

PENRICE SODA HOLDINGS LTD
ABN 83 109 193 419

Preliminary final report (Appendix 4E) for the year ended 30 June 2005 (prior comparative period being the period from incorporation 21 May 2004 to 30 June 2004)

ASX Code PSH

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Results for announcement to the market

Operating Result	% change	\$000
Revenue from operating activities	up 1,763% to	187,425
Profit / (loss) from ordinary activities after tax attributable to members	up 1,350% to	2,651
Net profit / (loss) for the period attributable to members	up 1,350% to	2,651

Brief explanation of the figures reported above:

- (1) Penrice Soda Holdings Ltd (formerly Penrice No.1 Pty Ltd) was incorporated on 21st May 2004 to acquire the operation of the Penrice Group on 31st May 2004. The comparative results are for the one month period of operations for June 2004.
- (2) This years revenue included \$54,500k proceeds from the sale of the salt operation, resulting in a profit before tax of \$9,558k.
- (3) The profit before tax includes expenses of \$5,222k associated with the restructure of the business prior to listing.

Dividends	Amount per security	Franked amount per security
Special, paid 20 May 2005	813c	813c

The directors do not recommend the payment of a dividend at this time.

Management discussion and Analysis of the Financial Statements

The 2004/05 financial year was historic for Penrice Soda Holdings Limited as a significant number of milestone transactions occurred. They included:

- ⇒ The sale of the Company's salt production facility at Dry Creek to Ridley Corporation Ltd for gross \$54.50m. The sale also provided for a long term supply agreement for Penrice's salt requirements.
- ⇒ Penrice undertook an Initial Public Offering which resulted in the Company raising a net \$77.93m and listing on the Australian Stock Exchange on 1 July, 2005.
- ⇒ The funds raised from the above two transactions were used partly for the share buy back from existing shareholders of \$35.65m and the repayment of bank and shareholder loans and interest of \$78.82m.
- ⇒ The restructure referred to above also involved the payment of a dividend of \$9m to shareholders and \$4.63m paid as compensation for share option entitlements.

The financial results include the operations of the Dry Creek saltfields, the profit on the sale of the Dry Creek saltfields, and other adjustments on the restructuring of the groups operations.

A comparison of the full year result to the prospectus forecast is as follows.

	Audited 2005	IPO Forecast 2005	%
	\$000	\$000	
SALES			
Soda Ash	88,962	89,448	
Sodium Bicarbonate	22,348	22,194	
Limestone	14,560	14,417	
Other	2,124	2,321	
	127,994	128,380	100%
Discontinued Operations	4,028	-	
Total Revenue	132,022	128,380	
EBITDA before adjustments	\$ 25,582	\$ 16,902	
ADJUSTMENTS FOR NON-RECURRING ITEMS	(8,655)	-	
Normalised EBITDA	\$ 16,927	\$ 16,902	100%

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Management discussion and Analysis of the Financial Statements

The following is the unadjusted audited result for the 12 months ended 30 June 2005. The comparative period is for the month of June 2004 only, following the acquisition of the Penrice group on 31 May 2004.

	MD & A Note	Audited 2005 \$000	Audited 2004 \$000
Product Sales Revenue	1	132,022	10,371
EBITDA	2,3	25,582	1,146
Depreciation		(5,197)	(495)
EBITA		20,385	651
Amortisation	4	(1,453)	(2)
EBIT		18,932	649
Net Interest & borrowing costs	4	(14,863)	(951)
Net Profit / (Loss) before tax		4,069	(302)
Tax (expense) / credit		(1,418)	90
Net Profit / (Loss) after tax		2,651	(212)
Earnings per share		\$0.12	(\$0.01)
Net tangible assets per share		\$0.42	(\$24.17)

Management discussion and Analysis of the Financial Statements

This discussion and analysis is provided to assist readers in understanding the Preliminary Final ASX4E Financial Report.

1. Sales

Sales revenue for the year, when excluding the discontinued (sold) operations of the saltfields, was in line with the sales forecast in the prospectus.

