



## NEWS RELEASE

**For Immediate Release  
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## OMT Reports Results for Three Months Ended September 30, 2008

**Winnipeg, Manitoba, November 28, 2008** -- OMT Inc. (TSXV: OMT) announced today the Company's consolidated results for the period ended September 30, 2008.

### Third Quarter Highlights

- *The company continues to develop its mid and long-term debt refinancing solutions for the existing \$3,995,000 convertible debt instrument, which currently matures on July 15, 2009, and is reviewing its cash management options.*
- *OMT's leading iMediaTouch radio automation system won opportunities to expand our existing relationship into a third market of Mid-West Family Broadcasting, and was selected as initial deployments for Verstandig Broadcasting, Jamieson-Wolf Enterprises and Real Media.*
- *The Intertain division was expanded to new locations with several existing clients and began initial deployments on the Newfoundland Labrador Liquor Corporation agreement previously announced.*

### Description of Business

OMT Inc. (TSXV: OMT) is a digital media content and technology solution provider to radio broadcasters and retailers with two business units. Intertain Media, the digital entertainment division, offers commercial music, messaging and digital signage services to major retailers. The OMT Technologies division delivers radio automation systems to radio stations internationally. OMT's broadcasting, multi-media technology, and content are heard daily by over 50 million people worldwide through radio, satellite, television and Internet delivered broadcasts. To learn more about the Company, its products and services, visit its website at [www.omt.net](http://www.omt.net).

### Management's Discussion and Analysis

Certain statements made in the following Management's Discussion and Analysis contain forward-looking statements including, but not limited to, statements concerning possible or assumed future results of operations of the Company. Forward-looking statements represent the Company's intentions, plans, expectations and beliefs, and are not guarantees of future performance. Such forward-looking statements represent our current views based on information as at the date of this report. They involve risks, uncertainties and assumptions and the Company's actual results could differ, which in some cases may be material, from those anticipated in these forward-looking statements. Unless otherwise required by applicable securities law, we disclaim any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. The Company cautions investors not to place undue reliance upon forward-looking statements.

## Results of Operations

This review contains Management's discussion of the Company's operational results and financial condition, and should be read in conjunction with the consolidated financial statements for the nine months ended September 30, 2008 and the associated notes, which were prepared in accordance with Canadian generally accepted accounting principles (GAAP). All amounts are in Canadian dollars unless otherwise indicated.

The unaudited consolidated financial statements provide a comparison of the nine months ended September 30, 2008 to the nine months ended September 30, 2007. The eight quarter review figures have been adjusted to reflect the discontinued operations.

### Eight Quarter Review (numbers shown in '000s) (unaudited)

The Eight Quarter Review figures have been adjusted to reflect the discontinued retail preview operations.

	2008			2007				2006
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total Sales	\$671	\$877	\$816	\$794	\$637	\$1,008	\$781	\$737
Gross Profit	\$449	\$538	\$487	\$492	\$446	\$463	\$533	\$517
Gross Profit %	67%	61%	60%	62%	70%	46%	68%	70%
Operating Expenses	\$453	\$607	\$501	\$461	\$500	\$605	\$596	\$586
EBITDA	(\$4)	(\$69)	(\$14)	\$31	(\$54)	(\$142)	(\$63)	(\$69)
Other Expenses	\$155	\$148	\$144	\$171	\$187	\$169	\$176	\$213
Net Loss	(\$159)	(\$217)	(\$158)	(\$140)	(\$241)	(\$311)	(\$239)	(\$282)
Net Loss per share (basic & diluted)	(0.006)	(\$0.007)	(\$0.006)	(\$0.005)	(\$0.008)	(\$0.011)	(\$0.008)	(\$0.010)

Results for the quarters ended in 2008, 2007 and 2006 reflect the total business of the Company, which includes OMT Technologies and the Intertain Media divisions. Sales and cost of sales for Intertain's discontinued Retail Preview Segment (RPS) in May, 2007 have been removed to allow proper comparison between the periods and are not shown on this chart. Expenses of the discontinued operation have not been segregated and remain in the normal operating expenses. OMT Technologies includes the iMediaTouch radio automation and related products. Intertain Media now includes music, messaging and digital signage services.

Sales in the third quarter of this year are \$34,000 higher than the same quarter last year. The increase is attributed to the retail segment where subscription revenue is \$10,000 higher and installation services are \$24,000 higher than the same quarter last year. Commercial sector sales remained relatively constant. Sales in the third quarter this year were \$206,000 lower than in the second quarter. In the second quarter, while sales were generally higher than the third quarter, the hardware components of several large commercial customers accounted for increased sales of \$144,000. The weakening US economy continues to negatively impact the financial performance of the radio industry, causing an increased focus on capital expenditure reduction. Some clients have decided to postpone annual technical maintenance contract renewals. As a consequence, recurring revenue in the commercial segment has been negatively affected and is \$48,000 (11%) lower than last year (\$12,000 this quarter).

