



# Penrice Soda Holdings Limited

A.C.N. 109 193 419

## Announcement – FY06 Full Year result

Penrice Soda Holdings Limited advises that full year earnings are now expected to be approximately 12% below the prospectus forecast.

Full year EBITDA for 2006 will be above that of the normalised 2005 EBITDA with Penrice still generating growth of approximately 10%.

The main reasons for this profit revision are the recent extraordinary changes in both exchange rates and fuel costs. Delays in the commissioning of the sodium bicarbonate expansion and the Reverse Osmosis plant and sales volumes below expectation have exacerbated these issues.

While Penrice's domestic market share has not changed some customers have reduced their offtake due to general trading conditions.

In addition, the continuing escalation in the fuel price is impacting the costs of production at both Osborne and the mine together with distribution costs of the finished product.

The unanticipated strengthening of the Australian dollar in April, compared to the prospectus estimate will reduce revenue & EBIT in the final quarter of the current financial year.

Penrice previously advised that the second half outlook for sales was positive with an increase expected over the first half and full year revenue to be ahead of last year. While sales volume in tonnes has increased in the second half, revenue will be lower than expected. The majority of the company's production of sodium bicarbonate is exported with all of these sales being in US dollars

Penrice will continue to look for means of reducing costs, but the benefit of these reductions will not be immediate and unable to offset the immediate impact of these other changes.

Despite the expected second half profit setback, the company is committed to the payment of a full year dividend of 14.7 cents per share for 2005-2006 subject to there being no further deterioration in the exchange rate & fuel price

A fully franked interim dividend of 7 cents per share was paid to Penrice shareholders on 5 April 2006.

Stephen Bushaway  
Company Secretary