

NEWS

● RELEASE ●

Friday 29 August 2008

PENRICE'S POSITIVE OUTLOOK AFTER IMPROVED 2007-2008 RESULT

Penrice Soda Holdings (ASX: "PSH") today announced higher revenue, profit and dividend for the year ended 30 June 2008.

Net profit after tax increased by 9% to \$7.3 million in the latest year on revenue that edged up 1% to \$135 million.

Earnings per share increased 8% to 16.1 cents compared to 14.9 cents per share in the previous corresponding year.

Penrice's fully franked annual dividend is up from 10.0 cents to 10.5 cents per share.

The Company's Chairman, Mr John Heard, said the Board had followed the lift in interim dividend with the declaration of a steady fully franked final dividend of 5.0 cents per share which will be paid on 24 October 2008 to shareholders registered by 10 October 2008.

Mr Heard said Penrice's Dividend Reinvestment Plan (DRP) would be available to ordinary shareholders for the final dividend. The shares available under the DRP will attract a 5% discount to the prevailing market price.

"PLEASING RESULT IN TESTING PERIOD"

"The improved full year result is pleasing in a testing period of the strengthening Australian dollar eroding export profitability, energy cost pressures and rising interest rates," Mr Heard said.

"The result highlights the continued growth of Penrice's underlying earnings in its Quarry & Mineral business," he said.

"It also demonstrates a robust result for our Chemicals business. Although it recorded a slight earnings decline, it was in difficult trading conditions, created by the strengthening Australian dollar and input cost pressures."

Mr Heard said it was also significant that the higher profit was achieved in the second year of a three-year consolidation plan to rebuild the integrity of the Company's chemical and quarrying assets and to reposition the business for future growth.

QUARRY & MINERAL GROUP

Penrice's Managing Director and Chief Executive Officer, Mr Guy Roberts, said "The higher Quarry & Mineral result came from continuing increased activity in the South Australian civil and construction market and from the benefits of improved productivity from Penrice's mobile mine fleet at the Angaston operation."

issued through

FIELD PUBLIC RELATIONS PTY LTD ABN 74 008 222 311

231 South Road, MILE END SA 5031

Ph: 08 8234 9555 Fax: 08 8234 9566

“Penrice believes the demand for aggregates and other quarry material will continue to grow as customers build the necessary infrastructure to support South Australia’s resurgence, led by mineral resources and defence projects,” he said.

“Penrice’s Angaston mine is an important part of our business and it will receive additional capital in the current financial year to enable its continued expansion to meet customer demand in the Barossa Valley and Northern Adelaide regions, and to meet community expectations and legislative requirements.

“We will also establish a Community Consultation Group to ensure that our local community’s concerns are catered for in the ongoing operation of the Angaston mine.”

CHEMICALS GROUP

Mr Roberts said the markets in Australia and internationally for Penrice’s chemical range are strong and are continuing to improve. Increased domestic prices for the company’s products and for its exports were offset by some energy cost pressures, along with the higher Australian dollar.

“The business was adversely impacted by a major international supplier of soda ash declaring force majeure, resulting from supply chain disruption, which created product shortages, reduced sales and increased distribution costs to Penrice to maintain our market position. Supply lines have now been restored.

“Pleasingly in the Chemicals business, market share was maintained in Australia and the volume of sodium bicarbonate exports grew through the year, as we sold-out our previous expansion volumes.

“We are on track for the commissioning of our latest sodium bicarbonate plant upgrade to 100,000 tonnes per annum at the end of calendar year 2008. Considerable pre-marketing activity and the strong sales outlook already give us confidence that our business strategy of pursuing premium markets will improve the earnings profile of this business.”

Mr Roberts said Penrice’s considerable reinvestment in the Osborne soda ash plant had already resulted in improved reliability and output.

“The Company has accelerated its capital expenditure programme including a substantial research and development (R&D) commitment to bring new technology into the business, and are currently in the second year of a three-year consolidation and reinvestment program,” he said.

