



OMH GROUP UNVEILS RECORD \$115.6M NET ANNUAL PROFIT

STRONG CONTRIBUTION BY ALL BUSINESS UNITS CREATES SOLID PLATFORM FOR GROWTH

OM HOLDINGS LIMITED

(ARBN 081 028 337)

ASX code: OMH

Share price: A\$1.00
(at close of trade on 20 Feb 2009)

Market capitalisation: -A\$478M

Ordinary shares on issue: 477.6M

Unlisted options on issue: 72.2M

Board

Executive Chairman
Mr Low Ngee TongDirector, CEO
Mr Peter TothExecutive Director, CFO
Mr Ong Beng ChongNon Executive Director
Ms Julie Anne WolseleyNon Executive Director
Mr John RaubenheimerNon Executive Director
Mr Tan Peng ChinNon Executive Director
Mr Wong Fong FuiNon Executive Director
Mr Thomas Teo Liang Huat

Top Shareholders

Board/Management	22%
HSBC Custody Nom	12%
Stratford Sun Limited	12%
Strategic Partners	10%
Zero Nominees Pty Ltd	7%
Top 20 Shareholders	82%

HIGHLIGHTS

- **Record \$115.6M* net profit after tax for 12 months to 31 December 2008**
- **Final dividend of 3cps, payable on 29 May 2009**
- **98% increase in sales revenue to \$574.1M (2H contribution of \$288.9M)**
- **\$243.1M gross profit equating to a gross profit margin of 42.3%**
- **\$134.4M operating profit before interest and tax**
- **Cash flows from operations increased to \$151.8 million**
- **Basic EPS of 25cps, with net tangible asset backing increased to 52cps**
- **150,000 tonnes of contracted manganese sales secured for January-March 2009 Quarter despite ongoing market volatility and uncertainty.**

OM Holdings Limited (ASX: OMH – “OMH”) today announced a record **\$115.6 million** net profit after tax for the 12 months to 31 December 2008, reflecting exceptional contributions by each of its manganese mining, marketing and ferro-alloy business units and providing a strong platform for continued growth.

The record net profit – which was more than double the \$56.9 million net profit for the previous corresponding year – was achieved on a 98% increase in sales revenue to \$574.1 million (2007: \$290.5 million).

Significantly, more than half of total sales (\$288.9 million) were derived in the second half of 2008 despite the suspension of product shipments during the fourth quarter following the impact of the economic crisis on global commodity markets.

The outstanding financial performance enabled the Board of OMH to declare a final dividend of **3 cents per share** (payable on 29 May 2009 with a record date for entitlements of 24 April 2009). This takes the total dividends for 2008 to 6.5 cents per share.

Gross profit increased by 121% to \$243.1 million (2007: \$109.9 million), equating to a gross profit margin of 42.3% (2007: 37.8%). Operating profit before interest and tax was \$134.4 million (2007: \$63.7 million). The bottom line result was after expensing exploration expenditure of \$11.9 million, foreign exchange losses of \$19.8 million, IFRS adjustments of \$13.6 million and depreciation and amortisation of \$8.8 million.

The result translated to a basic earnings per share of 25 cents in 2008 (2007: 14 cents). Net tangible asset backing increased to 52 cents per share as at 31 December 2008 (2007: 36 cents per share).

Consolidated cash flows from operations increased strongly to \$151.8 million for the 2008 year, reflecting the strong cash generation capability of all three major business units at different stages of the commodities cycle.

**Note: All Dollar values in this release are Australian Dollars unless otherwise specified*

Bootu Creek Manganese Mine (Australia)

The OMM operation at the Bootu Creek Manganese Mine in the Northern Territory delivered a record operating profit after tax of \$48.8 million, after expensing exploration expenditure of \$9.4 million, amortisation/depreciation of \$7.5 million and foreign exchange losses of \$22.2 million.

This was underpinned by record manganese production of 672,580 tonnes (2007: 516,448 tonnes) and strong price increases over the first three quarters. C1 production costs for the year were A\$4.06/dmtu (2007: A\$3.03/dmtu), predominantly due to higher mining costs associated with the increased volumes of material mined.

The Company has implemented a revised production strategy in response to prevailing market conditions based upon a 500,000tpa production rate. With a reduced first half production target aiming to further improve product yield and metal recovery performance with expanded mining capability, Bootu Creek has the ability to rapidly return to production at a rate of 700,000tpa once market conditions improve.

The \$10 million exploration program completed during 2008 has returned excellent results, providing strong indications of the potential to increase the current Mineral Resource base of 17.75 million tonnes at 25.7% Mn, with a revised resource inventory expected to be released within the next few weeks.

Marketing, Trading and Logistics Operations (Singapore)

The Singapore-based trading operations achieved a record operating profit after tax of \$48.1 million for 2008, mainly reflecting increases in manganese ore and alloy prices during the first three quarters. Sound marketing strategies enabled OMS to take advantage of a robust market and achieve a preferential strategic balance between long term and spot contracts. Record volumes of 530,442 wet tonnes of high grade product were shipped by OMM during the year, while marketing and trading activity for OMS totalled 818,519 tonnes.

Qinzhou Smelter (China)

OMH's Qinzhou Smelter in China contributed a record operating profit after tax of \$19.5 million, which was 73% higher than the previous year. This result was attributable to strong market demand and high prices secured for High Carbon Ferro Manganese (HC FeMn) produced, which totalled 45,511 tonnes (2007: 38,101 tonnes). The pivotal Qinzhou sinter plant project is progressing on schedule with project commissioning planned for Q4 of 2009.

Management Comment & Outlook

"This is an outstanding result, particularly considering the turbulent events experienced in commodity markets during the second half of the year," said OMH's CEO, Mr Peter Toth. "It reflects the considerable strategic value inherent within our vertically integrated business as well as the robustness of our core business units.

"All divisions contributed strongly to this result with record operational and financial milestones achieved from our mining, smelting and marketing operations. The strong cash generation capability of these businesses enabled us to finish the year with total cash and bank balances of \$119.3 million with virtually no debt, putting us in a strong position moving forward.

"The revised production plan at Bootu Creek combined with ongoing operational and cost control initiatives at all our operations will position us to move quickly and effectively to take advantage of a recovery in the manganese market," he continued.

"While the outlook for the steel industry remains volatile and uncertain, we have seen a recovery in Chinese manganese alloy and ore demand during the first Quarter. This has been reflected in our ability to secure more than 150,000 tonnes of contracted sales of manganese ore for the January-March Quarter of 2009.

“With the completion of a highly successful exploration program in 2008 – and an updated Mineral Resource inventory for Bootu Creek expected to be released shortly, we are continuing to work towards future medium term organic growth opportunities including completing the study to examine the feasibility of further expanding production at Bootu Creek to a 1.5Mtpa production case upon a sustained recovery in global markets.

“In addition, we are continuing to aggressively pursue inorganic growth opportunities that will allow us to diversify our product and geographical exposure in the steel-making raw materials segment,” Mr Toth said.

- ENDS -

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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.

Competent Person's Statement

The details contained in this report pertain to 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. 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 "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Reddell consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.