

# **PENRICE SODA HOLDINGS LIMITED**

**ABN 83 109 193 419**

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**Preliminary final report (Appendix 4E)  
for the year ended 30 June 2009**

**ASX Code PSH**

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**Penrice Soda Holdings Limited**  
**Preliminary Final ASX4E Report for the year ended 30 June 2009**

ABN

83 109 193 419

Previous corresponding period

30 June 2008

**Results for announcement to the market**

**Operating Result**

**% change**

**\$000**

Sales revenue from operating activities	<b>up 20% to</b>	<b>\$162,261</b>
Net profit for the period attributable to members	<b>down 1% to</b>	<b>\$7,149</b>

Interim Dividend	Amount per Security	Franked amount per security at 30% tax
Ordinary securities	Nil	Nil
Payment date of individuals	Not Applicable	

Final Dividend	Amount per Security	Franked amount per security at 30% tax
Ordinary securities	Nil	Nil
Record date of dividends	Not Applicable	
Payment date of dividends	Not Applicable	

	<b>2009</b>	2008
Earnings per share (basic)	<b>14.3c</b>	16.1c
Earnings per share (diluted)	<b>14.3c</b>	16.1c
Net tangible assets per share	<b>81c</b>	64c

**For the profit commentary and any other significant information needed by an investor to make an informed assessment of Penrice's results please refer to the accompanying Penrice Soda Holdings Limited Profit Report.**

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**Income Statement**  
**For the 12 months ended 30 June 2009**

	Note	Consolidated	
		2009	2008
Continuing Operations		\$000	\$000
Sales of Goods		162,261	135,062
Interest Revenue		73	133
Other Income		21	350
<hr/>			
Total revenue	3	162,355	135,545
Cost of Sales		(93,361)	(78,223)
<hr/>			
<b>Gross Profit</b>		68,994	57,322
Warehouse and Distribution expenses		(35,587)	(30,221)
Administration expenses		(10,987)	(10,853)
Borrowing Costs	3	(8,602)	(5,999)
Exchange (Losses)		(878)	(6)
Unrealised Exchange Gains/(Losses) on foreign currency options and forwards		(1,522)	141
Unrealised Gains/(Losses) on fair value of Interest Rate Swaps		(1,278)	766
Other expenses		(1,829)	(1,838)
<hr/>			
Profit from continuing operations before income tax expense		8,311	9,312
Income tax expense		(1,162)	(2,058)
<hr/>			
<b>Net Profit after income tax for the period attributable to members of the parent</b>		7,149	7,254
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		Cents	Cents
Basic earnings per share	7	14.3	16.1
Diluted earnings per share	7	14.3	16.1

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**Balance sheet**  
**As at 30 June 2009**

		<b>Consolidated</b>	
		<b>2009</b>	2008
		<b>\$000</b>	\$000
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents		683	4,275
Trade and other receivables		24,722	19,081
Inventories	6	55,981	38,389
Derivative financial instruments		-	1,416
Income Tax Receivable		324	527
Other current assets		2,634	1,815
<b>Total Current Assets</b>		<b>84,344</b>	<b>65,503</b>
<b><u>Non-Current Assets</u></b>			
Property, plant and equipment		92,456	77,034
Intangibles		18,543	18,853
Deferred tax assets		3,134	3,609
Other non current assets		-	469
<b>Total Non-Current Assets</b>		<b>114,133</b>	<b>99,965</b>
<b>Total Assets</b>		<b>198,477</b>	<b>165,468</b>
<b><u>Current Liabilities</u></b>			
Trade and other payables		32,957	24,911
Interest bearing liabilities		2,673	1,632
Derivative financial instruments		1,377	-
Provisions		6,433	6,241
<b>Total Current Liabilities</b>		<b>43,440</b>	<b>32,784</b>
<b><u>Non-Current Liabilities</u></b>			
Interest bearing liabilities		84,599	74,050
Deferred tax liabilities		7,861	8,991
Provisions		516	1,491
Other non current liabilities		514	-
<b>Total Non-Current Liabilities</b>		<b>93,490</b>	<b>84,532</b>
<b>Total Liabilities</b>		<b>136,930</b>	<b>117,316</b>
<b>Net Assets</b>		<b>61,547</b>	<b>48,152</b>
<b><u>Equity</u></b>			
Contributed Equity	10	53,615	44,285
Share Based Payments Reserve		43	21
Retained Earnings	11	7,889	3,846
<b>Total Equity</b>		<b>61,547</b>	<b>48,152</b>