Gross profit at 67% in the third quarter of this year was \$89,000 (17%) lower than the second quarter this year and \$38,000 (6%) lower than the first quarter of this year. The reduction is a direct result of the lower commercial sales. Gross margin percentages for the three quarters this year are all within the normal range of 60-70%. Gross profit margins fluctuate when the mix of sales between hardware, software and services changes in any specific period. Last year, the gross profit margin in Q2 was abnormally low as a result of the large audio installation in the retail sector and the technical difficulties experienced in the large custom

project in the commercial sector.

Operating expenses in the third quarter this year were \$47,000 less than the same period last year. The savings were achieved by reductions in convention costs and small staff level adjustments.

EBITDA is defined as Earnings before interest, tax, depreciation and amortization and is a measure that has no standardized meaning under Canadian GAAP and is considered a non-GAAP earnings measure. Therefore this measure may not be comparable to similar measures reported by other companies. EBITDA can be used to compare the Company's operating performance on a consistent basis. It is presented in this MD&A to provide the reader with additional information regarding the Company's liquidity and ability to generate funds to finance its operations.

Other expenses that reduce EBITDA to arrive at net loss include:	<u>Q3-2008</u>	<u>Q3-2007</u>
Interest, finance and related expense	\$151	\$175
Amortization	<u>\$ 4</u>	<u>\$ 12</u>
Total	<u>\$155</u>	<u>\$187</u>

The net loss of \$159,000 for Q3-2008 is an improvement of \$82,000 (34%) over the Q3-2007 net loss of \$241,000, and \$58,000 (27%) over the Q2-2008 net loss of \$217,000. The loss per share, in all quarters, is based on 28,922,090 shares issued and outstanding.

### **Cash Flow**

Cash flow from operations, net of financing, in the third quarter was a positive \$1,000. For the year to date, cash flow, net of financing, was a negative \$105,000. Last year the cash flow from operations, net of financing, in the third quarter was a positive \$12,000 and a negative \$167,000 year to date. Management projections for the fourth quarter continue to show negative cash flows, but well within the established bank line of credit.

### **Contractual Obligations**

A lease for premises and a lease for office equipment as detailed in the notes to the financial statements at December 31, 2007 remain unchanged.

### **Liquidity**

Working capital, as defined by the Company's principal lenders, includes all of the current liabilities except deferred revenue. Deferred revenue (customer deposits on projects and service contracts) at September 30, 2008 and December 31, 2007 was \$343,000 and \$314,000 respectively. Working capital at September 30, 2008 was negative \$3,914,000 as compared to a positive \$150,000 at December 31, 2007. This significant apparent deterioration in the company's working capital has occurred because the convertible debt is now due in less than a year and is now shown on the balance sheet as a current liability, as required by GAAP.

The convertible debt due on July 15, 2009 will require deferred interest and principal repayments of \$360,000 and \$3,995,000 respectively. Management anticipates that the Company will not be able to generate enough cash from normal business operations and that additional financing will be required to retire this debt, or a maturity debt extension agreed to by the lenders. Management continues to explore several options to address this issue, but there is no assurance that the Company will be successful in this endeavor. If the company is unable to acquire new financing, or extend the debt, then this would have serious implications on its ability to meet its obligations and to continue as a going concern.

## **Related Party Transactions**

In October 2005, a major shareholder provided a guarantee for \$400,000 to the Bank of Nova Scotia in support of the Company's line of credit. This guarantee is subject to a 30 day notice of cancellation by the major shareholder and requires payments of a monthly administration fee of \$1,000 as well as a monthly standby fee of \$1,000. If the Company actually draws down on the guarantee, then the interest rate would be 20% of the amount received. The Company consummated this related party transaction to support the operating Line of Credit with the Bank.

The Company has contracted to supply Radio Automation Software and Services to a company of which one of OMT's directors is also an officer and director. The project which is valued at approximately \$550,000 (US \$505,000) began in 2005 and as at September 30, 2008 the cumulative revenue for the work completed and recognized to date amounted to \$415,000.

The project has been delayed due to technical and client issues. Completion of the project will result in additional costs over and above those originally estimated. Revenue has been recorded on this contract under the percentage of completion method based upon management's best estimate of costs still to be incurred. Management estimates that costs still to be incurred to complete the project will be approximately \$70,000.

## **Changes in Accounting Policies**

### Section 1535 - Capital Disclosures

Effective January 1, 2008, the Company adopted the CICA Handbook Section 1535, Capital Disclosures which establishes standards for disclosing information regarding an entity's capital and its management. The information provided by an entity should focus in particular on its objectives, policies and processes for managing capital, and disclose whether it complies with capital requirements to which it is subject and also what the consequences are in case of non-compliance. The Company has determined that the application of this section had no effect on the Company's financial position or the results of its operations.

