously recognised for YA 2010 and 2011, into royalty expenses in 2012. As a result, a total of A\$15.2 million was charged to royalty expenses for this financial year.

Despite the on-going disputes with the TRO, the Group has at all times made on-time and in-full payments on account of royalties and recorded the relevant royalty expenses appropriately in the respective financial years whenever an assessment was raised.

The Group's operating result equated to a basic loss per share of A\$0.10 in 2012 as compared to A\$0.02 in 2011. The net tangible asset backing per share was A\$0.48 in 2012 compared to A\$0.51 in 2011.

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 2012		Year ended 31 Dec 2011	
	Revenue*	Contribution	Revenue*	Contribution
Mining and ore processing	109.4	(27.5)	133.4	(34.2)
Ferroalloy manufacturing	127.4	7.5	119.0	0.2
Marketing, logistics and trading	496.0	26.8	434.2	17.4
Other	1.1	(55.0)	1.3	(7.9)
Net loss before finance costs		(48.2)		(24.5)
Net finance costs		(5.1)		(4.5)
Income tax (expense)/credit		(7.4)		17.4
Net loss after tax **		(60.9)		(11.7)
Minority interests		(0.2)		0.2
Net loss attributable to owners of the Company		(61.1)		(11.5)

* 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 737,766 tonnes grading 36.55% Mn in 2012 compared to 902,082 tonnes grading 36.7% Mn in 2011. Annual shipments were 773,888 and 961,470 dry tonnes of manganese ores in the years 2012 and 2011, respectively.

Revenue for 2012 amounted to A\$109.4 million compared to A\$133.4 million for 2011. The decline in revenue was the result of lower realised prices and lower sales and production volumes during 2012. Production was impacted by transitioning to an Owner Miner operating model during H2 2012. The mining contractor was demobilised from the mine site during the period, and a demobilisation charge of A\$2.6 million was incurred. Sales were negatively impacted by the rail service disruptions as the result of a Genesee & Wyoming Australia Pty Ltd freight train derailment which occurred in late December 2011.

OMM's full year C1 unit cash operating cost in 2012 was A\$3.99/dmtu, which compared favourably against A\$4.25/dmtu achieved during 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 quality adjustment and a marketing fee.



Ferroalloy manufacturing

This segment includes the operations of the Qinzhou manganese sinter plant and alloy smelter operated by at OM Materials (Qinzhou) Co Ltd (“OMQ”) and Guizhou Jaihe Weiye Smelter Co. Ltd. Amongst other raw materials the smelter purchases manganese ores at market prices from OMS, converts some of the ore into sinter for its own consumption, and sells surplus sinter and alloy products to third-party customers.

The ferroalloy manufacturing operations achieved record revenue of A\$127.4 million for the 2012 year, representing an increase of 7% from A\$119.0 million in 2011, despite challenging conditions and relatively weak alloy and sinter ore prices. This increase in revenue was attributable to the record sales of 76,427 and 168,337 tonnes of manganese ferro alloy and manganese sinter ores in 2012 (2011: 65,197 tonnes of alloy and 132,137 tonnes of manganese sinter ore).

Profit contribution improved significantly with continued focus on costs, production optimisation, implementation of an improved blending formula, lower raw material prices and continued strong customer acceptance of OMQ’s sinter product.

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.

During the 2012 year, revenue from the Group’s trading operations was A\$496.0 million as compared to A\$434.2 million in the 2011 year, representing an increase of 14%. The increase was primarily due to the higher volumes of manganese alloy and iron ore traded in 2012 as compared to 2011.

Chinese manganese ore port stocks as at year-end 2012 were reported at ~2.5 million tonnes versus ~3.8 million tonnes in December 2011, representing just over 2 months’ worth of imports, the lowest level since mid-2010.

Lower port stocks and the pick-up in demand momentum has seen the manganese ore benchmark price increase to US\$5.65 dmtu CIF China for first week of March 2013 deliveries.

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 2012 year related to engineering and design fees earned by OMA predominantly from external customers.

The loss in this segment was mainly the result of a non-cash impairment charge of A\$53.0 million on the Company’s investments in NFE and SRR based upon the share price of each entity at the Company’s balance date.



FINANCIAL POSITION

The Group's consolidated cash position was \$88.9 million (including cash collateral of A\$15.0 million) as at 31 December 2012 as compared to A\$31.9 million (including cash collateral of A\$14.3 million) as at 31 December 2011. In 2012, the Company raised approximately A\$80.8 million (net proceeds) from share placements and the issuance of convertible notes, in each case for the purpose of financing the development of the OM Sarawak ferroalloy project in Malaysia. Cash reserves from the capital raising and operations during the period were predominantly applied towards OM Sarawak, Tshipi Borwa and the repayment of certain bank loans.