Soda ash sales at the beginning of FY05 were impacted by reduced prices to some customers to match lower prices of competitive product from the US. With the subsequent worldwide shortage of soda ash and the global increase in soda ash prices the second half of FY05 saw prices increasing on expiry of contracts.

The rise in sodium bicarbonate sales, predominantly in the export markets in Indonesia, Japan and Thailand, were as a result of a change in the configuration of Penrice's Osborne Plant to produce more sodium bicarbonate.

Export sales of soda ash and sodium bicarbonate are predominantly in US dollars and have been negatively impacted by the strengthening of the Australian dollar during FY05.

Sales of aggregates and other limestone product continued to increase as a result of continued customer demand for the supply of aggregates and rubble to the construction industry for use in a variety of applications, including concrete manufacture, civil construction, landscaping and engineering fill. These sales continue to be to the outer metropolitan market in South Australia.

2. EBITDA

Normalised EBITDA of \$16.93m was as forecast in the prospectus, with growth from the previous year due to improved EBITDA margins from improved selling price of soda ash, increased sales volume of sodium bicarbonate and marble/limestone products.

The margins on export business have been negatively impacted by the strong Australian dollar.

The company has continued to focus on reducing costs, including installation of capital equipment at the mine to reduce handling costs and internal restructuring.

Management discussion and Analysis of the Financial Statements (continued)

3. Saltfields

On 20 May, 2005 Penrice Soda Holdings Ltd sold its salt production facility at Dry Creek to Cheetham (Dry Creek) Pty Ltd, a subsidiary of Ridley Corporation Ltd for gross \$54.5m.

As part of the sale, a long-term supply agreement was entered into to supply the company's salt requirements.

The impact of this disposal has been included in the discontinuing operations note to the Financial statements.

The impact has also been highlighted in the comparison of the normalised EBITDA to the prospectus EBITDA. The adjustment is to normalise the results on the basis that the saltfields had been sold for the full year and that salt had been purchased under the terms of the supply agreement.

4. Net Interest & Borrowing Costs

Interest expense is based on the debt levels in place during the year, which were significantly higher than the closing debt level and was reflective of the previous ownership structure of the company. Part of the proceeds from the IPO and sale of the saltfields were used to repay debt to the levels at year end.

As a comparison to the net interest expense of \$12.07m in 2004/05 the forecast for 2005/06 is interest of \$2.89m. Borrowing costs include the full amortisation of loan facility fees applicable to the previous loan facility.

5. Outlook

The outlook is generally positive and consistent with the outlook included in the prospectus.

Increases in soda ash revenue are forecast with higher volume off takes forecast by some customers and price increases to market rates for those customers whose contracts expired during the year.

Global soda ash prices are expected to continue to rise as a result of global shortages of the product, in line with prospectus forecasts.

The expansion of the Company's sodium bicarbonate production facility in the current financial year is on track and as forecast in the prospectus will expand margins.

In July, a re-start of operations at Penrice's main Osborne plant in SA following a planned maintenance shut-down was delayed by an unprecedented failure of a pressure vessel.

The incident resulted in a loss of approximately eight days of soda ash and sodium bicarbonate production at Osborne to facilitate repairs to the vessel and safety checks of other plant and equipment. No injuries occurred as a result of this incident.

5. Outlook – continued

As previously advised to the market, Penrice expects the prolonged shutdown has had a negative impact of \$750,000 on net profit after tax (NPAT) on the Company's result in the month of July. The impact on NPAT is a combination of the impact of lost production, increased costs of production in addition to the cost of remediation and testing to ensure a safe work environment for Penrice employees. Every effort is being made by management to recover this shortfall over the balance of 2005-2006 to enable the prospectus forecast to be achieved.

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Statement of Financial Position

\$000 (unless otherwise indicated)	30 June, 2005	30 June, 2004
Shareholders equity	36,823	800
Cash	11,914	7,034
Borrowings	43,035	119,411
Net debt	31,121	112,377
Gearing *(%)	46%	99%
Net Tangible Assets per share	\$0.42	(\$24.17)

*calculated as net debt/net debt and shareholders equity

The statement of financial position is in line with the forecast included in the prospectus.