“The progress with that program has been most pleasing – in particular in the areas of plant integrity and reliability – and while this is increasing our capital expenditure to the upper-end of our desired range, we believe that this action is setting the Penrice business up for long-term success.”

“GREATER FOCUS ON IMPROVING CHEMICALS EARNINGS”

Mr Roberts said that with the Group’s Quarry & Mineral operations performing strongly, the focus had intensified on improving earnings from the Chemicals business.

“While Penrice has a number of legacy contracts which hamper our ability to achieve an acceptable profitability, these contracts conclude over the next eighteen months and will present an opportunity to improve our returns,” he said.

Penrice is also managing in an environment of input cost pressures, such as energy, notably fuel and coke, and will continue to be diligent in managing these pressures.

“The market outlook for soda ash and sodium bicarbonate continues to be positive. Demand exceeds supply globally and locally in Australia, creating upward price pressure and product shortages. Our major customers are looking to secure long term supply commitment as the medium to long-term outlook for supply continues to tighten.”

issued through

FIELD PUBLIC RELATIONS PTY LTD ABN 74 008 222 311

231 South Road, MILE END SA 5031

Ph: 08 8234 9555 Fax: 08 8234 9566

Mr Roberts said that as part of the ongoing strategy to guarantee supply to domestic customers and to improve earnings from the Penrice soda ash business, the Board is examining the feasibility of a major expansion of the soda ash operations.

“We have appointed the internationally renowned Worley Parsons group to undertake a feasibility study into such an expansion, which will only proceed if we can deliver as a minimum our stated hurdle rate of return.

“The results of that feasibility study are expected early in calendar year 2009.”

Mr Roberts said Penrice had made several new senior appointments to its executive leadership team and the injection of new skills, experience and leadership abilities had already reinvigorated the business and would ensure the Company delivered on its strategy.

OUTLOOK

“Subject to economic conditions, the Company is expecting a further increase in Penrice’s net profit in 2008-2009, on the back of higher earnings from both business groups,” Mr Heard said.

“The Company notes that it is still in a consolidation phase rebuilding the integrity of its chemical assets. While market outlooks are positive, off-setting continuing cost pressures exist with energy, notably fuel inputs and coke,” he said.

“Consistent with previous guidance, the Company will look to secure new equity as part of its funding package to complete the expansion of its sodium bicarbonate plant.”

ABOUT PENRICE

Penrice is the only manufacturer of soda ash in Australia and a significant producer and distributor of sodium bicarbonate in international markets, exporting to 27 countries.

Its Chemicals business, based at Osborne South Australia, supplies two key chemical ranges - Soda ash is sold in the Australian market as a vital ingredient in products ranging from glass containers (especially wine and beer bottles), flat glass for building and construction, washing powder and the mining industry. Sodium bicarbonate is a specialty chemical used in a variety of applications as diverse as food, pharmaceuticals, medical, personal care products and stock feed. The Company focuses on a premium range of high-quality products which suit the most demanding applications.

Its Quarry & Mineral business is based from the Penrice mine at Angaston South Australia. While the mine supplies a vital ingredient into the chemical process at Osborne, it is also a significant supplier of aggregates and other materials to a variety of end-uses, such as civil & construction, roads, landfill, glass, mineral processing, agriculture, stockfeed and landscaping.

Penrice is an ASX listed public company, which has operated successfully since the 1930’s. Penrice directly employs around 300 people, and is a major South Australian employer and a vital link in the Australian glass industry and other prominent downstream industries, such as the building industry and the wine industry.

MEDIA CONTACTS

Guy Roberts
Managing Director & Chief Executive Officer
Penrice Soda Holdings
+618 8402 7239
0412 958 040

John Field
Field Public Relations
+618 8234 9555
0418 819 527

issued through

FIELD PUBLIC RELATIONS PTY LTD ABN 74 008 222 311

231 South Road, MILE END SA 5031

Ph: 08 8234 9555 Fax: 08 8234 9566