Receivables (including trade and other receivables and prepayments) increased to A\$89.0 million as at 31 December 2012 from A\$85.2 million as at 31 December 2011. The change was principally attributed to a A\$1.2 million increase in trade and bills receivables from the active monetisation of the Group's inventories prior to Chinese New Year and a A\$1.4 million increase in advances to raw material suppliers.

Inventories decreased significantly from A\$158.1 million as at 31 December 2011 to A\$119.3 million as at 31 December 2012. The decrease reflects the coordinated effort of the Group in monetising inventories on the back of continued strong end-user demand for the Group's manganese ores, alloy and sinter products during 2012.

Available for sale financial assets as at 31 December 2012 totalled A\$28.9 million (31 Dec 2011: A\$38.6 million) and comprised the following holdings:

- 11% of NFE's ordinary shares, an ASX-listed mining company, which owns and operates the Sydvaranger iron ore mine in northern Norway. This investment holding was valued at A\$28.4 million based upon a market price of A\$0.54 per share as at 31 December 2012.
- 4% of SRR's shares, an ASX-listed manganese explorer with interests in Western Australia, Namibia and Ghana. This investment holding was valued at A\$0.5 million based upon a market price of A\$0.015 per share as at 31 December 2012.

The above investments were marked to market based upon the closing share prices on the ASX as at the Company's balance date. As a result of the decline in the market value of these investments against the Company's acquisition cost and in accordance with the applicable accounting standards for the Company, a non-cash impairment charge of A\$53.0 million was recorded through the profit and loss account of the Group.

The composition of the Company's total borrowings included 'longer term structural components' including (i) A\$53.1 million by way of term loans from Standard Chartered Bank, and (ii) A\$14.4 million of borrowings associated with the purchase of Johor land in Malaysia. The 'short term operational/working capital components' included (i) A\$63.8 million of short-term loans whereby an equivalent amount of Chinese bank drafts were pledged, (ii) A\$4.2 million of OMQ's stock financing and A\$25.8 million of trust receipts used for trade financing. Included within borrowings are convertible notes issued to Hanwa Co., Ltd of A\$17.7 million classified as non-current with maturity due on 6 March 2016.

The balance of trade and other payables decreased by 23% from approximately A\$116.7 million as at 31 December 2011 to A\$90.3 million as at 31 December 2012, predominantly due to the goods-in-transit of A\$25.3 million as at 31 December 2011, the payment of which was settled during 2012.



Capital Structure

As at 31 December 2012, the Company had 673,423,337 ordinary shares and 25,000,000 convertible notes and 15,000,000 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

Important note from page 1

Earnings before interest, taxation, depreciation and amortisation (ie 'EBITDA') and earnings before interest and tax (ie 'EBIT') are non-IFRS profit measures based on statutory net profit after tax adjusted for significant items and changes in the fair value of financial instruments. The Company believes that such measures provide a better understanding of its financial performance and allows for a more relevant comparison of financial performance between financial periods.

The Company believes that EBITDA and EBIT are useful measures as they remove significant items that are material items of revenue or expense that are unrelated to the underlying performance of the Company's various businesses thereby facilitating a more representative comparison of financial performance between financial periods. In addition, these profit measures also remove changes in the fair value of financial instruments recognised in the statement of comprehensive income to remove the volatility caused by such changes.

While the Company's EBITDA and EBIT results are presented in this announcement having regard to the presentation requirements contained in Australian Securities and Investment Commission Regulatory Guide 230 titled 'Disclosing non-IFRS financial information' (issued in December 2011) investors are cautioned against placing undue reliance on such measures as they not necessarily presented uniformly across the various listed entities in a particular industry or generally.



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 is a constituent of the S&P/ASX 300, a leading securities index.

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

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

- 11% 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
- 4% shareholding in **Shaw River Resources Limited** (ASX Code: SRR), a company presently exploring for manganese in Namibia, Western Australia and Ghana

OM HOLDINGS LIMITED

A.R.B.N 081 028 337

Appendix 4E

Preliminary Final Report

For the year ended 31 December, 2012

(previous corresponding period being the year ended 31 December, 2011)