Significant movements in the balance sheet during the year included.

- Sale of the Dry Creek saltfields for gross \$54.5m. This reduced property plant and equipment by \$32.84m and goodwill by \$5.93m.
- Penrice undertook an initial public offering, which resulted in a net raising of \$77.93m.
- The funds raised from the above two transactions were used partly to buy back shares from existing shareholders and the repayment of bank and shareholder loans of \$78.82m. Additional scheduled debt reductions were also made during the year.

On behalf of the Board.



Stephen Bushaway
Company Secretary

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Statement of Financial Performance
For the 12 months ended 30 June 2005

	Note	Consolidated	
		2005 \$000	2004 \$000
Sales revenue	2	132,022	10,371
Cost of sales		(76,113)	(6,180)
Gross Profit		55,909	4,191
Revenue from sale of salt operation	2	54,500	-
Expense from sale of salt operation	2	(44,942)	-
Other income	2	903	261
Warehouse and distribution expenses		(29,042)	(2,242)
Administration expenses		(8,968)	(1,424)
Borrowing costs	2	(15,119)	(968)
Exchange gains / losses	2	(260)	99
Goodwill amortisation	2	(1,260)	-
Other expenses	2	(7,652)	(219)
Profit / (loss) from ordinary activities before income tax expense		4,069	(302)
Income tax (expense) / credit relating to ordinary activities	3	(1,418)	90
Net Profit / (Loss) after income tax	20	2,651	(212)
Total changes in equity other than those resulting from transactions with owners as owners		2,651	(212)
		Cents	Cents
Basic earnings per share	21	12	(1)

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Statement of Financial Position
As at 30 June 2005

	Note	Consolidated	
		2005	2004
		\$000	\$000
<u>Current Assets</u>			
Cash assets		11,914	7,034
Receivables	6	17,790	18,702
Inventories	7	14,656	15,709
Other	8	240	796
Total Current Assets		44,600	42,241
<u>Non-Current Assets</u>			
Property, plant and equipment	9	52,672	83,472
Intangibles	10	17,578	25,271
Deferred tax assets	11	3,111	3,069
Other	12	-	2,547
Total Non-Current assets		73,361	114,359
Total Assets		117,961	156,600
<u>Current Liabilities</u>			
Payables	13	20,915	18,282
Interest bearing liabilities	14	240	6,692
Other provisions	15	8,882	8,617
Total Current Liabilities		30,037	33,591
<u>Non-Current Liabilities</u>			
Interest bearing liabilities	16	42,795	112,719
Deferred tax liabilities	17	6,508	7,543
Other provisions	18	1,798	1,947
Total Non-Current Liabilities		51,101	122,209
Total Liabilities		81,138	155,800
Net Assets / (Liabilities)		36,823	800
<u>Equity</u>			
Contributed equity	19	43,384	1,012
Retained profits	20	(6,561)	(212)
Total Equity		36,823	800

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Statement of Cash Flows
For the 12 months ended 30 June 2005

	Note	Consolidated	
		2005 \$000	2004 \$000
		Inflow/ (Outflow)	Inflow/ (Outflow)
Cash flows from operating activities			
Receipts from customers		144,822	10,282
Receipts from others			152
Payments to suppliers and employees		(129,883)	(11,762)
Interest received		256	17
Interest and other costs of finance paid		(12,928)	(539)
Income Taxes Paid		(1,951)	-
		<hr/>	
Net cash (used in) operating activities	22(a)	316	(1,850)
		<hr/>	
Cash flows from investing activities			
Payments for property, plant and equipment		(7,251)	(440)
Proceeds from sale of plant and equipment		174	92
Proceeds from sale of salt operation		54,500	-
Investment in controlled entities		-	(58,396)
Payments for dividend		(9,000)	-
		<hr/>	
Net cash (used in) investing activities		38,423	(58,744)
		<hr/>	
Cash flows from financing activities			
Proceeds from loans		3,000	118,403
Proceeds from issue of shares		77,948	1,012
Share buy backs		(35,652)	-
Repayments of loans		(78,903)	(52,887)
Repayments of finance leases		(252)	(13)
		<hr/>	
Net cash provided by financing activities		(33,859)	66,515
		<hr/>	
Net increase in cash held		4,880	5,921
Cash at beginning of the financial period		7,034	1,113
		<hr/>	
Cash at the end of the financial period		11,914	7,034
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Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

Note 1: Basis of Preparation

This report has been prepared in accordance with the Corporation Act 2001, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus views.

