

OM HOLDINGS LIMITED

(ARBN 081 028 337)



No. of Pages Lodged: 12 Covering Letter
 15 Appendix 4E – Preliminary Final Report

29 February 2008

Company Announcements Office
Australian Securities Exchange Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/ Madam

RECORD ANNUAL CONSOLIDATED NET PROFIT OF A\$57 MILLION

The Board of OM Holdings Limited and its subsidiaries (ASX Code: OMH) is pleased to advise of a **record consolidated net profit after tax and minority interests of A\$56.9 million for the year ended 31 December 2007. Included in the result was a consolidated net profit after tax and minority interests of A\$41.7 million for the second half of 2007.** Accordingly a **final dividend of A\$0.04 per share** has been declared.

This outstanding result represented the continued operational and financial strengths of OMH's trading and ferro alloy business units and the return to profitability of the Bootu Creek Manganese Mine throughout the second half of 2007.

HIGHLIGHTS

TRADING OPERATIONS

- **Record 0.9 million tonnes of chrome and manganese ore** were traded into China throughout the year underpinned by strong market demand and record prices, resulted in the trading operations generating a record operating result.
- The **market for manganese ore and alloys continues to strengthen** driven by a world wide shortage of high grade manganese in the market impacted by supply issues from key producers and the continued growth in demand for steel and stainless steel products.

QINZHOU SMELTER

- **Annual record production of 38,101 tonnes of High Carbon Ferro Manganese ("HC FeMn")** exceeded forecast. The strong market demand and prices secured for the HC FeMn produced resulted in the ferro alloy operation contributing a record operating profit after tax. Ongoing demand for HC FeMn alloys is continuing.

BOOTU CREEK MANGANESE MINE

- **Record production of 516,448 tonnes grading 42.2% Mn** achieved for the year.
- **Project debt was reduced by A\$18.83 million** during the year and the remaining balance of A\$5 million was repaid in January 2008. The project is now fundamentally debt free.
- Based upon **sustainable production achieved in the latter half of 2007 and into 2008 expansion options beyond 700,000 tonnes per annum are being examined.**
- A **revised Mineral Resource and Ore Reserve Statement** incorporating all field work completed in 2007 is expected to be **released by 31 March 2008.**



HIGHLIGHTS (Continued)

CORPORATE

- **Sales revenue was up 58%** for the year to a record **A\$290.5 million** of which a record A\$162.2 million (56% of total sales) was derived in the second half of 2007.
- **Consolidated operating profit after tax of A\$56.9 million recorded for the year included a net profit contribution of A\$41.7 million earned in the second half of 2007 (73% of total operating profit after tax).**
- **Consolidated operating cash flows of A\$37.2 million** (after interest, dividends and tax) were generated in 2007.
- **Final dividend of A\$0.04 declared taking the full year dividends to A\$0.06 per share.**
- **Basic EPS increased to A\$0.29 and NTA backing increased to A\$0.71 per share.**
- **Cash reserves at 31 December 2007 increased to A\$24.4 million** including cash collateral of A\$3.8 million.
- **Market value of investment in Territory Resources Limited (“TTY”) was A\$40 million** at 31 December 2007.
- **Proposed secondary listing on the Main Board of the Stock Exchange of Hong Kong Limited is presently being pursued.**

OM HOLDINGS LIMITED – GROUP KEY FINANCIAL RESULTS

	Year Ended 31 December 2007	Year Ended 31 December 2006
Trading - Manganese and chrome ore sold (tonnes)	941,440	747,485
Trading and Smelting - Alloys and other ore sold (tonnes)	89,791	120,026
Total sales (A\$ million)	290.5	183.8
Gross profit (A\$ million)	109.9	19.6
Gross profit margin (%)	37.8%	10.6%
Distribution costs (A\$ million)	(29.1)	(18.4)
Net administration costs (A\$ million)	(9.5)	(3.4)
Profit/(loss) before income tax, minority interests, adjustments relating to depreciation/amortisation, exploration expenditure, interest, IFRS – share based option payments and impairment, inventories, committed contract obligations, accounting for associates and net gain on sale of marketing rights (A\$ million)	71.3	(2.2)
Depreciation/amortisation (A\$ million)	(9.0)	(4.7)
Exploration expenditure incurred and provided (A\$ million)	(3.6)	(3.2)
Interest expense (A\$ million)	(1.8)	(1.8)
IFRS adjustments – mine properties impairment (A\$ million)	-	(12.9)
IFRS adjustments - share based option transactions (A\$ million)	(2.8)	(0.3)
Inventory adjustments (A\$ million)	0.5	(5.0)
Committed contract obligations expensed (A\$ million)	(0.6)	(1.9)
Associates adjustments (A\$ million)	-	0.4
Net gain on sale of marketing rights (A\$ million)	7.8	-
Operating profit/(loss) before tax (A\$ million)	61.8	(31.6)
Income tax (A\$ million)	(4.5)	(0.7)
Minority interests (A\$ million)	(0.4)	(0.2)
Operating profit/(loss) after tax attributable to members (A\$ million)	56.9	(32.5)



FINANCIAL ANALYSIS

Manganese ore and alloy prices improved significantly and reached record levels throughout 2007 as a result of the correction to the oversupply and de-stocking of manganese ore evident throughout 2006. Supply of high grade manganese ore tightened considerably which significantly contributed to enhanced pricing fundamentals. Operating revenue was positively impacted by the consistent strengthening in the price of both manganese and chrome ores and alloys due to world wide market shortages experienced throughout 2007. Tonnages of manganese and chrome ore traded increased by 26% compared to the corresponding prior year.