OM Holdings Limited and Controlled Entities
Preliminary Final Report
APPENDIX 4E

Results for Announcement to the Market

OM Holdings Limited
For the year ended 31 December 2012

Name of Entity:	OM Holdings Limited	
ARBN:	081 028 337	
1. Details of the current and prior reporting period		
Current Period:	1 Jan 2012 to 31 Dec 2012	
Prior Period:	1 Jan 2011 to 31 Dec 2011	
2. Results for announcement to the market		
		A\$'000
2.1 Revenues from ordinary activities (excludes property revaluations) Total Revenue	Up 5% to	408,229
2.2 Loss for the year	Down 419% to	(60,860)
2.3 Net loss for the period attributable to owners of the Company	Down 430% to	(61,056)
2.4 Dividend distributions	Amount per security	Franked amount per security
	Nil	Nil
2.5 Record date for determining entitlements to the dividend	N/A	
3. Consolidated statement of comprehensive income	Refer Appendix 1	
4. Statements of financial position	Refer Appendix 2	
5. Consolidated statement of cash flows	Refer Appendix 3	
6. Details of dividends or distributions	N/A	
7. Consolidated statement of changes in equity	Refer Appendix 4	
	Current Period A\$	Previous Corresponding Period A\$
8. Net tangible asset backing per ordinary security	47.56 cents	50.76 cents

OM Holdings Limited and Controlled Entities
Preliminary Final Report

9. Control gained over entities during the period	N/A	
10. Details of associated and joint venture entities	Refer Note 3	
11. Other significant information	Refer Note 5	
12. Accounting Standards used by foreign entities	N/A	
13. Commentary on the result for the period		
	Current Period	Previous Corresponding Period
13.1 Loss per share overall operations (undiluted)	10.09 cents	2.29 cents
13.4 Segment results	Refer Appendix 5	
14. Status of audit or review	This report is based on accounts that are in the process of being audited.	
15. Dispute or qualification – account not yet audited	N/A	
16. Qualifications of audit/review	N/A	

Consolidated statement of comprehensive income for the financial year ended 31 December 2012

	Note	Year ended 31 December 2012 A\$'000	(Restated) Year ended 31 December 2011 A\$'000
Revenue		408,229	389,737
Cost of sales		(357,659)	(330,107)
Gross profit		50,570	59,630
Other income		9,470	1,928
Distribution costs		(24,299)	(44,890)
Administrative expenses		(9,533)	(14,083)
Other operating expenses		(73,352)	(25,930)
Finance costs		(6,263)	(5,721)
Loss from operations		(53,407)	(29,066)
Share of results of associates		(48)	(33)
Loss before income tax		(53,455)	(29,099)
Income tax		(7,405)	17,366
Loss for the year	1	(60,860)	(11,733)
Other comprehensive income, net of tax:			
Fair value changes on available-for-sale financial assets		45,407	(58,987)
Exchange differences on translation of financial statements of foreign operations		1,605	705
Other comprehensive income/(expense) for the year, net of tax		47,012	(58,282)
Total comprehensive expense for the year		(13,848)	(70,015)
Loss attributable to:			
Owners of the Company		(61,056)	(11,511)
Non-controlling interests		196	(222)
		(60,860)	(11,733)
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(14,044)	(69,793)
Non-controlling interests		196	(222)
		(13,848)	(70,015)
Loss per share		Cents	Cents
- Basic		(10.09)	(2.29)
- Diluted		(10.09)	(2.29)