**Statement of Recognised Income and Expense  
For the 12 months ended 30 June 2009**

	<b>Consolidated</b>	
	<b>2009</b>	2008
	<b>\$000</b>	\$000
Actuarial (losses) recognised directly through retained earnings	<b>(1,209)</b>	<b>(543)</b>
Deferred tax benefit recognised directly through retained earnings	<b>363</b>	163
	<hr/>	
Net (loss) recognised directly through retained earnings	<b>(846)</b>	(380)
	<hr/>	
Profit for the period	<b>7,149</b>	7,254
	<hr/>	
Total recognised income and expense for the period	<b>6,303</b>	6,874
	<hr/>	

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**Cash Flow Statement**  
**For the 12 months ended 30 June 2009**

	Note	Consolidated 2009 \$000 Inflow/ (Outflow)	2008 \$000 Inflow/ (Outflow)
<b>Cashflows from operating activities</b>			
Receipts from customers		172,670	145,105
Payments to suppliers and employees		(163,676)	(136,023)
Interest received		73	133
Interest and other costs of finance paid		(7,801)	(5,414)
Income Taxes Paid		(1,176)	(2,747)
		<hr/>	<hr/>
Net Cash flows from / (used in) operating activities	9	90	1,054
<b>Cash flows from investing activities</b>			
Payments for property, plant & equipment		(22,579)	(20,768)
Proceeds from sale of plant and equipment		310	770
Payments for exploration and evaluation		-	(787)
		<hr/>	<hr/>
Net cash flows from / (used in) investing activities		(22,269)	(20,785)
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares		8,674	-
Proceeds from loans		11,906	26,586
Payment for finance leases		(316)	(339)
Dividends Paid		(1,678)	(4,439)
		<hr/>	<hr/>
Net cash flows provided by financing activities		18,586	21,808
		<hr/>	<hr/>
<b>Net increase/(decrease) in cash held</b>		(3,592)	2,077
Cash at beginning of the financial period		4,275	2,198
		<hr/>	<hr/>
<b>Cash at the end of the financial period</b>		683	4,275
		<hr/> <hr/>	<hr/> <hr/>

**Notes to the Preliminary Final Report**  
**For the 12 months ended 30 June 2009**

**Note 1: Corporate information**

Penrice Soda Holdings Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

**Note 2: Statement of significant accounting policies**

**a) Basis of preparation**

This report has been based upon general purpose financial statements that will be prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. This report has also been prepared on a historical cost basis, except for derivative financial instruments that are measured at fair value.

This report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year financial statements.

**b) Australian Accounting Standards**

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2009.

**c) Significant accounting judgements, estimates and assumptions**

**Significant accounting estimates and assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

*Impairment of Goodwill*

The Company determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

## Note 2: Statement of significant accounting policies (continued)

### c) Significant accounting judgements, estimates and assumptions

#### *Impairment of non-financial assets other than goodwill*

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. All non financial assets have been tested for impairment in the current period. No impairment write downs have been required as a result of this testing.

#### *Defined benefit plan*

Various actuarial assumptions are required when determining the Company's pension and post-employment superannuation benefit obligations. The Defined Benefits scheme has been closed to new members since 1997.

#### *Remediation Provision*

The company has an agreement with both the S.A Government and the operator of the Port River, Flinders Ports Pty Limited, in relation to the dredging of the Port River. The agreement requires Penrice to dredge this material over a 10 year period. Penrice has maintained a provision to dredge this material and this provision will be adequate to cover the costs over the next 10 years.

Remediation provisions exist in relation to the cessation of operations at the Angaston mine.

#### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

#### *Classification of leases (finance vs operating)*

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

#### *Finance Leases*

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Company are capitalised at their fair value or, if lower, at the present value of the minimum lease payments. Leased assets are amortised over the life of the relevant lease or, where ownership is expected on the expiration of the lease, over the expected useful life of the asset. Lease payments are allocated between interest expense and reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

## Note 2: Statement of significant accounting policies (continued)

### c) Significant accounting judgements, estimates and assumptions

#### *Operating Leases*

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

#### *Share based payment transactions*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model. The accounting estimates and assumptions relating to equity-settled-share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

#### *Estimation of useful lives of assets*

The estimation of the useful lives of assets has been based on historical experience as well as manufacturer's warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against remaining useful life. Useful lives of some specific assets were reassessed during 2008-09.

