

OM HOLDINGS LIMITED

(ARBN 081 028 337)



Delivered by Facsimile: (08) 9221 2020 and email

19 March 2010

Ms Jill Hewitt
Adviser, Issuers (Perth)
ASX Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Jill

OM HOLDINGS LIMITED

We refer to your letter of 16 March 2010 in relation to the OM Holdings Limited ("OMH" or "the Company") Preliminary Final Report for the twelve months ended 31 December 2009 released to the ASX Limited on 25 February 2010.

In relation to the specific enquiries you have raised we comment as follows:

- 1. When did the Company become aware that actual revenues for the twelve months ended 31 December 2009 would vary materially from the financial results for the twelve months ended 31 December 2008?**

The OMH Audit Committee met with the auditors and senior management on 22 February 2010 to consider the draft Preliminary Final Report and accompanying draft ASX Announcement which at that stage was subject to a number of matters being finalised by management. Upon completion of the outstanding matters the Audit Committee provided its approval and made recommendations which were then provided to the Board on 24 February 2010. OMH Board approval was sought to the draft Preliminary Final Report and accompanying ASX Announcement and this was received late on 24 February 2010. Upon receipt of OMH Board approval the Preliminary Final Report and accompanying ASX Announcement was lodged with ASX before commencement of trade on 25 February 2010.

Additional Information

The market is aware that OMH as part of its continuous disclosure practices has not historically provided annual revenue and/or earnings forecast guidance. Such guidance can at times not be constructive and could be misleading due to the historical cyclical earnings nature of the OMH Group's key operations particularly with respect to global manganese ore and alloy prices and the impact of world wide demand and supply fundamentals. In the case of comparing the 2009 and 2008 actual financial results any meaningful analysis was significantly affected by the effects of the Global Financial Crisis which occurred in October 2008 and which impacted OMH's underlying operations.

As an example and as was disclosed to the market one of the key factors impacting the reported revenues and profits was that the 2008 result was achieved during a period where the global manganese market achieved unprecedented highs with record ore prices in excess of US\$16/dmtu. Manganese ore published benchmark prices during 2009 ranged from US\$3.50/dmtu to US\$6.50/dmtu and general price guidance was provided by OMH throughout 2009.

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ASX Code: OMH

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OMH as part of its continuous disclosure practices elects to provide on a quarterly basis a “Quarterly Update” of its operational activities and contained within those updates OMH provides an overview on the general market outlook and how it may impact the OMH Group’s future activities.

OMH made a number of ASX Announcements to the market throughout 2009 regarding operational and general market conditions via its continuous disclosure requirements which at the time of disclosure highlighted and emphasised may have had an impact on OMH’s performance and included the following:

➤ **23 February 2009 – Preliminary Final Report 31 December 2008**

In response to the global economic downturn experienced in late 2008 and the resultant volatility and uncertainty within the steel industry and steelmaking raw material market, OMH provided detailed guidance on the challenging market conditions expected for 2009 within the section titled “2009 Operating and Market Outlook” (pages 7 to 8).

In particular OMH provided an outline of its strategies that were implemented and in the process of implementation in response to the prevailing market conditions from an operational, production and financial perspective.

➤ **28 April 2009 – 31 March 2009 Quarterly Market Update**

OMH continued to provide disclosure on the challenging general market conditions and pricing within the section titled “Market Outlook” (pages 11 to 12).

➤ **28 July 2009 – June 2009 Quarterly Market Update**

OMH provided guidance on the challenging market conditions which were included in the “Highlights – Market Outlook” section (page 2):

- *“The changing market dynamics of the Chinese manganese ore market continue to revolve around the interaction between domestic and imported ores, high grade and low grade ores and between siliceous and metallurgical ores.*
- *OMS’ July ex stock (June shipment) ore sales were priced at the US\$4.75/dmtu ex Qinzhou level. Current market conditions indicate that the ore price will continue to moderately increase during the remainder of Q3 2009, driven by strong market fundamentals.*
- *While a considerable percentage of Chinese domestic ore supply remains uneconomic, the risk of Q3 and Q4 2009 high grade ore prices increasing sharply beyond the supply/demand price equilibrium will be influenced by:*
 - *the speed and extent of traders’ stock being released into the market;*
 - *the supply strategies of major producers; and*
 - *the purchasing patterns of major customers.”*

➤ **24 August 2009 – 30 June 2009 Half Year Result**

OMH disclosed in detail the impact the sharp falls in global manganese ore and alloy prices had on the H1 2009 result and in particular it was highlighted that consolidated revenue and net profit for the six months ended 30 June 2009 were 55% and 89% lower respectively compared to the preceding corresponding period in 2008. To address the difficult market conditions OMH also highlighted its revised manganese production strategy arising from the downturn in market conditions which was successfully implemented during Q2 2009 and which focused upon extracting maximum value from Bootu Creek’s inherent production flexibility and optionality to align the operation with prevailing market demand and attractive product value-in-use characteristics.