Statements of financial position as at 31 December 2012

		The Company			The Group		
		(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	
	31 December	31 December	1 January	31 December	31 December	1 January	
	2012	2011	2011	2012	2011	2011	
Notes	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	
Assets							
Non-Current							
Property, plant and equipment	-	-	-	129,361	123,040	88,613	
Land use rights	-	-	-	35,771	1,290	1,276	
Long-term prepayments	-	-	-	614	503	511	
Exploration and evaluation costs	2	-	-	819	-	-	
Mine development costs	-	-	-	18,829	19,030	19,511	
Goodwill	-	-	-	2,065	2,065	2,065	
Available-for-sale financial assets	4	-	96,448	-	-	96,448	
Deferred tax assets	-	-	-	21,312	9,714	-	
Interests in subsidiaries	-	138,343	120,169	-	-	-	
Interests in associates	3	-	-	91,600	79,661	68,505	
		138,343	216,617	300,371	235,303	276,929	
Current							
Inventories	-	-	-	119,342	158,106	156,331	
Derivative financial assets	20	20	367	20	20	367	
Trade and other receivables	-	138,691	74,378	87,852	85,217	31,396	
Prepayments	-	22	46	1,136	27	2,183	
Available-for-sale financial assets	4	28,884	-	28,884	38,571	-	
Income tax recoverable	-	-	-	-	4,503	-	
Cash collateral	-	-	-	14,962	14,269	26,050	
Cash and cash equivalents	-	3,711	5,311	73,890	17,611	16,070	
		171,328	80,102	326,086	318,324	232,397	
Total assets		309,671	296,719	626,457	553,627	509,326	
Equity							
Capital and Reserves							
Share capital	-	33,671	25,155	33,671	25,205	25,155	
Treasury shares	-	(2,330)	(2,330)	(2,330)	(2,330)	(2,330)	
Reserves	-	222,244	225,168	273,272	229,904	300,579	
		253,585	247,993	304,613	252,779	323,404	
Non-controlling interests	-	-	-	17,757	5,194	2,499	
Total equity		253,585	247,993	322,370	257,973	325,903	
Liabilities							
Non-Current							
Borrowings	-	17,734	-	74,058	61,318	43,097	
Lease obligation	-	-	-	9,007	-	-	
Provisions	-	-	-	5,358	4,871	3,592	
Deferred tax liabilities	-	-	-	244	-	1,254	
		17,734	-	88,667	66,189	47,943	
Current							
Trade and other payables	-	31,217	46,121	90,296	116,706	72,202	
Derivative financial liabilities	-	2,713	-	2,713	8	375	
Borrowings	-	-	-	105,102	106,189	49,179	
Income tax payables	-	4,422	2,605	17,309	6,562	13,724	
		38,352	48,726	215,420	229,465	135,480	
Total equity and liabilities		309,671	296,719	626,457	553,627	509,326	

Consolidated statement of cash flows for the financial year ended 31 December 2012

	Year ended 31 December 2012 A\$'000	(Restated) Year ended 31 December 2011 A\$'000
Cash Flows from Operating Activities		
Loss before income tax	(53,455)	(29,099)
Adjustments for:		
Amortisation of land use rights	29	29
Amortisation of long-term prepayments	9	7
Amortisation of mine development costs	1,755	1,714
Depreciation of property, plant and equipment	12,040	11,959
Equity-settled share-based payments	3,354	6,106
Write off of exploration and evaluation costs	2,288	3,126
Write-down of inventories to net realisable value	-	5,225
(Gain)/loss on disposal of available-for-sale financial assets	(490)	367
Loss on disposal of property, plant and equipment	73	117
Fair value gain on financial assets through the profit or loss	-	(20)
Impairment loss of available-for-sale financial assets	53,015	-
Interest expenses	6,263	5,721
Interest income	(1,115)	(1,170)
Share of results of associates	48	33
Operating profit before working capital changes	23,814	4,115
Decrease/(increase) in inventories	37,472	(7,985)
Decrease/(increase) in trade and bill receivables	16,736	(28,086)
(Increase)/decrease in prepayments, deposits and other receivables	(3,231)	10,503
(Decrease)/increase in trade and bill payables	(21,869)	42,246
Increase/(decrease) in other payables and accruals	10,880	(527)
Increase in long-term liabilities	486	1,280
Cash generated from operations	64,288	21,546
Overseas income tax paid	(3,432)	(2,502)
Net cash generated from operating activities	60,856	19,044
Cash Flows from Investing Activities		
Payments for exploration and evaluation	(3,107)	(3,126)
Payments for mine development costs	(1,554)	(1,233)
Purchase of property, plant and equipment	(36,213)	(43,409)
Purchase of available-for-sale financial assets	-	(1,110)
Proceeds from disposal of property, plant and equipment	179	-
Proceeds from disposal of available-for-sale financial assets	2,569	-
Payment for prepaid land use rights	(4,423)	-
Payment for long term prepayments	(132)	-
Loan to an associate	(11,974)	(11,189)
Acquisition of an associate	(12)	-
Loan to an external party	-	(500)
Proceeds from repayment of convertible note	500	-
Interest received	1,115	1,170
Net cash used in investing activities	(53,052)	(59,397)

Consolidated statement of cash flows (cont'd) for the financial year ended 31 December 2012

	Year ended 31 December 2012 A\$'000	(Restated) Year ended 31 December 2011 A\$'000
Cash Flows from Financing Activities		
Dividends paid	-	(10,029)
Repayment of bank and other loans	(36,989)	(31,663)
Proceeds from bank loans	28	73,258
Payment to finance lease creditor	(21)	(3)
Capital contribution by non-controlling interests	12,274	2,917
(Increase)/decrease in cash collateral	(1,044)	12,325
Proceeds from share options exercised	-	725
Proceeds from convertible notes issue	19,946	-
Proceeds from the issue of shares	63,745	-
Payment of transaction costs on share issue	(2,934)	-
Interest paid	(6,263)	(5,721)
Net cash generated from financing activities	48,742	41,809
Net increase in cash and cash equivalents	56,546	1,456
Cash and cash equivalents at beginning of year	17,611	16,070
Exchange difference on translation of cash and cash equivalents at beginning of year	(267)	85
Cash and cash equivalents at end of year	73,890	17,611