### Sections 3862 and 3863 – Financial Instruments, Disclosure and Presentation

Effective January 1, 2008, the Company adopted the CICA Handbook Sections 3862 and 3863 – Financial Instruments, Disclosure and Presentation. These sections which will replace section 3861, "Financial Instruments – Disclosure and Presentation", require the disclosure of additional detail of financial asset and liability categories as well as detailed discussion on the risks associated with the company's financial instruments, including how it manages these risks. These standards harmonize disclosures with International Financial Reporting Standards ("IFRS"). The Company has determined that the application of this section had no effect on the Company's financial position or the results of its operations.

### Section 3031 – Inventories

Effective January 1, 2008, the Company adopted the CICA Handbook Section 3031 – Inventories which replaces section 3030 with the same title and will harmonize accounting for inventories under Canadian GAAP with IFRS. This standard requires that inventories should be measured at the lower of cost and net realizable value, and includes guidance on the determination of cost, including allocation of overheads and other costs. The section also requires that similar inventories within a consolidated group be measured using the same method. It also requires the reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories. The Company has determined that the application of this section had no effect on the Company's financial position or the results of its operations.

Recent accounting pronouncements not yet adopted

#### *Goodwill and Intangible Assets*

These sections establish guidance for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Management is reviewing the requirement and will implement them on January 1, 2009.

#### *International Financial Reporting Standards (IFRS)*

The changeover date for implementation of IFRS has been set for January 1, 2011. Management is reviewing the requirements; especially where they could affect data processing changes which must be in place in order to meet reporting guidelines.

#### **Internal Controls**

During fiscal 2007, the Company made changes to its systems of internal controls over financial reporting that did not materially affect internal control over financial reporting.

OMT has implemented a system of internal controls. New legislation does not require certification over internal controls; rather the President and Chief Financial Officer will be signing the bare certificate. There may be additional risks to quality, reliability and transparency of interim and annual filings and other reports provided under this new securities legislation.

#### **Risks and Uncertainties**

The risks and uncertainties discussed below must be taken into account, as they may affect the Company's ability to achieve our strategic goals. Investors are therefore advised to consider the following items in assessing the Company's future prospects as an investment.

##### *Capital requirements*

OMT Inc. will need to secure new financing or renegotiate the terms of repayment on the subordinated debt which will mature on July 15, 2009, as it is anticipated that cash flow from operations will not be sufficient to repay the subordinated debt. As such, the ability of the Company to continue operating as a going concern is dependant on obtaining new financing and/or renegotiating the repayment terms of the subordinated debt. Readers should refer to notes 2(c) and 6(i) in the consolidated financial statements.

##### *Custom Contract in progress*

The Company has contracted to supply Radio Automation Software and Services to a company of which one of OMT's directors is also an officer and director. The project which is valued at approximately \$550,000 began in 2005 and at September 30, 2008 the revenue for the work completed amounted to \$415,000. The project has been delayed due to technical and client issues. Completion of the project will result in additional costs over and above those originally estimated. Revenue has been recorded on this contract under the percentage of completion method based upon management's best estimate of costs still to be incurred. Management estimates that costs still to be incurred to complete the project will be approximately \$70,000.

##### *Competition and technological obsolescence*

Our products' markets experience ongoing technological changes and apart from the fact that OMT Inc. must compete with existing technology and service providers, new companies and advancing technologies remain a competitive fact. In order to remain fully competitive in our target markets, OMT must continue to innovate and respond with advanced generations of software, products and services. The inability to react in a timely fashion to technological and competitive changes could have an impact on the value of the Company's

intangible assets and our ability to attract and retain our customers. Moreover, the highly competitive market in which we operate could cause the Company to reduce its prices and offer other favorable terms in order to compete successfully with its rivals. These practices could, over time, limit the prices that OMT can charge for its products. If OMT was unable to offset such potential price reductions by a corresponding increase in sales or to lower expenses, such a decline in revenues from software sales and related products could negatively impact our profit margins and operating results.

*Credit risk*

The Company's contracts for projects denominated in foreign currencies as well as accounts receivable in foreign currencies potentially subjects the Company to credit and foreign exchange risk, as collateral is generally not required and exchange rates to US funds can change significantly. However, the risk of loss is partially mitigated due to the Company's policy of collecting a deposit before any project is commenced. The Company also bills in advance for service and support contracts.

*Fair value*

The carrying amounts of cash, accounts receivable, inventory, accounts payable and accrued liabilities approximate their fair values because of the short term maturity of these instruments. As such, all are grouped within the current assets or current liabilities sections of the balance sheet. The fair value of the long-term debt can not be reliably measured because there is no market for this financial instrument. The carrying value of the long-term debt is as described in note 7. This liability is shown as a long-term liability on the balance sheet.

*Growth management and market development*

There can be no assurance that OMT Inc. will be able to significantly develop its market, which would affect its profitability. On the other hand, rapid growth would put significant pressure on management, operations and technical resources. To manage growth, the Company would have to increase its technical and operational complement and manage its staff while effectively maintaining numerous relationships with third parties.

**Additional Information**

Additional information related to the Company, including all public filings, is available on SEDAR ([www.sedar.com](http://www.sedar.com)).