

PENRICE SODA HOLDINGS LIMITED

ABN 83 109 193 419

Preliminary Final Report (Appendix 4E)

for the year ended 30 June 2010

ASX Code PSH

PENRICE SODA HOLDINGS LIMITED

Appendix 4E

Full Year Report under Listing Rule 4.2A For the period ended 30 June 2010

ABN

83 109 193 419

Previous corresponding period

30 June 2009

Results for announcement to the market

**Operating
Result**

% change \$000

Sales revenue from operating activities	Down 1% to	160,376
Net profit for the period attributable to members	Down 12% to	6,277

Interim Dividend	Amount per Security	Franked amount per security at 30% tax
Ordinary securities	Nil	Nil
Payment date of dividends	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	

	2010	2009
Earnings per share (basic)	7.8c	12.9c
Earnings per share(diluted)	7.7c	12.9c
Net tangible assets per share	\$0.79	\$0.81

Results for announcement to the market

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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Corporate Information

Penrice Soda Products Pty. Ltd.
ABN 83 109 193 419

Directors

D.B. Trebeck (Chairman) – Appointed Chairman 29 October 2009
J.H. Heard AM (Former Chairman) – Retired 29 October 2009
G.R. Roberts (Managing Director and Chief Executive Officer)
A.V. Fletcher
B.J. Gibson
J.W.A Hirst

Company Secretary

F. Lupoi

Principal Registered Office

Solvay Road
Osborne, South Australia 5017
Telephone: (08) 8402 7000
Facsimile: (08) 8402 7250

Bankers

National Australia Bank
Westpac Banking Corporation

Share Registry

Link Market Services Limited
Level 4, 333 Collins Street
Melbourne, Victoria 3000

External Auditors

Ernst & Young

Internal Auditors

KPMG

Solicitors

Kelly & Co.

Internet Address

www.penrice.com.au

Stock Exchange

The group is listed on the Australian Stock Exchange
The home exchange is Adelaide

Other Information

Penrice Soda Holdings Limited, incorporated and domiciled in Australia, is a publically listed company limited by shares.

Penrice Soda Holdings Limited
Preliminary Final ASX4E Report for the year ended 30 June 2010

Income Statement
For the year ended 30 June 2010

	Note	Consolidated	
		30 June 2010 \$000	30 June 2009 \$000
Continuing Operations			
Sales of goods		160,376	162,261
Interest revenue		101	73
Other revenue		350	21
Revenue		160,827	162,355
Cost of sales		(105,102)	(101,866)
Gross Profit		55,725	60,489
Distribution expenses		(29,185)	(29,050)
Other operating expenses		(7,568)	(7,320)
Administration expenses		(3,900)	(3,528)
Exchange gains/(losses)		(568)	(878)
Unrealised exchange gains/(losses) on foreign currency options and forwards		630	(1,522)
Unrealised gains/(losses) on fair value of interest rate swaps		726	(1,278)
Borrowing costs	4	(8,214)	(8,602)
Profit/(loss) from continuing operations before income tax		7,646	8,311
Income tax (expense)/benefit	5	(1,369)	(1,162)
Net Profit/(loss) after income tax for the period attributable to the owners of the parent entity		6,277	7,149
		Cents	Cents
Basic earnings per share	7	7.8	12.9
Diluted earnings per share		7.7	12.9

Penrice Soda Holdings Limited
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Statement of Comprehensive Income
For the year ended 30 June 2010

	Consolidated	
	30 June	30 June
	2010	2009
	\$000	\$000
Net profit/(loss) for the period	6,277	7,149
Other comprehensive income, net of tax:		
Cash flow hedges (losses) taken to equity	(1,551)	-
Deferred tax on cash flow hedges	465	-
Net cash flow hedge (losses) recognised directly retained earnings	(1,086)	-
Actuarial gains/(losses) recognised directly through retained earnings	(245)	(1,209)
Deferred tax on actuarial (losses)/gains	73	363
Net actuarial gains/(losses) recognised directly through retained earnings	(172)	(846)
Total other comprehensive (losses) for the period, net of tax	(1,258)	(846)
Total comprehensive income	5,019	6,303