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Appendix 4

Consolidated statement of changes in equity for the financial year ended 31 December 2012

	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 2012	25,205	117,642	(2,330)	3,941	2	17,577	(45,407)	(16,984)	153,133	252,779	5,194	257,973
Total comprehensive expense for the year	-	-	-	-	-	-	45,407	1,605	(61,056)	(14,044)	196	(13,848)
Issue of ordinary shares	8,466	52,345	-	-	-	-	-	-	-	60,811	-	60,811
Share option lapsed	-	(14,103)	-	-	-	(9,923)	-	-	24,026	-	-	-
Value for employee services received for grant of share options	-	-	-	-	-	5,160	-	-	-	5,160	-	5,160
Capital injection from non-controlling interest	-	-	-	-	-	-	-	(93)	-	(93)	12,367	12,274
Transfer to statutory reserve	-	-	-	133	67	-	-	(48)	(152)	-	-	-
Balance at 31 December 2012	33,671	155,884	(2,330)	4,074	69	12,814	-	(15,520)	115,951	304,613	17,757	322,370

	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 2011	25,155	116,150	(2,330)	3,692	10	16,618	13,580	(17,684)	168,213	323,404	2,499	325,903
Total comprehensive expense for the year	-	-	-	-	-	-	(58,987)	705	(11,511)	(69,793)	(222)	(70,015)
Share options exercised	50	675	-	-	-	-	-	-	-	725	-	725
Share option lapsed	-	-	-	-	-	(6,696)	-	7	6,689	-	-	-
Share premium arising from share options exercised	-	817	-	-	-	(817)	-	-	-	-	-	-
Value for employee services received for grant of share options	-	-	-	-	-	8,472	-	-	-	8,472	-	8,472
Capital injection from non-controlling interest	-	-	-	-	-	-	-	-	-	-	2,917	2,917
Transfer to statutory reserve	-	-	-	249	(8)	-	-	(12)	(229)	-	-	-
Dividends	-	-	-	-	-	-	-	-	(10,029)	(10,029)	-	(10,029)
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

Operating segments

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

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

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

The reporting segment results exclude the finance income and costs, share of results of associate, income tax which are not directly attributable to the business activities of any operating segment, and are not included in arriving at the operating results of the operating segment.

Sales between operating segments are carried out at arm's length.

Segment performance is evaluated based on the operating profit or loss which in certain respects, as set out below, is measured differently from the operating profit or loss in the consolidated financial statements.

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Operating segments (cont'd)

	Mining		Processing		Marketing and Trading		Others		Total	
	(Restated)		(Restated)		(Restated)		(Restated)		(Restated)	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Reportable segment revenue										
Sales to external customers	-	-	127,416	119,010	280,005	270,290	808	437	408,229	389,737
Inter-segment sales	109,370	133,353	-	-	216,013	163,861	290	824	325,673	298,038
Elimination									(325,673)	(298,038)
	109,370	133,353	127,416	119,010	496,018	434,151	1,098	1,261	408,229	389,737
Reportable segment profit/(loss)	(27,461)	(34,190)	7,459	171	26,753	17,438	(55,010)	(7,934)	(48,259)	(24,515)
Reportable segment assets	154,297	157,639	201,024	141,355	306,563	302,856	289,359	222,835	951,243	824,685
Elimination									(483,629)	(415,358)
Interest in associates									91,600	79,661
Deferred tax assets									21,312	9,714
Available-for-sale financial assets									28,884	38,571
Derivative financial assets									20	20
Goodwill									2,065	2,065
Cash collateral									14,962	14,269
Total assets									626,457	553,627
Reportable segment liabilities	211,791	180,136	31,951	33,171	114,591	129,497	132,097	145,608	490,430	488,412
Elimination									(383,056)	(366,827)
Borrowings									179,160	167,507
Deferred tax liabilities									244	-
Income tax payables									17,309	6,562
Total liabilities									304,087	295,654
Other segment information										
Purchase of property, plant and equipment	12,892	3,744	30,678	41,406	220	625	-	-	43,790	45,775
Depreciation of property, plant and equipment	9,434	9,114	2,276	2,485	330	360	-	-	12,040	11,959
Amortisation of land use rights	-	-	29	29	-	-	-	-	29	29
Amortisation of long-term prepayments	-	-	1	-	8	7	-	-	9	7
Amortisation of mine development costs	1,755	1,714	-	-	-	-	-	-	1,755	1,714
Write off of evaluation and exploration costs	2,288	3,126	-	-	-	-	-	-	2,288	3,126