The 2007 result was derived from total sales revenues of A\$290.5 million compared to A\$183.8 million in the previous year, representing a 58% increase. Sales of manganese and chrome ore were A\$221.2 million or 76% of trading revenue (2006: A\$124.1 million or 68% of trading revenue) and sales of manganese and chrome alloys and other products totalled A\$69.3 million or 24% of trading revenue (2006: A\$59.7 million or 32% of trading revenue).

The trading gross profit margin more than trebled to 37.8% in 2007 compared to the previous year.

Operating revenue was influenced by:

- sustained increase in manganese and chrome ore prices achieved throughout the year;
- OM (Manganese) Limited (“OMM”) produced from the Bootu Creek Manganese Mine 516,448 tonnes of manganese ore of which 503,265 tonnes were shipped during the year; and
- OM Materials (Qinzhou) Co Limited (“OMQ”) produced 38,101 tonnes of HC FeMn during the year of which 30,227 tonnes were sold.

Distribution costs increased from A\$18.4 million in 2006 to A\$29.1 million for 2007, due to increased volumes shipped as well as an increase in world wide unit shipping costs. Ocean freight costs have continued to trend upwards throughout 2007. However total distribution costs as a percentage of total sales revenue remained at 10%.

Total net administrative costs increased to A\$9.5 million in 2007, due predominantly to higher employee related expenses across all entities within the OMH Group, expensing of all evaluation and assessment costs associated with a number of projects presently being examined in accordance with the Group’s growth strategy and higher transactional costs related to the increased trading activity. The administration expenses also incorporated a contracted performance bonus of A\$1.7 million due and payable to Mr Low Ngee Tong, the Chief Executive Officer in relation to the record consolidated operating result achieved for the year. In addition year end exchange rate translation costs rose as the AUD:USD exchange rate increased from 0.79 as at 31 December 2006 compared to 0.88 as at 31 December 2007.

The Board also agreed to an ex-gratia payment totaling A\$0.7 million to be paid to Mr Low Ngee Tong and Ms Heng Siow Kwee (Joint Company Secretary), two of the founding directors of the Company in recognition of their services to the Company as it commemorates its ten year anniversary and including their contributions with respect to the significant turnaround in operating and financial performance over this past twelve months. The recommendation was initiated by the Remuneration Committee and both Mr Low and Ms Heng were not involved in the discussion or the making of the final decision for the ex-gratia payment.

Depreciation and amortisation charges of A\$9.0 million primarily related to the Bootu Creek Manganese Mine were expensed throughout 2007.

Interest expense of A\$1.8 million remained constant compared to the prior year as the Bootu Creek Manganese Mine debt retirement program was implemented throughout 2007.



In February 2007, OM Materials (S) Pte Ltd (“OMS”) executed an agreement to transfer its sales agency/marketing rights in respect of Territory Resources Limited’s (“TTY”) iron ore product for total consideration of A\$7.8 million. OMH continues to hold its strategic stake of 29,161,413 ordinary shares in TTY maintaining its 11% interest. This investment holding is presently valued at approximately A\$34 million.

A total of A\$2.8 million was expensed in 2007 in accordance with the IFRS requirement to reflect the valuation of share based option transactions. This expense related to the issue of 20.49 million unlisted options to Directors and employees during the year.

The OMH Group operating result equated to a basic earnings per share of A\$0.29 in 2007 compared to a basic loss per share of A\$0.23 in 2006. The net tangible asset backing per ordinary share increased to A\$0.71 per share at 31 December 2007 compared to A\$0.48 per share at 31 December 2006.

The operating subsidiaries’ contributions to the OMH Group’s result for 2007 were as follows:

	Six months ended 30 June 2007 Net profit/(loss) (A\$ million)	Six months ended 31 Dec 2007 Net profit/(loss) (A\$ million)	Total Year Ended 31 Dec 2007 Net profit/(loss) (A\$ million)	Total Year Ended 31 Dec 2006 Net profit/(loss) (A\$ million)
Trading subsidiaries	20.5*	21.7	42.2	3.2
OM (Manganese) Ltd	(7.2)	14.9	7.7	(33.0)
OM (Materials) Qinzhou Co Ltd	4.6	7.1	11.7	(1.6)
OM Holdings Ltd	(2.7)	(2.0)	(4.7)	(1.1)
Operating profit/(loss) after tax attributable to members	15.2	41.7	56.9	(32.5)

* includes gain from the sale of marketing rights of A\$7.8 million.

OMS and its other China based trading operations achieved a record outstanding operating profit after tax of A\$42.2 million for the year. This was mainly attributable to:

- (i) increases in chrome and manganese ore and alloy prices throughout the year, secured at greatly enhanced margins;
- (ii) sustainable production from the OMM operation throughout the latter half of 2007 demonstrating a reliable supply of high grade manganese product; and
- (iii) sound marketing experience and practices that enabled OMS to take advantage of an improved market whilst achieving a strategic balance between long term and spot contracts for its OMM product and its other product transacted on behalf of other third party customers.

Overall the ore and alloy tonnages for the year ended 31 December 2007 were 20% higher than the tonnages traded for the preceding year.

OMS expects the manganese market to remain strong throughout 2008 based upon robust demand and a number of supply issues continuing to be experienced by recognised global manganese ore producers. In particular world wide supply has and will be impacted by the partial withdrawal of two key international suppliers from the market (Vale and Ghana Manganese) and the recent takeover of Consolidated Minerals Limited in Australia.

In addition it is yet to be ascertained how the recently announced national power crisis in South Africa will impact production capabilities and world wide supply of manganese by key South African producers throughout 2008 and beyond. This power predicament could further exacerbate the shortage of high grade manganese ore and alloys within the global market.



