



# PENRICE SODA HOLDINGS LIMITED

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11 February 2010

ASX/media release

## Market Update

- **H1 loss due to forced plant shutdown caused by steam supply interruption, as previously announced**
- **Improvement in operating cash flow**
- **H2 trading impacted by severe weather events – reduced chemical sales volumes and increased raw material prices**

Penrice Soda Holdings Limited (ASX:PSH), Australia's leading supplier of soda ash, sodium bicarbonate and limestone, today announced an unaudited H1 result of an underlying after-tax loss of \$1.2 million for the six months to 31 December 2010 (H1 2010: Underlying NPAT \$2.4 million). The H1 2011 figures include a \$0.5 million progress payment on the company's insurance claims following losses totalling approximately \$5 million pre-tax that resulted from unplanned plant shutdowns; without these losses, underlying after-tax profit would have been in line with H1 2010.

Net operating cash flow increased to \$4.5 million from \$2.9 million, reflecting a substantial reduction in working capital and a turnaround in the Quarry & Mineral business' cash flow to \$0.1 million from a cash outflow of \$1.7 million in H1 2010.

The company will make its H1 results announcement as planned on 24 February 2011, at which time the full financial and operating results of the business will be presented.

H2 trading has commenced poorly with reduced chemical sales from severe weather events in eastern Australia.

### Insurance Claim for Steam Outage

'It is frustrating that production losses, following the failure of our steam supplier's cogeneration plant, prevented our benefiting from a recovery in the market for soda ash and from strong export demand for sodium bicarbonate. As previously announced, the failure forced an unplanned shutdown of our chemical plant in late October, leading to extensive repair work and efficiency problems when production restarted,' said Guy Roberts, managing director and CEO of Penrice.

'The losses resulting from this and an earlier unplanned shutdown totalled approximately \$5 million and we have submitted claims under our relevant insurance policies. The \$0.5 million progress payment is encouraging and we are continuing to progress recovery of our claim. The final quantum of the claim has not been agreed and as advised we expect the final settlement of a claim to be concluded by the end of H2.'

### Flood impacts

Like many other businesses, the company has now been adversely impacted by recent flooding and other extreme weather conditions in eastern Australia. These extreme events are impacting the Chemicals business in three ways – reduced bicarbonate sales to stockfeed, reduced ash sales to glass and a forecast spike in coke raw material prices.



## Outlook

While overall underlying demand and prices for soda ash and sodium bicarbonate are improving, the recent floods and other extreme weather events in eastern Australia have reduced demand such that sales so far in the second half are behind plan. The impact on full year earnings will depend on the extent and duration of the floods and the timing and pace of the subsequent recovery.

Given these market developments, it is unlikely the company will meet its profit guidance of exceeding \$5.6 million underlying net profit after tax although further guidance is not possible given current uncertainties. A further update will be given at the company's half year results announcement on 24 February 2011.

## About Penrice

*Penrice Soda Holdings Limited (ASX code: PSH) is Australia's only manufacturer of soda ash and sodium bicarbonate and one of the world's largest sodium bicarbonate marketing companies. It also operates a limestone mine and is a significant supplier of industrial minerals and civil products.*

For further information regarding Penrice Soda Holdings' Australian operations go to our website at [www.penrice.com.au](http://www.penrice.com.au) or contact:

**Guy Roberts, Managing Director & CEO**

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