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Operating segment (cont'd)

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

	2012 A\$'000	(Restated) 2011 A\$'000
Reportable segment loss	(48,259)	(24,515)
Finance income	1,115	1,170
Share of results of associates	(48)	(33)
Finance costs	(6,263)	(5,721)
Loss before income tax	(53,455)	(29,099)

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

	Revenue from external customer		Non-Current Asset	
	2012 A\$'000	2011 A\$'000	2012 A\$'000	2011 A\$'000
Principal markets				
PRC	408,229	389,737	23,379	26,634
Australia	-	-	81,742	77,964
Mauritius	-	-	91,588	79,661
Malaysia	-	-	79,566	38,477
Others (including Bermuda and Madagascar)	-	-	2,784	2,853
	408,229	389,737	279,059	225,589

The geographical location of customers is based on the locations at which the goods were delivered. The geographical location of non-current assets is based on the physical location of the asset.

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NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Note 1: Loss after taxation

	2012 A\$'000	2011 A\$'000
The Group		
Loss after tax has been arrived at after charging:		
Amortisation of land use rights	29	29
Amortisation of long-term prepayments	9	7
Amortisation of mine development costs	1,755	1,714
Depreciation of property, plant and equipment	12,040	11,959
Equity-settled share-based payments	3,354	6,106
Impairment loss of available-for-sale financial assets	53,015	-
NT Royalty#	15,253	5,864

Included in the NT Royalty is an amount of reversal for NT Royalty credit in prior financial year of A\$5.9 million and A\$9.3 million related to additional assessments for NT royalties from 2006 to 2009.

Note 2: Exploration and evaluation costs

	2012 A\$'000	2011 A\$'000
The Group		
At beginning of year	-	-
Costs incurred during the year	3,107	3,126
Written off during the year	(2,288)	(3,126)
At end of year	819	-

Note 3: Interests in associates

	2012 A\$'000	2011 A\$'000
The Group		
Unquoted equity investment, at cost	91,717	79,731
Share of post-acquisition losses and reserves	(117)	(70)
	91,600	79,661

The associates are:

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Percentage of equity held</u>		<u>Principal activities</u>
		2012	2011	
Main Street 774 (Pty) Limited	South Africa	26%	26%	Investment holding
OM Materials Japan Co., Ltd.	Japan	33%	-	Minerals and metal resources marketing and consulting

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Note 4: Available-for-sale financial assets

The Company and The Group	31 December 2012 A\$'000	31 December 2011 A\$'000
<u>Current</u>		
Quoted equity investments, at fair value		
At the beginning of the year	38,571	-
Additions	-	-
Disposals	(2,445)	-
Net fair value loss recognized in the profit or loss	(7,242)	-
Net fair value gain transferred to equity	-	-
Reclassification from non-current assets	-	38,571
At end of year	28,884	38,571
<u>Non-current</u>		
Quoted equity investments, at fair value		
At the beginning of the year	-	96,448
Additions	-	1,110
Disposals	-	-
Net fair value gain transferred to equity	-	(58,987)
Reclassification to current assets	-	(38,571)
	-	-

The fair value of quoted equity investments is determined by reference to quoted closing bid prices on the Australian Securities Exchange at the financial reporting dates.

Note 5: Other significant information

Bootu Creek Mine – Promet Litigation

OM Manganese Limited ("OMM") is engaged in a lawsuit in the Supreme Court of Western Australia in respect of a claim by Lonsdale Investments Pty Ltd and Promet Engineers Pty Ltd (together "Promet") against OMM, and a counterclaim by OMM against Promet and one of its directors in connection with design services provided by Promet for a process plant for OMM's mining operation at Bootu Creek.

A trial was held in the period of May to August 2010; on 5 June 2012 the Supreme Court of Western Australia ruled in favour of OMM in its action against the process plant design engineers for the Bootu Creek Manganese Mine ("Promet Parties"). A substantial portion of the total judgment (A\$7,186,317.61) has been paid such that there is now only approximately A\$470,000.00 outstanding (with interest currently accruing) as against one of the Promet Parties, Lonsdale Investments Pty Ltd. OMM has issued a statutory demand to Lonsdale Investments Pty Ltd in respect of this unpaid amount.

Orders have been made regarding the legal costs of the action. OMM has been awarded 75% of its costs subject to certain conditions. Of this 75%, the Promet Parties are jointly and severally liable for 15%, and Lonsdale Investments Pty Ltd is liable for the remaining 60% of the costs awarded to OMM.