OMM for the year recorded an operating profit after tax of A\$7.7 million, which included an amortisation/depreciation charge of A\$8.0 million, expensing exploration expenditure incurred of A\$3.6 million and interest expense of A\$1.6 million. The result was impacted by a number of adverse design and operating issues arising from the Bootu Creek processing plant which particularly impacted production during the wet season within the first quarter of 2007. However OMM recorded a significant turnaround to profitability in the second half of 2007 generating an operating profit after tax of A\$14.9 million aided by the operation performing in excess of design capacity for the second half. The financial performance was also underpinned by the pricing for OMM's manganese product sold in the second half of 2007 being approximately double the average price achieved in the first half. The operation was impacted in the December 2007 quarter by the completion and commissioning of the rectification program and from lower than expected yields through the process plant impacting on ROM inventories. The accumulation of ROM inventories was also hampered by lower mining volumes. Actions to improve upon the yield and production have been implemented and additional earthmoving equipment was mobilised, with further expansion of the mining fleet also carried out in February 2008.

OMQ achieved a record operating profit after tax of A\$11.7 million. This represented a significant turnaround in operating performance and capability. The ferro alloy processing operation focussed upon maximising the production of High Carbon Ferro Manganese ("HC FeMn") which resulted in record production of 38,101 tonnes of HC FeMn which was sold into a strong market for this alloy. This record operating result included the effect of increased ore material costs however this impact was more than offset by the strengthened alloy prices achieved.

The second furnace at the processing facility did not operate continuously in 2007 due to a planned reline and overhaul as well as the dry season curtailing activity due to reduced availability of low cost hydropower. Sourcing of sinter ore also remained tight throughout 2007 which impacted furnace availability.

The OMQ operation is expected to produce a minimum annual production output of approximately 41,000 tonnes of HC FeMn for the year ending 31 December 2008.

Opportunities to further expand the OMQ production capabilities in 2008 are continuing to be evaluated especially in the area of dedicated sinter ore production.

Dividend

Due to the sustained turnaround in operating and financial performance across the mining, process and trading business units the Board has resolved to declare a final dividend of A\$0.04 per share which is payable on 30 May 2008, with a record date for entitlements of 24 April 2008. This takes the total dividend for 2007 to A\$0.06 per share including the interim dividend of A\$0.02 which was paid on 23 November 2007.



FINANCIAL POSITION

Total assets increased during the year by A\$70.0 million to A\$218.4 million as at 31 December 2007 due to:

- Cash reserves increased to A\$24.4 million due to the strong operating result primarily from the trading and ferro alloy processing operations;
- Receivables increased to A\$26.7 million due predominantly to increased trading activity by OMS;
- Inventories increased to A\$51.0 million due to OMM product inventories in transit at year end and a build up of OMQ product inventories; and
- Financial assets available for sale increased to A\$40.2 million, incorporating the fair value adjustment to the investment held in TTY as at 31 December 2007. The investment in TTY was fair valued based upon the market price of TTY at balance date of A\$1.38 per share.

Total liabilities decreased by A\$24.7 million to A\$52.2 million as at 31 December 2007, due mainly to the project debt retirement program associated with the Bootu Creek Manganese Mine whereby A\$18.83 million was repaid and the final balance of A\$5.0 million was repaid in January 2008.

Capital

In May 2007 the Company successfully completed a pro-rata 1 for 2 non-renounceable entitlements issue to shareholders at an issue price of A\$0.22 per share, raising A\$16.3 million from the issue of 74,166,358 ordinary shares. The proceeds raised via the entitlements issue were applied to repay debt related to the Bootu Creek Manganese Mine (A\$5.5 million) and the balance was applied to fund a capital rectification program at the Bootu Creek Manganese Mine as well as replenish working capital.

During the year an additional 8,873,500 ordinary shares were issued following the exercise of unlisted options. In August 2007 the Company completed a selective share buy-back whereby 3.9 million ordinary shares were bought back at a price of A\$0.88 per share, for total consideration of A\$3.432 million.

As at 31 December 2007 the Company had 227,472,575 ordinary shares and 19,335,000 unlisted options on issue. Since 31 December 2007 a further 400,000 ordinary shares have been issued arising from the exercise of unlisted options.

Secondary Listing on the Main Board of the Hong Kong Stock Exchange

As previously announced the Company has commenced the detailed process to seek a secondary listing on the Main Board of the Stock Exchange of Hong Kong Limited ("HKSE"). Various due diligence and compliance processes have commenced in addition to site visits by key due diligence team members and various experts.

The Company considers that the secondary listing will further broaden its shareholder base internationally and give the Company access to future capital raising opportunities in the growing Asian market to support its longer term growth strategy.

The Company has appointed CITIC Securities Corporate Finance (HK) Limited (being a subsidiary of CITIC Securities International Company Limited) to be its financial advisor, sole sponsor, sole global coordinator, sole bookrunner and lead manager.

The Company has now completed the appointment of key professional advisers and commenced the process of preparing the requisite global offer documentation. The Company is expecting to complete all relevant documentation and seek approvals for the secondary listing on the HKSE by 30 June 2008.



OM (MANGANESE) LTD (“OMM”) - 100% OWNED

Production

Record production at the Bootu Creek Manganese Mine during 2007 was as follows:

	Unit	March 2007 Quarter	June 2007 Quarter	Sept 2007 Quarter	Dec 2007 Quarter	FY 2007	FY 2006
Mining							
Total Material Mined	BCM	678,579	884,269	1,099,286	1,760,139	4,422,273	3,960,893
Ore Mined – tonnes	Dt	189,337	363,394	474,581	363,771	1,391,083	868,677
Ore Mined – Mn grade	%	25.44	25.33	25.70	23.21	24.92	22.3
Closing ROM Stocks – tonnes	Dt	147,809	126,127	86,237	86,315	86,315	195,672
Closing ROM Stocks – Mn grade	%	20.70	21.60	21.55	21.50	21.50	20.2
Production							
Lumps – tonnes	Dt	58,070	113,540	123,232	89,013	383,855	174,013
Lumps – Mn grade	%	42.47	41.79	42.53	41.26	42.01	43.6
Fines – tonnes	Dt	22,889	29,025	46,300	34,379	132,593	69,392
Fines – Mn grade	%	43.39	43.19	42.91	41.57	42.71	44.5
Total Production – tonnes	Dt	80,959	142,565	169,532	123,392	516,448	243,406
Total Production – Mn grade	%	42.73	42.08	42.63	41.34	42.19	43.8
Sales							
Lumps – tonnes	Dt	45,982	120,811	108,408	101,377	376,578	137,892
Lumps – Mn grade	%	42.88	42.01	42.22	42.71	42.37	43.4
Fines – tonnes	Dt	20,005	31,239	23,499	51,945	126,688	44,080
Fines – Mn grade	%	43.63	43.07	42.72	43.25	43.16	43.9
Total Sales – tonnes	Dt	65,987	152,050	131,906	153,322	503,265	181,973
Total Sales – Mn grade	%	43.11	42.22	42.31	42.89	42.57	43.4

Operations

During the year considerable progress was made on the Bootu Creek Manganese Mine's operational performance as the project achieved steady state operations in the latter half of the year.

Production for the first three months of 2007 of 80,959 tonnes of manganese product was impacted by severe local rainfall events which culminated from 571mm of rainfall. The heavy rainfall particularly in January 2007, bogged crushers and blocked chutes, bin and feeders, lowering throughput and production. Numerous plant design deficiencies continued to become apparent in relation to materials handling and its impact on processing wet ore.

Production of 142,565 tonnes was achieved for the June 2007 quarter after the effects of the wet season diminished.

Record production of 169,532 tonnes was achieved for the September 2007 quarter.

Production in the December 2007 quarter was 123,392 tonnes and was impacted by lower than expected plant yields through the process plant impacting upon ROM inventories and the time to “tie in” the new rectification plant circuits. During the December 2007 quarter, the capital rectification works program instigated to enable designed process plant production rates to be met consistently was completed and commissioned. The main modifications involved the replacement of the crushed ore reclaim system and ROM bin with a new surge bin, stockpiling



system and improved ROM bin. Indications from achieved production rates in January and February 2008 have confirmed that the modifications have enabled more consistent and increased throughput, enhanced operational safety and removed the need for a hired bypass feed system.

Additional modifications are planned for 2008 as part of an ongoing capital improvement program to further advance materials handling and plant availability.

During the year mining activities focused on completing stages 1 to 3 and commencing stage 4 of the Shekuma pit while simultaneously commencing mining of the Gogo pit. At year end, stages 1 and 2 of the Gogo pit were completed and mining of stages 3, 4 and 5 were underway. ROM ore stocks remained lower than budget at year end primarily as a result of previous under budget mine production rates compared to the mine schedule and lower plant yield. Actions to improve upon the yield and production have been implemented including securing additional earthmoving equipment.

Cash Operating Costs/Revenue

The OMM operation achieved positive financial performance throughout the second half of 2007. Despite the shortfall in December 2007 quarterly production the higher prices achieved for the production sold in the December 2007 quarter underpinned the strongest quarter of profitability.

Unit cash operating costs for the year were higher on lower production compared to budget. Cash operating costs for the year averaged A\$3.04/dmtu produced. This included the effect of lower production in the first quarter and the commencement of additional mine operating costs in the fourth quarter in relation to the accelerated mining activity at the higher strip ratio cutbacks of stages 3 and 4 of the Gogo pit. All pre-strip mining activity was fully expensed as opposed to capitalising and deferring such costs over the life of the pit.

Unit cash operating costs for 2008 are budgeted to be approximately 37% higher despite production budgeted to exceed 650,000 tonnes per annum. The contributing factors to the higher unit cost profile include expensing all mining costs associated with the accelerated mining activity as the high grade ore deposits are accessed, the impact of greater royalty obligations linked to higher net returns budgeted to be generated from the product sold, higher variable costs associated with the greater volumes of ore processed and product handled and the effect of higher forecast AUD:USD exchange rates.

Despite the higher budgeted unit cash operating costs for 2008 the operation remains confident to expect record margins to be derived based upon the sales pricing fundamentals and the key will be to continue to further enhance those margins by delivering the optimum quantity and quality of manganese product.

The average Australian dollar FOB manganese price received per tonne sold for the second half of December 2007 was approximately double the price received in the first half of 2007 and that achieved throughout 2006. This included the effect of the strengthening AUD:USD exchange rate which averaged 0.84 for the year ended 31 December 2007 compared to 0.75 for the year ended 31 December 2006.

Expectations are that the average Australian dollar FOB manganese price received per tonne sold for 2008 will increase by at least another 75% compared to the average price achieved for the second half of 2007. The higher revenue stream anticipated to be received in 2008 will more than offset the budgeted increase in unit operating costs with the largest contributor to the increase in unit operating costs associated with royalty obligations related to the higher expected revenues. The maximum effect of further price increases recently secured will be captured from the commencement of 1 April 2008 as certain shipments early in the March 2008 quarter were being delivered into pre-determined sales contracts prior to the most recent price escalation.



Bootu Creek Manganese Mine - Outlook for 2008

January 2008 production achieved a new monthly record with 59,404 tonnes produced. Similarly February 2008 production is expected to achieve approximately 57,000 tonnes. Both months have continued to demonstrate production capability of over 100% of design capacity.

Despite not experiencing extensive rainfall to date and the January 2008 and February 2008 record monthly production, it is still anticipated that ore supply and processing may be affected by the wet season.

There are 10 planned shipments for the first half of 2008 with the operation budgeting to export approximately 300,000 tonnes of manganese product to 30 June 2008.