#### *Change in accounting estimates 2009*

Consistent with the company's accounting policy, during the financial year 2009 the remaining useful lives of the assets of the company were reassessed. Re-living of specific assets has resulted in a decrease in the depreciation charge for the year of \$534k.

With the change in remaining useful lives for specific assets, the provision for stock loss and obsolescence was also assessed. The change in assumptions regarding obsolescence, has resulted in a credit to the income statement of \$114k.

#### *2008*

During 2008 an independent assessment confirmed that when two of the company's by - products were combined (schist and calstilt), the end product was suitable to be sold in the land fill market. As a result, schist was reclassified from an intangible asset to an inventory asset as at 30 June 2008.

This change in accounting estimates resulted in a financial benefit to the income statement of \$2,539k in the 2007-08 year.

#### *Inventories*

Inventories including raw materials and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

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Raw materials – purchase cost on a first-in, first-out basis. The cost of purchase comprises the purchase price including purchases of raw materials, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase.

Finished goods – cost of direct materials and labour and a proportion of variable and fixed manufacturing overheads based on normal operating capacity. Costs are assigned on the basis of weighted average costs. Finished goods include chemical inventories, such as soda ash and sodium bicarbonate, and mine inventories, such as limestone, aggregates and schist. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Consumable stores are included in inventories and expensed on a usage basis and are stated net of slow moving or obsolete items.

Inventories include balances relating to aggregates and schist, which based on current contracted sales will be realised in greater than 12 months. However, as this is considered to be within the normal operating cycle and they are ready for sale with no further processing required, they are classified as current assets under AASB 101.

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	<b>Consolidated</b>	
	<b>2009</b>	2008
<b>Note 3: Income Statement Items</b>	<b>\$000</b>	\$000
<b>Profit from continuing operations is stated after crediting charging the following amounts:</b>		
Product Sales	<b>162,261</b>	135,062
<b>Other Income:</b>		
Interest revenue	<b>73</b>	133
Other income items	<b>21</b>	350
	<hr/>	<hr/>
<b>Total revenues</b>	<b>162,355</b>	135,545
	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation of:</b>		
Buildings	<b>419</b>	352
Manufacturing plant and equipment	<b>6,894</b>	4,970
Plant and equipment under lease	<b>120</b>	150
	<hr/>	<hr/>
<b>Total Depreciation</b>	<b>7,433</b>	5,472
	<hr/> <hr/>	<hr/> <hr/>
<b>Amortisation</b>		
Amortisation of exploration and evaluation costs	<b>57</b>	28
	<hr/> <hr/>	<hr/> <hr/>
<b>Borrowing Costs:</b>		
Interest paid or payable	<b>7,099</b>	4,624
Amortisation of loan facility	<b>141</b>	36
Finance charges related to leases	<b>54</b>	131
Other borrowing costs	<b>1,308</b>	1,208
	<hr/>	<hr/>
<b>Total borrowing costs</b>	<b>8,602</b>	5,999
	<hr/> <hr/>	<hr/> <hr/>

Interest of \$391k (2008: \$118k) was capitalised during the year relating to the Sodium Bicarbonate Expansion Project.

	<b>Consolidated</b>	
	<b>2009</b>	2008
<b>Note 3: Income Statement Items (continued)</b>	<b>\$000</b>	\$000
<b>Profit from continuing operations is stated after crediting charging the following amounts:</b>		
<b>Employee benefit expense</b>		
Wages & Salaries	<b>22,978</b>	21,682
Share based payment expense	<b>22</b>	59
Workers compensation costs	<b>933</b>	917
Defined benefit plan expense	<b>447</b>	264
Superannuation contribution plan expense	<b>2,576</b>	2,486
Long service leave provision	<b>171</b>	18
<b>Total employee benefits expense</b>	<b>27,127</b>	25,426
<b>Other expense items</b>		
Government royalties on mineral production	<b>125</b>	69
Operating lease rentals	<b>4,399</b>	3,129
Net (profit) / loss on sale of plant and equipment	<b>334</b>	(197)

#### **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 fully franked at a tax rate of 30%.

	<b>\$'000</b>	<b>Dividend per share</b>
<b>Year ended 30 June 2009</b>		
2008 Final Fully Franked Dividend paid 24 October, 2008	2,260	5.0c
No interim dividend for 2009 was paid.	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>2,260</u></u>	

#### *Unrecognised amounts*

No final dividend for 2009 has been declared.