The accounting policies and disclosures are consistent with those disclosed in the prospectus for the Initial Public Offer.

Penrice Soda Holdings Ltd (formerly Penrice No. 1 Pty Ltd) was incorporated on 21 May, 2004 to acquire the operations of the Penrice group from the previous shareholders on 31 May, 2004. The comparative results are therefore only for the period from 21 May, 2004 to 30 June, 2004 covering the operations from 1 June, 2004 to 30 June, 2004.

Note 2: Statement of Financial Performance items

	Consolidated	
	2005	2004
	\$000	\$000
Profit/(Loss) from ordinary activities is after crediting the following revenues:		
Product sales	132,022	10,371
Other revenues:		
Commercial dispute settlement	247	100
Gross proceeds from the sale of non-current assets	173	92
Government rebates	58	38
Interest from unrelated entities	256	17
Other revenue items	169	14
Gross proceeds from the sale of the salt operation	54,500	-
	<hr/>	<hr/>
Other revenues	55,403	261
	<hr/>	<hr/>
Total revenues	187,425	10,632
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Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

Note 2: Statement of Financial Performance items (continued)

	Consolidated	
	2005	2004
	\$000	\$000
Profit / (loss) from ordinary activities is after charging the following expenses:		
Depreciation of:		
- Land Improvements	4	-
- Buildings	333	29
- Manufacturing plant and equipment	4,751	545
- Plant and equipment under lease	141	14
Total depreciation	5,229	588
Amortisation of:		
- Crown lease establishment costs	20	2
- Capital spares	173	-
- Goodwill	1,260	-
Total Amortisation	1,453	2
Borrowing costs:		
Interest paid or payable to:		
Related persons	5,061	383
Other unrelated persons	7,218	536
Amortisation of loan facility fees	2,797	46
Finance charges related to leases	43	3
Total borrowing costs	15,119	968

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

Note 2: Statement of Financial Performance items (continued)

	Consolidated	
	2005	2004
	\$000	\$000
Other expense items:		
Net charge for provision of doubtful debts	(81)	13
Government royalties on minerals production	120	9
Net (gain) on sale of property, plant and equipment (a)	(32)	(91)
Income and expenses relating to business restructure (b)	(4,336)	-
Operating lease rentals	1,657	91
Provision for employee benefits	270	754
Net foreign exchange losses / (gain) from non-speculative trading	260	(99)
Specific disclosure items above:		
(a) Revenue from sale of plant and equipment	173	91
Expense from sale of plant and equipment	(141)	-
	<hr/>	<hr/>
Gain on sale of plant and equipment	32	91
	<hr/>	<hr/>
(b) Revenue from sale of salt operation	54,500	-
Expense from sale of salt operation	(44,942)	-
	<hr/>	<hr/>
Gain on sale of salt operations	9,558	-
Compensation for cancellation of option entitlements.	(4,631)	-
Restructure costs	(591)	-
	<hr/>	<hr/>
Income & expenses relating to business restructure	4,336	-
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Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

Note 3: Income tax

The difference between income tax expense provided in the financial statements and the prima facie income tax expense is reconciled as follows:

	Consolidated	
	2005	2004
	\$000	\$000
Profit / (loss) from ordinary activities	4,069	(302)
Prima facie tax expense / (credit) thereon at 30%	1,221	(91)
Tax effect of permanent and other differences:		
Sale of Salt Deferred tax balances	(85)	-
Non Deductible Expenses		
- Goodwill Amortisation	378	-
- Other	14	1
Deductible Expenses		
- Sale and Restructure Costs	(115)	-
Under provision from prior year	5	-
Total income tax expense / (credit) attributable to operating profit	1,418	(90)

Note 4: Dividends Paid

The following dividends of the consolidated entity have been paid or declared since the end of the preceding financial year. All dividends paid during the year were franked at a tax rate of 30%. The dividend was paid prior to the share split.