Orders also contain a costs uplift which recognises the substantial nature of the proceedings and may increase overall recovery if the matter proceeds to taxation. The Promet Parties have appealed the judgment and OMM is presently considering its position with respect to that appeal and other related matters. OMM and the Promet Parties are scheduled to finalise their respective appeal papers by 4 April 2013 and it is not expected that the appeal will be heard before late 2013.

Note 5: Other significant information (cont'd)

Northern Territory Mineral Royalties

The Northern Territory Mineral Royalty Act is a profit based royalty regime that uses the net value of a mine's production to calculate royalties payable on the recovery of mineral commodities from a mine site. The determination of the net value of manganese produced from the Bootu Creek Manganese Mine has been in dispute between OMM and the Territory Revenue Office (the office responsible for administering the Northern Territory Mineral Royalty Act). The central issue in the dispute relates to the calculation of the net value in the determination of the gross realisation by OMM, given that OMM's sales of manganese product are to a related party within the OMH Group.

OMM, in consultation with its professional advisers, has proposed a valuation policy and provided supporting annual transfer pricing reports to the Territory Revenue Office to derive a gross realisation that OMM believes accords with the requirements of the Northern Territory Mineral Royalty Act ("MRA"). OMM has paid royalty assessments and made payments on account of Northern Territory mineral royalties under the Mineral Royalty Act (NT). To date the Territory Revenue Office has not accepted such calculations and has provided alternative transfer pricing proposals.

Royalty Years 2006 to 2009

For the 4 years from 2006 to 2009 (inclusive) OMM paid royalty assessments and made payments on account of Northern Territory mineral royalties under the Mineral Royalty Act (NT) ("MRA"). On 14 September 2012 the Territory Revenue Office issued amended royalty assessments for the 2006 and 2007 royalty years and royalty assessments for the 2008 and 2009 royalty years which required OMM to pay a further amount of \$9,349,460.68.

Pursuant to the MRA and the Taxation Administration Act (NT) OMM has formally objected to the amended royalty assessments and the assessments. Notwithstanding the formal objection by OMM the revised and new assessments remain payable and OMM has entered into a payment plan with the Territory Revenue Office in relation the outstanding amount. Once OMM's objection is determined any overpayment by OMM will be refunded (plus any interest) and any shortfall in payment by OMM will be payable (with interest). As at the reporting date it is not possible to advise of the date by which OMM's royalty objections may be determined.

Royalty Year 2010

For the year 2010 OMM conducted mining operations which will be assessed under the MRA. As at the reporting date OMM has not received a royalty assessment under the MRA in respect to these operations however OMM has made payment on account of mineral royalties under the MRA for the 2010 year.

If the Northern Territory assesses OMM's royalty liability for the 2010 year based on similar methodologies that the Northern Territory adopted for the 4 years from 2006 to 2009 (inclusive) then OMM estimates that it could be liable to pay additional amounts ranging from nil to approximately \$2 million subject to a range of gross realisation valuation methodologies and outstanding eligible operating cost determinations.

Royalty Years 2011 to 2012

For the years 2011 and 2012 OMM conducted mining operations which will be assessed under the MRA. As at the reporting date, OMM has not received a royalty assessment under the MRA in respect to these operations. OMM has filed royalty returns under the MRA for the 2011 and 2012 years.

If the Northern Territory assesses OMM's royalty liability for the 2011 and 2012 years based on similar methodologies that the Northern Territory adopted for the 4 years from 2006 to 2009 (inclusive) OMM does not believe that there will be any additional royalty amounts payable for the 2011 and 2012 years.

As at 31 December 2012, OMM estimates that a net negative value for royalty exists which could lead to a deferred tax asset in respect of the net value losses carried forward. Due to the uncertainty of the ultimate final net negative value, OMM has not raised a deferred tax asset in respect to any net value losses carried forward.

Note 5: Other significant information (cont'd)

Masai Pit and Sacred Site

OMM had been charged under the Northern Territory Aboriginal Sacred Sites Act (NT) with eight offences relating to damage of a sacred site adjacent to the Masai Pit at the Bootu Creek Mine in the Northern Territory of Australia. Seven of the charges allege contraventions of a condition of an Authority Certificate and one charge alleges desecration of the sacred site. On Thursday 7 February 2013 the Aboriginal Areas Protection Authority reformulated their charges with the effect that OMM is now charged with one charge that alleges the contravention of a condition of an Authority Certificate and two charges that allege the desecration of the sacred site. OMM has indicated to the Court that it is prepared to plead guilty to the charge of a contravention of a condition of an Authority Certificate but that it is not prepared to plead guilty to the other two charges.