#### **Dividend Reinvestment Plan (DRP)**

DRP remains in place but has not been utilized as there are no dividends being declared.

#### **Note 5: Segment information**

The economic entity operates predominantly in two industries, one being the manufacture and distribution of soda ash and sodium bicarbonate, and the other being the mining and distribution of limestone / marble products. All operations are conducted within Australia.

The entity generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

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**Note 5: Segment information (continued)**

Year ended 30 June 2009	Chemicals \$000	Minerals \$000	Eliminations \$000	Total \$000
<b>Revenue</b>				
Sales to external customers	138,128	24,132	-	162,261
Inter-segment revenues	-	6,182	(6,182)	-
Total segment revenue	<u>138,128</u>	<u>30,314</u>	<u>(6,182)</u>	<u>162,261</u>
<b>Non-segment revenues</b>				
Interest from unrelated entities	73	-	-	73
Other income	21	-	-	21
Total consolidated revenue				<u>162,355</u>
<b>Result</b>				
Segment result	<u>11,452</u>	<u>12,071</u>	-	23,523
Borrowing costs				(8,602)
Unrealised Exchange Gains/(Losses) on foreign currency options and forwards				(1,522)
Unrealised Gains/(Losses) on fair value of Interest Rate Swaps				(1,278)
Unallocated expenses				(3,810)
Profit before tax				8,311
Income tax expense				<u>(1,162)</u>
Net profit for the year				<u>7,149</u>
<b>Assets and liabilities</b>				
Segment assets	<u>136,384</u>	<u>56,198</u>	-	192,582
Cash assets				683
Deferred tax assets				3,134
Unallocated assets				<u>2,078</u>
Total assets				<u>198,477</u>
Segment liabilities	<u>33,700</u>	<u>6,045</u>	-	39,746
Borrowings				86,084
Deferred tax liabilities				7,861
Unallocated liabilities				<u>3,239</u>
Total liabilities				<u>136,930</u>
<b>Other segment information</b>				
Acquisition of property, plant and equipment	18,551	4,028	-	22,579
Depreciation	6,532	901	-	7,433
Amortisation	-	57	-	57

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**Note 5: Segment information (continued)**

Year ended 30 June 2008	Chemicals \$000	Minerals \$000	Eliminations \$000	Total \$000
<b>Revenue</b>				
Sales to external customers	116,749	18,313	-	135,062
Inter-segment revenues	-	5,733	(5,733)	-
	<hr/>			
Total segment revenue	<u>116,749</u>	<u>24,046</u>	<u>(5,733)</u>	<u>135,062</u>
<b>Non-segment revenues</b>				
Interest from unrelated entities	133	-	-	133
Other income	350	-	-	350
Total consolidated revenue				<u>135,545</u>
<b>Result</b>				
Segment result	<u>8,837</u>	<u>9,197</u>	-	18,034
Borrowing costs				(5,999)
Unrealised Exchange Gains/(Losses) on foreign currency options and forwards				141
Unrealised Gains/(Losses) on fair value of Interest Rate Swaps				766
Unallocated expenses				(3,630)
Profit before tax				9,312
Income tax expense				(2,057)
Net profit for the year				<u>7,254</u>
<b>Assets and liabilities</b>				
Segment assets	<u>119,994</u>	<u>36,345</u>	-	156,339
Cash assets				4,275
Deferred tax assets				3,609
Unallocated assets				1,245
Total assets				<u>165,468</u>
Segment liabilities	<u>24,316</u>	<u>5,191</u>	-	29,507
Borrowings				73,000
Deferred tax liabilities				8,991
Unallocated liabilities				5,818
Total liabilities				<u>117,316</u>
<b>Other segment information</b>				
Acquisition of property, plant and equipment	18,867	2,186	-	21,053
Depreciation	4,603	869	-	5,472
Amortisation	-	28	-	28

*The segment note for 2008 has been restated as a result of a change in cost allocation methodology that has been adopted for the 2009 financial year. Certain costs that had previously been classified as 'unallocated' have now been allocated to the business segments according to the new cost allocation methodology*

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**Note 5: Segment Information (continued)**

**Geographical segment**

The Group's geographical segments are determined based on the destination of the product sold.