Other operational activities planned for the first half of 2008 include:

- Complete the updated Mineral Resource and Ore Reserve Statement and mine plan by 31 March 2008;
- Complete test work and initial cost estimates for an additional crushing and cyclone plant to re-process lump rejects from the heavy media drum plant;
- Complete 1,500 metre diamond drilling program for metallurgical test work purposes; and
- Commence 2008 exploration drilling program with a preliminary budget of A\$7 million.

Project Financing Facilities

In the March 2007 quarter OMM formalised a standstill arrangement out to 31 December 2007 with respect to its project loan facilities with the Commonwealth Bank of Australia (“the Bank”). All conditions under the standstill agreement were satisfied by year end.

During the year a total of A\$18.83 million was repaid from an equity raising by the Company and surplus operating cash flows generated by OMM. A further final repayment of A\$5 million was made in January 2008 and essentially the project is now debt free.

During December 2007 the final remaining contractual obligation to GEMCO of US\$2.66 million was made from OMM surplus operating cash flows releasing the requirement for a guarantee.

As at 29 February 2008 the only facility drawn-down by OMM with the Bank was the Performance Bond facility which was drawn down to A\$0.456 million (from an available facility of A\$0.5 million).

OMM and the Bank are currently reviewing the level of project facilities with the view to establishing an ongoing A\$8 million working capital facility and an increased A\$1 million performance bond for rehabilitation commitments.

The Bank has also agreed to release its mortgage and charge over OMM's shareholding in TTY.

Currency Hedging

During the December 2007 quarter OMM entered into US\$31.7 million of US dollar forward exchange contracts to the end of December 2008 at an average AUD:USD exchange rate of rate of 0.8488.

This combined with existing AUD:USD cover maintained by the Company of US\$23.6 million provides hedging cover for approximately 50% of the total budgeted AUD operating and capital expenditure for the project in 2008 at an average rate of 0.8594.

In effect the hedging arrangements will largely safeguard OMM's AUD operating and capital expenditure requirements throughout 2008.



Expanded Production Options

OMM is actively assessing the Project's capability to increase its annual sustainable production rate to approximately 700,000 tonnes per annum. The successful completion of the capital rectification works has been soundly demonstrated by daily production rates of in excess of 2,000 tonnes per day for consistent periods. In particular during January 2008 and February 2008, record monthly and daily production was achieved which annualised plant capacity in excess of 700,000 tonnes per annum.

Test work has commenced on the value adding benefit of crushing and re-processing lump rejects from the heavy media drum plant. Site trials to date indicate that a marketable product can be produced by crushing and re-processing the rejects through a heavy media cyclone plant.

Further opportunities to significantly expand production beyond 700,000 tonnes per annum will continue to be examined following the release of the updated Mineral Resource and Ore Reserve position.

EXPLORATION

As announced on 6 February 2008 a total of 29,596 metres of reverse circulation drilling was completed at the Bootu Creek Project during the year with the primary focus upon exploration and resource delineation.

Results from resource delineation and extension drilling were very encouraging and an update of the Project's Mineral Resource and Ore Reserve Statement and mine plan is well underway and is expected to be completed by the end of March 2008.

OMM plans to significantly expand its manganese exploration program in 2008 to replace and further expand the Mineral Resources and Ore Reserves inventory and support long term production planning as well as to evaluate opportunities for future expansion beyond 700,000 tonnes per annum.

In addition to manganese exploration a limited number of exploration holes were extended 30 to 50 metres beyond the manganese ore zone to test the potential of the footwall siltstone/dolomite sequence (upper Attack Creek formation) to host copper mineralisation.

Drill results proved very encouraging with five prospect areas identified in initial reconnaissance drilling. Best results included 11 metres at 1.69% Cu, 5 metres at 2.63% Cu and 12 metres at 1.14% Cu from the Chugga North prospect. The copper mineralisation identified is generally located between 15 and 30 metres beneath the gently dipping (~30°) manganese ore horizon and visible mineralisation consists predominately of malachite.

A 5,000 metre follow up RC drilling program is planned within the 2008 exploration program and is intended to extend the limited strike extent tested to date and evaluate the economic potential of the copper mineralisation encountered. The program will include a limited number of deeper stratigraphic drill tests.

Throughout 2008 OMM will fund an increased and extensive exploration program of at least A\$7 million demonstrating its commitment to further extend the mine life and reinforce the Project's capability as a world class and long life asset. OMM's focus remains upon maximising the profitability and life of its Bootu Creek Project through optimisation and mine life extension.

The details contained in this report that pertain to mineral resources and exploration results are based upon information compiled by Mr Craig Reddell, a full time employee of OM (Manganese) Ltd and who is a Member of the Australasian Institute of Mining and Metallurgy (AUSIMM). Mr Reddell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Reddell consents to the inclusion in the report of the matters based upon his information and in the form and context in which it appears.



OUTLOOK

The operational and financial results for 2007 were driven by the strengthening market for manganese ore and alloy and the strong appreciation in pricing for manganese particularly in the last three quarters.

Manganese prices continue to remain buoyant, with landed prices negotiated for shipments to Chinese customers for the first quarter of 2008 exceeding prices achieved for the December 2007 quarter. These price increases over the previous quarter are consistent with expectations that the manganese market will remain robust throughout 2008, underpinned by continued strong demand for high grade manganese product and a number of supply issues continuing to be experienced by key ore suppliers.

The further strengthening market has recently been evidenced by the price setting secured between Nippon Steel and BHP Billiton, on the price of manganese ore for shipments to Japan for the year commencing in April 2008 to March 2009, with a price determined at US\$11.20/dmtu (FOB) as the benchmark price (for lump ore with Mn content of 48%). This represented an increase of US\$8.50/dmtu compared with US\$2.70/dmtu (FOB) applied to shipments in the year April 2007 to March 2008 and further indicates that landed prices to China for 2008 should be further strengthened.

