



Media Release

ASX: OMH

28 August 2008

## OMH GROUP DELIVERS RECORD A\$97M FIRST HALF PROFIT OUTSTANDING PERFORMANCE DRIVEN BY PRODUCTION GROWTH, MANGANESE PRICES

### OM HOLDINGS LIMITED

(ARBN 081 028 337)

ASX code: OMH

Share price: A\$2.39  
(as at close of trade on 27 August 2008)

Market capitalisation: -A\$1.1B

Ordinary shares on issue:  
473.1M

Unlisted options on issue:  
21.1M

#### Board

Non-Executive Chairman  
Mr John Raubenheimer

Director, CEO  
Mr Low Ngee Tong

Director, CFO  
Mr Ong Beng Chong

Non-Executive Director  
Ms Julie Anne Wolseley

Non-Executive Director  
Mr Tan Peng Chin

Non-Executive Director  
Mr Wong Fong Fui

Non-Executive Director  
Mr Thomas Teo Liang Huat

#### Major Shareholders

Board/Management	22%
HSBC Custody Nom	15%
Strategic Partners	12%
Zero Nominees Pty Ltd	8%
Top 20 Shareholders	78%

- Record A\$97M net profit after tax for 6 months to 30 June 2008.
- 122% increase in sales revenue to A\$285.2M vs A\$128.3M.
- Earnings per share of A\$0.21 vs A\$0.04.
- Interim dividend of A\$0.035 per share, payable on 17 October 2008.
- Strong growth outlook for all businesses underpinned by strong manganese market.

Diversified commodity trading, metals and mining house, OM Holdings Limited (**ASX: OMH – “OMH”**), has reaped the benefits of the continued strength of the global manganese market across all of its business divisions, today announcing a record **A\$97 million** net profit after tax (NPAT) for the half year to 30 June 2008. On the strength of the outstanding performance, the Company has declared an interim dividend of **3.5 cents** per share, payable on 17 October 2008.

The record bottom line earnings – which exceeds the guidance provided by the Company during the year of achieving a NPAT of no less than A\$85 million for the period – represents over a five-fold increase on the A\$15.2 million NPAT achieved for the previous corresponding period. The result was achieved on a 122% increase in sales revenue to A\$285.2 million (1H 2007: A\$128.3 million), driven by a combination of record production from the Bootu Creek Manganese Mine in Australia and favourable price trends for manganese ore and alloys.

Gross profit was up 316% to A\$134.8 million (1H 2007: A\$32.4 million), with a gross profit margin of 47.3% achieved. Pre-tax profit was A\$103.3 million (1H 2007: A\$17.1 million), while the bottom line result translated to a basic earnings per share of A\$0.21 (1H 2007: A\$0.04). Net asset backing at 30 June increased to A\$0.50 per share (A\$0.28 at 30 June 2007) and OMH's cash reserves increased to A\$63.6 million (including cash collateral of A\$3.8 million).

Consolidated operating cash flows from the Group's manganese mining, processing and trading operations in Australia, China and Singapore increased to A\$50.8 million for the six month period, compared to A\$4.0 million for the previous corresponding half.

OMH Group's CEO, Mr Low Ngee Tong, said the six months to 30 June 2008 represented the most successful period in the Company's history, operationally and financially. "This is a very significant milestone for OMH, and is a credit to the focus and hard work of everyone within all facets of our international organisation," he commented.

"While clearly driven by the strengthening market for manganese ore and alloys, it was also due to tight operational and financial management, cost control and a strong focus across all of our business divisions," Mr Low added. "This outstanding result, combined with a strong outlook moving forward, provides a very strong foundation for our continued growth and development as a leading international resource group."

## **Bootu Creek Manganese Mine**

The OMM operations at Bootu Creek in the Northern Territory achieved a A\$55.4 million net profit after tax for the half year, after including an impairment write-back of A\$9.7 million and an amortisation/depreciation charge of A\$4.6 million. This outstanding result was driven by record manganese production of 346,378 tonnes at 42.0% Mn (1H 2007: 223,524 tonnes at 42.3% Mn), with the operation on track to achieve its targeted annualised production of 700,000 tonnes. Unit production costs did increase to A\$4.47/dmtu for the first half, compared with A\$3.03/dmtu for the previous corresponding period.

Ore Reserves at Bootu Creek increased to 10.3 million tonnes at 24.5% Mn and Mineral Resources (including Ore Reserves) increased to 17.75 million tonnes at 25.7% Mn, underpinning a life-of-mine plan of 8.5 years production at 700,000tpa. OMH is continuing aggressive exploration programs to further extend the mine life, with a A\$10 million exploration budget for 2008 well underway.

OMM's Managing Director, Mr Paul Thomas, said the Bootu Creek processing plant continued to perform above its design capacity of 550,000tpa, with record surplus operating cash flows generated during the first half and the outlook for the OMM operations remaining extremely robust.

"In addition to the major exploration initiative underway, we are also continuing to evaluate other organic growth options, and the Board has approved the rejects re-treatment plant project which has the potential to lift total production to 800,000tpa from the middle of next year," Mr Thomas said.

## **Marketing, Trading and Logistics Operations**

The Singapore-based trading operations generated a strong operating profit after tax of A\$37.6 million for the half year, with record volumes of 531,635 tonnes of manganese and chrome ore and alloys traded into China at significantly higher prices based upon strong market demand.

"Record production from Bootu Creek provided a reliable supply of high-grade ore and sound marketing experience and practices also enabled us to take advantage of a robust market so as to achieve a strategic balance between long-term and spot contracts," Mr Low commented. "The market for manganese ore and alloys has continued to strengthen in the third quarter, driven by the continued worldwide shortage of high-grade manganese in the market and sustained growth in demand for steel and stainless steel products."

## **Qinzhou Smelter**

OMH's Qinzhou Smelter in China contributed an operating profit after tax of A\$12.9 million, driven by record production of 27,276 tonnes of High Carbon Ferro Manganese (HC FeMn). "Ongoing demand for alloys is continuing and the Qinzhou operation is expecting to achieve annual production of approximately 41,000 tonnes of alloy by year end," Mr Low added.

## **Outlook**

With the continued strong performance of its mining, smelting and trading operations, the Company re-affirmed a strong financial outlook for the six month period to 31 December 2008. "With the sustainable strength in the manganese ore price, the OMH Group is expected to post further solid earnings and strong operating cash flows throughout the second half of 2008," Mr Low said.

"With the some of the restrictions associated with the recent Beijing Olympics now behind us, we anticipate continued strong output by China's steel industry, with associated demand for high quality manganese ore," he continued. "With its growing mine production and reserve base, successful trading operations and strong balance sheet, the OMH Group remains uniquely placed to continue to benefit from the current global circumstances and outstanding potential of all its operating assets."

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**Forward-Looking Statements**

*This release may include forward-looking statements. These forward-looking statements are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of OM Holdings Limited, that could cause actual results to differ materially from such statements. OM Holdings Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.*

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