<b>Year ended 30 June 2009</b>	<b>Australia \$000</b>	<b>Asia \$000</b>	<b>Other \$000</b>	<b>Total \$000</b>
<b>Revenue</b>				
Sales to external customers	131,393	21,542	9,326	162,261
Revenue from continuing operations	131,393	21,542	9,326	162,261
<hr/>				
<b>Year ended 30 June 2008</b>	<b>Australia \$000</b>	<b>Asia \$000</b>	<b>Other \$000</b>	<b>Total \$000</b>
<b>Revenue</b>				
Sales to external customers	115,739	14,823	4,500	135,062
Revenue from continuing operations	115,739	14,823	4,500	135,062

**Note 6: Inventories**

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>
Raw Materials	2,222	4,344
Finished Goods, at Cost		
Chemical	10,089	5,671
Mine - Limestone	3,522	3,312
Mine - Aggregates	14,459	8,657
Mine - Schist	17,543	10,745
Production spares & Consumable Goods		
Mine	782	381
Chemical	7,363	5,279
	<b>55,981</b>	<b>38,389</b>

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**Note 7: Earnings per Share**

	<b>2009</b>	2008
Basic earnings per share based on operating profit after tax	<b>14.3 cents</b>	16.1 cents
Diluted earnings per share based on operating profit after tax	<b>14.3 cents</b>	16.1 cents
Weighted Average number of ordinary shares on issue used in the calculation of basic earnings per share	<b>49,952,915</b>	45,031,997
Weighted Average number of ordinary shares on issue used in the calculation of diluted earnings per share	<b>50,175,385</b>	45,149,632
Earnings used in the calculating basic and diluted earnings per share (\$000)	<b>7,149</b>	7,254

**Note 8: Net Tangible Assets per share**

	<b>2009</b>	2008
Net tangible asset backing per ordinary share	<b>81 cents</b>	64 cents

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**Note 9: Notes to the statement of cash flows**

	<b>Consolidated</b>	
	<b>2009</b>	2008
	<b>\$000</b>	\$000
<b>(a) Cash and cash equivalents</b>		
Cash at bank and in hand	<b>683</b>	4,275
<b>(b) Reconciliation of net profit after income tax to cash flows from operations</b>		
Net profit after income tax	<b>7,149</b>	7,254
Depreciation	<b>7,433</b>	5,472
Net (gain)/loss on sale of non-current assets	<b>334</b>	(197)
Net fair value change in hedges	<b>2,800</b>	(1,416)
Share options expenses	<b>22</b>	11
Overburden	<b>0</b>	3,703
Non cash Defined Benefit Fund Expense	<b>(226)</b>	264
Amortisation	<b>57</b>	28
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	<b>(5,642)</b>	(2,219)
(Increase)/decrease in inventories	<b>(17,592)</b>	(17,720)
(Increase)/decrease in deferred tax assets	<b>475</b>	(65)
(Increase)/decrease in other assets	<b>(819)</b>	485
(Increase)/decrease in income tax receivable	<b>203</b>	(1,768)
(Decrease)/increase in trade creditors and accruals	<b>8,046</b>	6,189
(Decrease)/increase in deferred tax liabilities	<b>(692)</b>	982
(Decrease)/increase in other provisions	<b>(787)</b>	51
Net cash inflow/(outflow) from operating activities	<b>90</b>	1,054

**Note 10: Contributed Equity**

	2009		2008	
	Shares	\$000	Shares	\$000
Balance at start of period	45,191,455	44,285	45,000,000	43,999
Issued during year				
Dividend Reinvestment Plan	421,499	582	191,455	286
Share Placement	4,691,000	5,864		
Share Purchase Plan	919,248	1,056		
Share Purchase Plan underwritten	1,740,000	2,001		
Costs of equity raising net of deferred tax		(173)		
Balance at end of period	52,963,202	53,615	45,191,455	44,285

**Note 11: Retained Earnings**

	Consolidated	
	2009	2008
	\$000	\$000
Balance 1 July 2008	3,846	1,697
Net Profit	7,149	7,254
Dividends paid	(2,260)	(4,725)
Actuarial (loss) on defined benefit plan	(846)	(380)
Balance 30 June 2009	7,889	3,846

**Note 12: Events occurring after the balance sheet date**

There have been no significant events occurring since the balance date.

**Compliance Statement**

This report has been based on a general purpose financial report that is in the process of being audited by Ernst & Young.

The entity has a formally constituted Audit Committee.

Authorised for issue in accordance with a resolution of the Directors.



.....  
Guy Roberts, Managing Director and CEO  
24 August 2009

**Other Matters:**

Annual General meeting of Penrice Soda Holdings Limited will be held at The Adelaide Convention Centre on Thursday 29<sup>th</sup> October 2009 at 11.00am