Despite the volatility within financial markets the long term fundamentals underpinning the market for all global carbon steel and stainless steel materials – including manganese – remain very positive and continue to be driven by the strong growth of the Chinese economy. Overall the outstanding turnaround in operating and financial performance from all business units particularly in the latter half of 2007 has remained sustained into 2008 and is expected to continue throughout 2008. The strategy for 2008 will be on assessment of expansion opportunities at both the Australian and China based operations and the development of further growth opportunities internationally.

Appendix 4E – Preliminary Final Report is attached.

Yours faithfully

OM HOLDINGS LIMITED

Heng Siow Kwee/Julie Wolseley
Company Secretary



BACKGROUND PROFILE OF OM HOLDINGS LIMITED

OMH listed on the ASX in March 1998 and has its foundations in metals trading – incorporating the sourcing and distribution of manganese ore products and subsequently in processing ores into ferro-manganese intermediate products. The OMH Group now operates commercial mining operations – leading to a fully integrated operation covering Australia, China and Singapore.

Through its wholly owned subsidiary, OM (Manganese) Ltd, OMH controls 100% of the Bootu Creek Manganese Mine (“Bootu Creek”) located 110 km north of Tennant Creek in the Northern Territory.

Bootu Creek has a design capacity of 550,000 tonnes of manganese product annually. Bootu Creek has further exploration potential given that its tenement holdings extend over 1,599 km².

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 a 11% shareholding in Territory Resources Ltd, a company presently operating the Frances Creek iron ore project 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 2007	31 December 2006

1. Results for announcement to the market

		A\$'000		A\$'000	% up/(down)
Revenues from ordinary activities (<i>item 2.1</i>)	Up from	183,833	to	290,490	58%
Profit/(loss) from ordinary activities after tax (<i>item 2.8</i>)	Up from	(32,318)	to	57,266	277%
Net profit/(loss) for the period attributable to members (<i>item 2.12</i>)	Up from	(32,535)	To	56,863	275%

The consolidated financial statements of OM Holdings Limited (“OMH”) are stated in Australian Dollars for the financial year ended 31 December 2007.

2. Condensed consolidated statement of financial performance

	Current period - \$A'000	Previous corresponding period - \$A'000
2.1 Revenues from ordinary activities (see items 2.17 to 2.25)	290,490	183,833
2.2 Expenses from ordinary activities (see items 2.17 to 2.25)	(234,637)	(213,136)
2.3 Borrowing costs	(1,854)	(1,760)
2.4 Share of net profits (losses) of associates and joint venture entities (<i>see item 8</i>)	-	(537)
2.5 Gain on disposal of marketing rights	7,823	-
2.6 Profit/(loss) from ordinary activities before tax	61,822	(31,600)
2.7 Income tax on ordinary activities	(4,556)	(718)
2.8 Profit/(loss) from ordinary activities after tax	57,266	(32,318)
2.9 Profit (loss) from extraordinary items after tax	-	-
2.10 Net profit/(loss)	57,266	(32,318)
2.11 Net loss attributable to outside +equity interests	(403)	(217)
2.12 Net profit/(loss) for the period attributable to members	56,863	(32,535)
Non-owner transaction changes in equity		
2.13 Net exchange differences recognised in equity	(5,915)	(3,008)
2.14 Other revenue, expense and initial adjustments recognised directly in equity (attach details)		
2.15 Total transactions and adjustments recognised directly in equity	(5,915)	(3,008)
2.16 Total changes in equity not resulting from transactions with owners as owners	50,948	(35,543)

Notes to the condensed consolidated statement of financial performance

Revenue and expenses from ordinary activities

	Current period - \$A'000	Previous corresponding period - \$A'000
2.17 Details of relevant expenses	Please refer to covering letter of ASX Announcement	Please refer to covering letter of ASX Announcement
2.18 Interest revenue	1,021	-
2.19 Commission fee income	-	-
2.20 Depreciation on property, plant and equipment	8,001	3,676
2.21 Amortisation of prepaid lease payment on land use rights	32	25
2.22 Staff costs (including directors' remuneration and retirement benefits scheme contributions)	13,466	6,912
2.23 Inventory (written back)/ written off	(492)	3,961
2.24 Impairment of exploration expenditure	3,629	3,183
2.25 Contract Provision	571	2,028
2.26 Provision for inventories to net realisable value	-	988
2.27a Impairment of mine development costs	-	12,882
2.27b Amortisation of mine development costs	965	1,158
Capitalised outlays		
2.28 Outlays capitalised in intangibles (unless arising from an acquisition of a business)	3,629	2,308
- exploration and evaluation costs (see item 3.36)		
- mine development cost (see item 3.44)	-	3,640

3. Condensed consolidated statement 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\$ 3,768,000 (2006 : A\$7,178,000))	24,382	11,615
3.2 Receivables	26,666	15,935
3.3 Inventories	51,024	34,919
3.4 Total current assets	102,072	62,469
Non-current assets		
3.5 Investments	40,243	9,250
3.6a Exploration and evaluation expenditure capitalised (<i>see para .71 of AASB 1022</i>)(see item 3.41)	-	-
3.6b Mine development costs	12,379	13,344
3.7 Other property, plant and equipment (net)	59,686	59,905
3.8 Prepaid lease payment on land use rights	1,812	1,248
3.9 Intangibles (net)	2,190	2,190
3.10 Total non-current assets	116,310	85,937
3.11 Total assets	218,382	148,406
Current liabilities		
3.12 Payables	41,072	47,707
3.13 Interest bearing liabilities - borrowings	6,032	8,508
3.14 Non-interest bearing liabilities - borrowings	-	1,555
3.15 Tax liabilities	4,806	285
3.16 Other	-	-
3.17 Bank overdraft	-	-
3.18 Hire purchase creditor	-	-
3.19 Total current liabilities	51,910	58,055
Non-current liabilities		
3.20 Hire purchase creditor	-	-
3.21 Interest-bearing liabilities - borrowings	5	18,591
3.22 Long term provision	298	278
3.23 Trade and other payables	-	-
3.24 Total non-current liabilities	303	18,869
3.25 Total liabilities	52,213	76,924
3.26 Net assets	166,169	71,482