OMH also disclosed:

“Operating revenue in the first half of 2009 was impacted by the Global Financial Crisis and the resultant negative impact on commodity prices arising from the impact to the steel industry and steel making raw materials markets.”

“The OMH Group’s gross profit margin decreased from 50.7% in the first half of 2008 to 25.3% in the first half of 2009. The significant decrease was due to the sharp falls in manganese ore and alloy prices.”

“The previous corresponding period (2008) during which time the global manganese market reached unprecedented highs”.

“The OMH Group incurred foreign exchange losses of A\$14.5 million in the first half of 2009.”

➤ **22 October 2009 – September 2009 Quarterly Market Update**

OMH disclosed:

“Due to the sharp production cutbacks of both low and high grade and both domestic and seaborne manganese ore production together with the strong growth in steel demand in China, the market is expected to keep hovering around a finely balanced supply/demand equilibrium for the remainder of 2009.”

“Prices achieved by OMS during the September 2009 Quarter gradually increased to as high as US\$6.50/dmtu CFR China for 38% Mn grade product.”

➤ **28 January 2010 – December 2009 Quarterly Market Update**

OMH disclosed:

“Global steel production forecast to grow by 9.2% to 1.2 billion tonnes during 2010, recovering to 2008 levels.”

“Q4 2009 C1 unit cost of A\$4.29/dmtu impacted by production disruptions during November. Steady state production in the months of October and December delivered an average unit cost of A\$3.83/dmtu incorporating fully expensed accelerated mine development and pre-stripping costs.”

A comparison of two analyst reports which cover OMH indicated that the 31 December 2009 actual reported profit result was consistent with analysts’ earnings forecasts.

2. **When did the Company become aware that actual profits for the twelve months ended 31 December 2009 would vary materially from the financial results for the twelve months ended 31 December 2008?**

Refer response to question 1 above.

3. **Please comment on the Company’s compliance with listing rule 3.1 with respect to the financial results for the twelve months ended 31 December 2009.**

The Company confirms it was in compliance with ASX Listing Rule 3.1 with respect to the 31 December 2009 financial results.

Yours faithfully

OM HOLDINGS LIMITED

Julie Wolseley

Joint Company Secretary



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16 March 2010

Ms J Wolsley
Company Secretary
OM Holdings Limited
80 Marine Parade
SINGAPORE

Email: sparkle@wt.com.au

Dear Julie

OM Holdings Limited ("Company")

We refer to the Company's Preliminary Final report for the twelve months ended 31 December 2009 (the "Preliminary Final Report") released to ASX Limited ("ASX") on 25 February 2010.

ASX notes that the Company has reported the following.

1. Revenue from ordinary activities of \$280,335,000 for the twelve months ended 31 December 2009, "Down 51.17%" on the twelve months ended 31 December 2008.
2. Profit after tax of \$27,030,000 for the twelve months ended 31 December 2009, "Down 76.69%" on the profit for the twelve months ended 31 December 2008.

ASX refers to the following:

1. Paragraph 93 of Guidance Note 8 which states that an example of information that, if material, would require disclosure is a change in an entity's previously released financial forecast or expectation. It further states:

As a general policy, a variation in excess of 10% to 15% may be considered material, and should be announced by the entity as soon as the entity becomes aware of the variation. If the entity has not made a forecast, a similar variation from the previous corresponding period will need to be disclosed. In certain circumstances a smaller variation may be disclosable.

2. ASX Companies Update 01/10 dated 11 January 2010 in which listed entities were reminded that they are required to make an appropriate announcement immediately they become aware that there is expected to be a material difference in the financial results for that period from the results that were recorded in the previous corresponding period, or from forecasts for that period that have been provided to the market by the entity. The Company update further stated that it is not acceptable for the release of such information to be delayed until the release of the periodic financial report.

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Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

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Having regard to Listing Rule 3.1 (Continuous Disclosure), Paragraph 93 of Guidance Note 8 and Companies Update 01/10 with respect to the information contained in the Half Yearly Report, we ask that you answer each of the following questions.

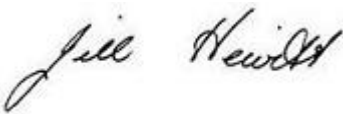
1. When did the Company become aware that actual revenues for the twelve months ended 31 December 2009 would vary materially from the financial results for the twelve months ended 31 December 2008?
2. When did the Company become aware that actual profits for the twelve months ended 31 December 2009 would vary materially from the financial results for the twelve months ended 31 December 2008?
3. Please comment on the Company's compliance with listing rule 3.1 with respect to the financial results for the twelve months ended 31 December 2009.

Your response in a format suitable for release to the market should be sent to me on **facsimile number (08) 9221 2020**. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than the close of business (ie before 5.00 pm WST) **on Friday, 19 March 2010**.

Please feel free to contact me if you have any enquiries on the above.

Yours sincerely,



Jill Hewitt

Adviser, Issuers (Perth)