	\$'000	Dividend per share
2005 Special Fully Franked Dividend Paid 20 May, 2005	9,000	\$8.13

Note 5: Segment information

The economic entity operates predominantly in one industry being the manufacture and distribution of soda ash and sodium bicarbonate. All operations are conducted within Australia.

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

	Consolidated	
	2005	2004
	\$000	\$000
Note 6: Receivables (Current)		
Trade debtors	17,688	17,824
Less: Provision for doubtful debts	(129)	(210)
	<hr/>	<hr/>
	17,559	17,614
Hedging foreign currency	-	61
Non trade amounts owing by: Unrelated parties	231	1,027
	<hr/>	<hr/>
Total current receivables, net	17,790	18,702
	<hr/>	<hr/>
Note 7: Inventories (Current)		
Finished Goods	9,272	8,079
Materials, consumables and spare parts	6,395	8,471
Less Accumulated Amortisation	(1,011)	(841)
	<hr/>	<hr/>
	5,384	7,630
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Total current inventories, net	14,656	15,709
	<hr/>	<hr/>
Note 8: Other (Current)		
Prepayments	240	796
	<hr/>	<hr/>

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

Note 9: Property, plant & equipment (Non-Current)

	Freehold Land at cost \$'000	Buildings at cost \$'000	Leasehold Improvements at cost \$'000	Plant & Equipment at cost \$'000	Total \$'000
Gross Carrying amount					
Balance at 30 June, 2004	30,304	12,623	63	110,369	153,359
Additions	1,179	-	-	6,234	7,413
Disposals	(27,718)	(874)	-	(9,255)	(37,847)
Balance at 30 June 2005	3,765	11,749	63	107,348	122,925
Accumulated Depreciation					
Balance at 30 June, 2004	(6)	(340)	(23)	(69,518)	(69,887)
Disposals	10	78	-	4,775	4,863
Depreciation Expense	(4)	(333)	-	(4,892)	(5,229)
Balance at 30 June 2005	10	(595)	(23)	(69,635)	(70,253)
Net Book Value					
As at 30 June 2004	30,248	12,283	40	40,851	83,472
As at 30 June 2005	3,765	11,154	40	37,713	52,672

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

	Consolidated	
	2005	2004
	\$000	\$000
Note 10: Intangible assets (Non-Current)		
Goodwill	18,008	24,826
Less: Accumulated amortisation	(981)	-
Total goodwill, net	17,027	24,826
Crown agreement costs	-	464
Less: Accumulated amortisation	-	(129)
Total crown agreement costs, net	-	335
Exploration and evaluation costs	143	143
Less: Accumulated amortisation	(62)	(33)
Total exploration and evaluation costs, net	81	110
Mine Development Costs	470	-
Total non-current intangible assets	17,578	25,271
Note 11: Deferred tax assets (Non-Current)		
Future income tax benefit	3,111	3,069
Note 12: Other assets (Non-Current)		
Loan establishment costs	-	2,590
Accumulated amortisation	-	(43)
Total non-current other assets	-	2,547

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

	Consolidated	
	2005	2004
	\$000	\$000
Note 13: Payables (Current)		
Trade creditors - unsecured	14,174	16,239
Hedging foreign currency payable	-	61
Non trade creditors	6,741	1,982
Total current	20,915	18,282
Note 14: Interest bearing liabilities (Current)		
Secured:		
Finance lease liabilities	240	192
Loan from external entity	-	6,500
	240	6,692
Total current interest bearing liabilities		
Note 15: Other provisions (Current)		
Employee benefits	5,778	6,127
Taxation	954	1,006
Remediation	1,600	800
Onerous contracts	260	200
Restructure provision	290	484
Total current other provisions	8,882	8,617

(a) The entity has an onerous contract to take or pay steam from the Osborne Cogeneration Pty Ltd. This figure represents the current portion of this onerous contract.