3. Condensed consolidated statement of financial position (continued)

	Equity		
3.27	Capital/contributed equity	93,768	14,833
3.28	Reserves	34,001	70,060
3.29	Retained (accumulated losses)/profits (see item 6)	36,414	(15,280)
3.30	Equity attributable to members of the parent entity	164,183	69,613
3.31	Outside [†] equity interests in controlled entities	1,986	1,869
3.32	Total equity	166,169	71,482
3.33	Preference capital included as part of item 3.30	N/A	N/A

Notes to the condensed consolidated statement 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	-	8,743
3.35 Exchange realignment	-	-
3.36 Expenditure incurred during current year (see item 2.28)	3,629	2,308
3.37 Expenditure written off during current year	-	-
3.38 Impairment adjustment	(3,629)	(3,183)
3.39 Expenditure transferred to mine development costs	-	(7,868)
3.40 Other	-	-
Closing balance as shown in consolidated	-	-
3.41 balance sheet (item 3.6a)		

Mine development costs

	At end of current period \$A'000	As shown in last annual report \$A'000
3.42 Opening balance	13,344	15,876
3.43 Exchange realignment	-	-
3.44 Expenditure incurred during current year (see item 2.28)	-	3,640
3.45 Impairment adjustment	-	(12,882)
3.46a Expenditure transferred from exploration and evaluation costs	-	7,868
3.46b Amortisation of mine development costs	(965)	(1,158)
3.47 Reimbursement from co-venturer	-	-
3.48 Closing balance as shown in consolidated	12,379	13,344
balance sheet (item 3.6b)		

4. Condensed consolidated statement of cash flows

	Current period - \$A'000	Previous corresponding period- \$A'000
Cash flows related to operating activities		
4.1 Profit/(Loss) before tax	61,822	(31,600)
4.2a Depreciation of property, plant and equipment	8,001	3,676
4.2b Amortisation of mine development costs	965	1,158
4.2c Amortisation of prepaid lease	32	25
4.3 Share of loss of associate	-	86
4.4 Interest income	(1,021)	(769)
4.5 Interest expenses	1,854	1,760
4.6 Gain on deemed disposal of partial interest in an associate	-	(537)
4.7 Loss on disposal of property, plant and equipment	-	107
4.8 Equity-settled share-based payment	2,765	178
4.9 Provision for exploration and evaluation costs	3,629	3,183
4.10 Impairment of mine development costs	-	12,882
4.11 (Write back)/write down of inventories to net realisable value	(492)	4,949
4.12 <i>Operating profit/(loss) before working capital changes</i>	<i>77,555</i>	<i>(4,902)</i>
4.13 Increase in inventories	(15,612)	(22,013)
4.14 (Increase)/ decrease in trade and bill receivables	(9,867)	5,719
4.15 Increase in prepayments, deposits and other receivables	(1,292)	(186)
4.16 (Decrease)/increase in trade and bills payables	(6,759)	6,878
4.17 Increase in other payables and accruals	(156)	3,088
4.18 Decrease in other long term liabilities	-	(3,645)
4.19 Increase in provision	-	-
4.20 Decrease in amounts due to directors	-	-
4.21 <i>Cash generated from operations</i>	<i>43,869</i>	<i>(15,061)</i>
4.22 Interest paid	(1,854)	(1,760)
4.23 Dividend paid to minority shareholders	(285)	(285)
4.24 Dividend paid	(4,530)	(341)
4.25 Overseas tax paid	(35)	(1,478)
4.26 Net operating cash flows	37,165	(18,925)
Cash flows related to investing activities		
4.27 Increase in amount due from associate	-	-
4.28 Payment for exploration and evaluation costs	(3,629)	(2,308)
4.29 Payment for mine development costs	-	(3,640)
4.30 Purchase of property, plant and equipment	(8,611)	(16,072)
4.31 Purchase of land use rights	-	(4)
4.32 Proceeds from disposal of property, plant and equipment	-	-
4.33 Cash consideration paid for the business combination, net of cash acquired	-	-
4.34 Interest received	1,021	768
4.35 Net investing cash flows	(11,219)	(21,256)

4. Condensed consolidated statement of cash flows (continued)

	Cash flows related to financing activities		
4.36	Capital element of hire purchase payments		-
4.37	Interest element of hire purchase payments		-
4.38	Repayment of bank and other loans		-
4.39	Net (repayment)/proceeds from new bank and other loans	(22,618)	20,956
4.40	Decrease in cash collateral	3,410	1,937
4.41	Proceeds from issue of shares, net of issue costs	16,504	8,640
4.42	Net financing cash flows	(2,704)	31,533
4.43	Net Increase/(decrease) in cash held	23,242	(8,648)
4.44	Cash at beginning of period <i>(see Reconciliation of cash)</i>	4,437	14,188
4.45	Exchange rate adjustments	(7,065)	(1,103)
4.46	Cash at end of period <i>(see Reconciliation of cash item 4.54)</i>	20,614	4,437

4.48 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

4.49 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
4.50 Cash on hand and at bank (excluding cash collateral)	20,614	4,437
4.51 Deposits at call	-	-
4.52 Bank overdraft	-	-
4.53 Other (provide details)	-	-
4.54 Total cash at end of period (item 4.47)	20,614	4,437