The cumulative maximum penalty, if OMM was found guilty on every count and fined the maximum amount, is \$673,000. OMM is defending the desecration charges and has been advised by its lawyers that it is not conceivable that OMM would be found guilty and fined the maximum amount for each and every charge. However, due to the limited number of prosecutions under the Northern Territory Aboriginal Sacred Sites Act (NT) and the circumstances of the matter, OMM's lawyers are unable to confidently advise of the likely liability at this stage.

The Court hearing of this matter is currently scheduled for March 2013. OMM's lawyers expect that a decision on liability would be handed down between the end of May 2013 and the end of June 2013. If OMM was found to be liable on any of the charges OMM's lawyers expect that the matter of penalty would be determined between the end of June 2013 and the end of August 2013.

Sponsor Guarantee and Corporate Guarantee issued under the terms of the Power Purchase Agreement with Syarikat Sesco Berhad

Pursuant to the execution of the Power Purchase Agreement ("PPA") between OM Materials (Sarawak) Sdn Bhd and Syarikat Sesco Berhad ("SSB") in early February 2012, the Company issued the following guarantees as conditions precedent to the PPA:

1. **Sponsor Guarantee**
The Company has issued a sponsor guarantee to Syarikat Sesco Berhad ("SSB") for its 80% interest of OM Materials (Sarawak) Sdn Bhd's ("OM Sarawak") obligations under a Power Purchase Agreement ("PPA") executed on 2 February 2012. The sponsor guarantee includes but is not limited to termination payments, late payment interest and guaranteed obligations under the PPA. The sponsor guarantee will not take effect until financial close of the ferro alloy smelting project. The maximum exposure to the Company over the 10 years of full commercial operations (assuming no events of default) is MYR496 million (approximately A\$153 million) plus enforcement costs pursuant to any dispute plus any late interest payments. There is a staged stepdown of the maximum exposure to the Company to MYR248 million (approximately A\$76 million) once the full commercial operations date has been achieved and the sponsor guarantee will cease to have effect after 10 years of full operation. Cahya Mata Sarawak Berhad ("CMSB") has correspondingly provided a sponsor guarantee for its 20% interest held in OM Sarawak.
2. **Corporate Guarantee**
In accordance with the PPA the Company provided a corporate guarantee to RHB Bank Berhad for the issuance of a banker's guarantee in favour of SSB to cover but not limited to unpaid claims on the interconnection facilities constructed by SSB. The banker's guarantee took effect from the date of issuance, 4 May 2012. The Company's maximum exposure until the completion of testing and commissioning (assuming no events of default) is MYR25 million (approximately A\$8 million). There is a staged step down of the maximum exposure to the Company to MYR20 million (approximately A\$6 million) throughout 2013, MYR8 million (approximately A\$2 million) after the connection fee has been paid and the corporate guarantee will cease to have effect after completion of testing and commissioning. CMSB has correspondingly provided a corporate guarantee for its 20% interest held in OM Sarawak.

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Note 6: Comparative figures

Certain comparative information has been reclassified to conform with current year's presentation as follows:

	2011	
The Group	As restated	As previously reported
	A\$'000	A\$'000
<u>Consolidated statement of comprehensive income</u>		
Other operating expenses	(25,930)	(21,644)
Income tax	17,366	13,080

	2011		2010	
The Group	As restated	As previously reported	As restated	As previously reported
	A\$'000	A\$'000	A\$'000	A\$'000
<u>Statements of financial position</u>				
Trade and other receivables	85,217	89,720	31,396	31,396
Income tax recoverable	4,503	-	-	-
Trade and other payables	(116,706)	(120,250)	(72,202)	(78,278)
Income tax payables	(6,562)	(3,018)	(13,724)	(7,648)

	2011		2010	
The Company	As restated	As previously reported	As restated	As previously reported
	A\$'000	A\$'000	A\$'000	A\$'000
<u>Statements of financial position</u>				
Interest in subsidiaries	129,559	126,015	120,169	117,564
Income tax payables	(3,544)	-	(2,605)	-

The reclassification was made to provide more relevant information on the financial performance of the Group.

The Group is of the opinion that the underlying nature of the royalties administered under the Northern Territory Mineral Act and the withholding tax on the intercompany loan interest income possess characteristics of a tax expense. For the royalties administered under the Northern Territory Mineral Act, they are imposed under government authority and the royalties payable are calculated by reference to revenue derived (net of allowable deductions) after adjustment for temporary differences.