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

	Consolidated	
	2005	2004
	\$000	\$000
Note 16: Interest bearing liabilities (Non-Current)		
Secured:		
Finance lease liabilities	295	433
Loan from external party	42,500	78,500
Loans from shareholders	-	33,786
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Total non-current interest bearing liabilities	42,795	112,719
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Note 17: Deferred tax liabilities (Non-Current)		
Deferred income tax	6,508	7,543
	<hr/>	<hr/>
Note 18: Other provisions (Non-Current)		
Onerous contracts	1,458	1,608
Employee entitlements (a)	340	339
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Total non-current provisions	1,798	1,947
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- (a) The entity has an onerous contract to take or pay steam from the Osborne Cogeneration Pty Ltd. This figure represents the non-current portion of this onerous contract.

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

Note 19: Contributed Equity

	Consolidated	
	2005	2004
	\$'000	\$'000
(a) Issued and paid up capital		
Ordinary shares fully paid	43,384	1,012
	43,384	1,012
(b) Movements in shares on issue		
	2005	
	Number of	\$'000
	shares	
Beginning of the financial year	1,012,205	1,012
Issued during year		
- shares purchased by directors (i)	29,411	29
- management shares issued (ii)	71,021	71
- share buy-back from former employee (iii)	(5,882)	(6)
- share split (iv)	20,612,142	
- employee equity raising (v)	375,567	653
- public equity raising	41,375,240	79,854
- less costs of the offer		(2,582)
Bought back during the year (vi)	(18,469,704)	(35,647)
	45,000,000	43,384

- (i) On 19 July, 2004, 29,411 ordinary shares were issued to directors.
- (ii) On 19 July, 2004, 71,021 ordinary shares were issued to eligible management.
- (iii) On 30 May, 2005, 5,882 ordinary shares were bought back by Penrice Soda Holdings Ltd from an ex-employee. The shares were repurchased for \$1, with no premium included.
- (iv) On 27 June 2005, 20,612,142 ordinary shares were issued due to a share split. The split ratio was 19.624 shares per share already held.
- (v) At the time of listing on Australian Stock Exchange, employees were eligible to purchase ordinary shares at \$1.74 per share, a discount of \$0.19 per share.
- (vi) On 27 June 2005, 18,469,704 ordinary shares were bought back by Penrice Soda Holdings Ltd. The shares were repurchased for \$1.93 per share.

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

	Consolidated	
	2005	2004
	\$000	\$000
Note 20: Retained profits		
Retained profits at the beginning of the period	(212)	-
Net profit / (loss)	2,651	(212)
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Retained profit/(losses) at the end of the financial period	2,439	(212)
Less dividend paid	(9,000)	-
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Retained (losses) at the end of the financial period	(6,561)	(212)
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Franking credits that will arise from the payment of income tax payable as at the end of the financial year	954	1,006
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Note 21: Earnings per Share		
	2005	2004
	Cents	Cents
Basic earnings per share based on operating profit after income tax	12	(1)
	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	21,853,470	19,863,453
	\$000	\$000
Earnings used in calculating basic earnings per share	2,651	(212)

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

Note 22: Notes to the statement of cash flows

	Consolidated	
	2005	2004
	\$000	\$000
(a) Reconciliation of net cash provided by operating activities to operating profit after tax		
Net profit/loss after income tax	2,651	(212)
Depreciation	5,229	588
Amortisation	1,453	2
Proceeds on sale of non-current assets	(173)	(92)
Carrying value of assets disposed	141	-
Proceeds on sale of salt operation	(54,500)	-
Carrying value of salt assets sold	43,341	-
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	912	(2,362)
(Increase)/decrease in inventories	(3,562)	(91)
(Increase)/decrease in future income tax benefit	(229)	30
(Increase)/decrease in other assets	2,489	(2,388)
(Decrease)/increase in trade creditors and accruals	2,250	2,058
(Decrease)/increase in income tax payable	17	(70)
(Decrease)/increase in provision for deferred income tax	(321)	(50)
(Decrease)/increase in other provisions	618	737
Net cash inflow from operating activities	316	(1,850)

(b) Non Cash Financing Activities

During the financial year the consolidated entity acquired plant and equipment with an aggregate fair value of \$162k (2004: \$37k) by means of finance leases.