5. Dividends (distributions)

	Amount per security	Franked amount per security
Final dividend	A\$ 0.04 cents	N/A
Interim dividend	A\$ 0.02 cents	N/A
Previous corresponding period – Final dividend	N/A	N/A
– Interim dividend	N/A	N/A
Date the dividend (distribution) is payable:	Final : 30 May 2008 Interim : 26 October 2007	
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	Final : 24 April 2008 Interim : 23 November 2007	
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	(15,280)	17,787
6.2 Net profit/(loss) attributable to members (<i>item 2.12</i>)	56,863	(32,535)
6.3 Net transfers from (to) reserves (<i>details if material</i>)	(458)	(393)
6.4 Net effect of changes in accounting policies	-	-
6.5 Dividends and other equity distributions paid or payable	(4,711)	(139)
6.6 Retained (accumulated losses)/profits at end of financial period (see item 3.29)	36,414	(15,280)

7. NTA backing

	Current period	Previous corresponding Period
7.1 Net tangible asset backing per ⁺ ordinary security	A\$71.21 cents	A\$ 48.19 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 are prepared in accordance with International Financial Reporting Standards (“IFRS”) including related Interpretations to IFRS (“INT IFRS”) promulgated by the International Accounting Standards Board (“IASB”).

In the previous year, the Company and the Group has prepared their financial statements in accordance with Singapore Financial Reporting Standards (“SFRS”). There is no difference between SFRS and IFRS in relation to the financial statements of the Company and the Group.

10. Commentary on the result for the year

10.1 Earnings per security (EPS)

	Current period	Previous corresponding Period
(a) Basic EPS	A\$28.60 cents	(A\$ 23.18 cents)
(b) Diluted EPS	A\$26.06 cents	(A\$ 21.88 cents)

(c) Diluted EPS is calculated based on the profit/(loss) attributable to equity holders of the company of A\$56,863,437 (2006: (A\$ 32,535,455)) and on the weighted average number of ordinary shares adjusted for the effects of all dilutive potential shares of 218,172,892 (2006: 148,658,012) after taking into account the effect of dilutive potential ordinary shares for the share options.

10.2 Segment information

Please refer to Table 1 below.

10.3 Others

Significant features of operating performance and a discussion of trends in performance are detailed in the covering letter of this announcement.

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

The accounts have been audited.

The accounts have been subject to review.

The accounts are in the process of being audited or subject to review.

The accounts have *not* yet been audited or reviewed.

Sign here:  
(Joint Company Secretary)

Date: 29 February 2008

Print name: Heng Siow Kwee/ Julie Anne Wolseley

Table 1 Segment information

(a) Geographical segments

Analysis of operating revenue, segment results, segment assets and segment liabilities by geographical location based on location of customers is as follows :

2007

	PRC A\$'000	Korea A\$'000	Others A\$'000	Consolidated A\$'000
Sales to customers outside the Consolidated Entity	248,488	12,808	29,194	290,490
Segment results	50,867	4,993	825	56,685
Unallocated corporate income and expenses				(1,853)
Profit from operations				54,832
Finance costs				(1,854)
Finance income				1,021
Gain on disposal of marketing rights				7,823
Profit before income tax				61,822
Income tax expenses				(4,556)
Profit for the year				57,266
Assets				
Segment assets	162,084	3,026	9,516	174,626
Unallocated corporate assets				43,756
				218,382
Liabilities				
Segment liabilities	44,548	1,134	4,637	50,319
Unallocated corporate liabilities				1,894
				52,213

SEGMENT INFORMATION (Continued)

(a) Geographical segments (Continued)

2006

	PRC A\$'000	Korea A\$'000	Others A\$'000	Consolidated A\$'000
Sales to customers outside the Consolidated Entity	147,793	8,391	27,649	183,833
Segment results	(7,174)	454	1,267	(5,453)
Unallocated corporate income and expenses				(1,797)
Loss from operations				(7,250)
Finance costs				(1,760)
Impairment written down				(12,882)
Provision				(10,159)
Gain on arising on reduction in interest in Associated Company				537
Share of loss of an associate				(86)
Loss before income tax				(31,600)
Income tax expenses				(718)
Loss for the year				(32,318)
Assets				
Segment assets	123,785	1,951	11,115	136,851
Unallocated corporate assets				11,555
				148,406
Liabilities				
Segment liabilities	67,246	1,744	7,675	76,665
Unallocated corporate liabilities				259
				76,924

SEGMENT INFORMATION (Continued)

(a) Geographical segments (Continued)

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment analysed by geographical location of assets:

2007	PRC A\$'000	Singapore A\$'000	Australia A\$'000	Consolidated A\$'000
Carrying amounts of segment assets:				
Segment assets	41,841	60,511	72,274	174,626
Unallocated corporate assets				43,756
				218,382

2006	PRC A\$'000	Singapore A\$'000	Australia A\$'000	Consolidated A\$'000
Carrying amounts of segment assets:				
Segment assets	38,655	27,670	70,526	136,851
Unallocated corporate assets				11,555
				148,406

(b) Business segments

2007	Ores A\$'000	Ferroralloys A\$'000	Others A\$'000	Consolidated A\$'000
Sales to customers outside the Consolidated Entity	220,822	69,602	66	290,490
Carrying amounts of segment assets :				
Segment assets	128,619	45,996	11	174,626
Unallocated corporate assets				43,756
				218,382

SEGMENT INFORMATION (Continued)

(b) Business segments (cont'd)

2006	Ores A\$'000	Ferroralloys A\$'000	Others A\$'000	Consolidated A\$'000
Sales to customers outside the Consolidated Entity	124,104	55,607	4,122	183,833
<hr/>				
Carrying amounts of segment assets :				
Segment assets	102,554	33,411	886	136,851
Unallocated corporate assets				11,555
				<hr/>
				148,406
<hr/>				