

Media Release

August 2006

PENRICE MEETS MAIDEN DIVIDEND FORECAST AFTER HIGHER FULL-YEAR PROFIT

Penrice Soda Holdings Limited will pay a maiden annual dividend in line with the Company's 2005 prospectus forecast following increased earnings in the year ended 30 June 2006.

The Company has also forecast an improved 2006-07 result.

The Penrice Board today declared a fully franked final dividend of 7.7 cents per share to be paid on 23 October 2006, taking the full year payout to 14.7 cents per share as forecast in the prospectus prior to last year's ASX listing.

Earnings before interest, tax, depreciation and amortisation (EBITDA) rose 10 per cent to \$19.2 million compared with the 2004-05 result of \$17.5 million which has been normalised to reflect Penrice's sale of its salt field assets prior to listing. The key reason for the increase in EBITDA from the previous year is the increase in selling prices above the increase in costs.

Net after-tax operating profit in the latest financial year jumped from \$3.67 million to \$9.05 million. In line with the Penrice Board's profit guidance to the market in May 2006, the net profit was 11.3 per cent below the prospectus forecast due predominantly to an unexpected plant incident that shut down production for eight days, increased fuel prices, unfavourable exchange rate movements and delays in commissioning of capital projects.

Total revenue for the 2005-2006 financial year was up 4 per cent to \$133.7 million.

Positive 2006-07 outlook

Penrice is the only manufacturer of soda ash in Australia and is the leading supplier of soda ash and sodium bicarbonate to the local market.

The Chairman, Mr John Heard, said today he was "pleased to report a more positive outlook for 2006-07 and beyond, including solid sales growth for the Company's main products".

"With the better results expected, the Company is confident of maintaining an annual dividend of at least the 2005-06 levels".

Mr Heard said the company expected a further expansion of soda ash sales in the domestic market at a comparable rate to the 2006 improvement, with further growth forecast in the container glass industry, a major user of soda ash.

"Based on a paper presented at the 2005 Wine Industry Outlook Conference in November 2005, Penrice is confident the increase in wine sales and the flow on effect to the container glass industry will ultimately result in higher soda ash requirements," he said.

Mr Heard said the global forecast was for soda ash prices to remain high, with a number of supply/demand drivers influencing increased prices.

Penrice expects sales of its other major product, sodium bicarbonate, to grow by 20% in line with the increased production capacity of 75,000 metric tonnes per annum at the Company's expanded Osborne facility.

"While a portion of the increased production will be used in the domestic market, the majority will be sold into high quality applications in Europe and Asia," Mr Heard said.

"Penrice has entered into foreign currency hedging contracts to cover its export sales for 2007. These hedging contracts will provide the company with certainty of export earnings at an exchange rate below \$0.74 which is \$0.01 lower than the actual average 2006 rate and below the current prevailing market exchange rate," Mr Heard said.

"The Company will also review the domestic pricing of sodium bicarbonate where contracts expire in light of the increased duty rates."

Meanwhile, Mr Heard said Penrice's sales volume from its limestone quarry was anticipated to be similar to 2006.

"Limestone prices have risen and will continue to be increased to reflect the higher operating costs particularly caused by higher fuel costs," he said.

Penrice has also outlined a number of cost savings which it says will lower costs for 2006-07. In addition, the planned annual maintenance shutdown of the Osborne plant occurred in early August 2006 and the plant returned to service at full production as planned and within budget. Current production rates have improved in line with forecasts.

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