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

Note 23: Discontinuing Operation

(a) Discontinuance of Dry Creek Salt Operation

On 20 May, 2005, Penrice Soda Holdings sold its salt production facility via a disposal of assets and liabilities. As part of the sale, a long-term salt supply agreement was entered into ensuring the supply of salt to Penrice for use in its Osborne production facility.

(b) Financial performance information

The financial performance of salt operations for the period ended 20 May, 2005 is as follows. The comparative period is for the 1 month ended 30 June, 2004.

	2005 \$000	2004 \$000
Revenues from ordinary activities	4,030	331
Expenses from ordinary activities	(3,846)	(293)
	<hr/>	<hr/>
Profit / (Loss) before income tax (expense) revenue	184	38
Income tax (expense) revenue	(55)	(11)
	<hr/>	<hr/>
Profit / (Loss) from ordinary activities after tax	129	26
	<hr/>	<hr/>

(c) Asset disposals

The carrying values of assets and liabilities disposed were as follows:

	2005 \$000	2004 \$000
Proceeds from disposal	54,500	-
Less costs associated with disposal	(1,578)	-
Less carrying amount of assets	(43,846)	-
Carrying amount of liabilities	482	-
	<hr/>	<hr/>
Pre-tax profit on disposal	9,558	-
Tax expense on profit	(1,599)	-
	<hr/>	<hr/>
Post-tax profit on disposal	7,960	-
	<hr/>	<hr/>

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

Discontinuing Operation (continued)

(d) Salt operation cash flows during the year

The net cash flows of the salt operations for the period ended 20 May, 2005 is as follows. The comparative period for 2004 is for 1 month ended 30 June, 2004.

	2005 \$000	2004 \$000
Operating inflows	211	48
Investing outflows	1,340	25
Net Cash inflows	1,129	73

Note 24: Reconciliation of NPAT to Prospectus EBITDA
12 months ended 30 June 2005

	Note:	\$000
NPAT per stat accounts		2,651
Interest / Tax / Depreciation / Amortisation		
Borrowing costs	2	15,119
Interest received	2	(256)
Income tax expense	2	1,418
Depreciation	2	5,229
Amortisation	2	1,453
Profit on sale of property, plant and equipment	2	(32)
		25,582
One-off income & expenses relating to business restructure (including sale of saltfields)	2(b)	(4,336)
Normalisation adjustments		(4,319)
		16,927
Normalised EBITDA		16,927
EBITDA per Prospectus		16,902
		25
Surplus of Normalised EBITDA over Prospectus EBITDA		25

Penrice Soda Holdings Ltd
Preliminary Final ASX4E Report for the year ended 30 June, 2005

Notes to the Preliminary Final Report
For the 12 months ended 30 June 2005

Note 25: Net Tangible Assets per security

	2005	2004
Net tangible asset backing per ordinary security	42 cents	(2,417) cents

Note 26: Impact of adopting Australian equivalents to IFRS

Penrice Soda Holdings Limited is in the process of transitioning its accounting policies and financial reporting from current Australian Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS), which will be applicable for the financial year ended 30 June 2006. The company has allocated sufficient internal resources and engaged expert consultants to conduct impact assessments to identify key areas that would be impacted by the transition to IFRS. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004. This will form the basis of accounting for AIFRS in the future and is required when Penrice Soda Holdings Limited prepares its first fully AIFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of quantitative impact of the changes on total equity as at the date of transition and 30 June 2005, and on the net profit for the year ended 30 June 2005.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to

- ⇒ ongoing work being undertaken by the AIFRS project teams;
- ⇒ potential amendments to AIFRS and Interpretations thereof being issued by the standard setters and IFRIC and;
- ⇒ emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.