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Preliminary Final ASX4E Report for the year ended 30 June 2010

Statement of Financial Position
For the year ended 30 June 2010

	Note	Consolidated	
		30 June 2010 \$000	30 June 2009 \$000
<u>Current Assets</u>			
Cash and cash equivalents		5,444	683
Trade and other receivables		21,931	24,722
Inventories	8	63,069	55,981
Income tax receivable		-	324
Other current assets		649	2,634
Total Current Assets		91,093	84,344
<u>Non-Current Assets</u>			
Property, plant and equipment	9	94,587	92,816
Intangibles	10	20,922	18,183
Deferred tax assets		3,824	3,516
Total Non-Current Assets		119,333	114,515
Total Assets		210,426	198,859
<u>Current Liabilities</u>			
Trade and other payables		29,190	32,957
Interest bearing liabilities	11	2,639	2,673
Income tax payable		2	-
Derivative financial instruments		1,732	1,377
Provisions		5,693	5,559
Total Current Liabilities		39,256	42,566
<u>Non-Current Liabilities</u>			
Interest bearing liabilities	12	69,872	84,599
Deferred tax liabilities		6,853	8,243
Provisions		1,404	1,390
Other non-current liabilities		25	514
Total Non-Current Liabilities		78,154	94,746
Total Liabilities		117,410	137,312
Net Assets		93,016	61,547
<u>Equity</u>			
Contributed equity	13	80,074	53,615
Cash flow hedge reserve		(1,086)	-
Share based payments reserve		34	43
Retained earnings		13,994	7,889
Total Equity		93,016	61,547

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Statement of changes in equity
For the year ended 30 June 2010

	Contributed equity	Cash flow Hedge reserve	Share based payments reserve	Retained earnings	Total
For the year ended 30 June 2010	\$000	\$000	\$000	\$000	\$000
At 1 July 2009	53,615	-	43	7,889	61,547
Profit for period	-	-	-	6,277	6,277
Other comprehensive income for the period	-	(1,086)	-	(172)	(1,258)
Total comprehensive income for the period	-	(1,086)	-	6,105	5,019
Transactions with owners in their capacity as owners:					
Share based payments	-	-	(9)	-	(9)
Capital raising	26,459	-	-	-	26,459
Balance at 30 June 2010	80,074	(1,086)	34	13,994	93,016
At 1 July 2008	44,285	-	21	3,846	48,152
Profit for period	-	-	-	7,149	7,149
Other comprehensive income for the period	-	-	-	(846)	(846)
Total comprehensive income for the period	-	-	-	6,303	6,303
Transactions with owners in their capacity as owners:					
Share based payments	-	-	22	-	22
Capital raising	8,748	-	-	-	8,748
Dividends	582	-	-	(2,260)	(1,678)
Balance at 30 June 2009	53,615	-	43	7,889	61,547

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Cash Flow Statement
For the year ended 30 June 2010

	Note	Consolidated	
		2010 \$000 Inflow/ (Outflow)	2009 \$000 Inflow/ (Outflow)
Cash flows from operating activities			
Receipts from customers		179,921	172,670
Payments to suppliers and employees		(163,886)	(164,088)
Interest received		101	73
Interest and other costs of finance paid		(7,398)	(6,718)
Income taxes paid		(1,675)	(1,176)
Net cash flows provided by / (used in) operating activities		<u>7,063</u>	<u>761</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(9,785)	(23,214)
Proceeds from sale of plant and equipment		31	275
Payments for intangibles (mine development & software)		(3,154)	-
Net cash flows (used in) investing activities		<u>(12,908)</u>	<u>(22,939)</u>
Cash flows from financing activities			
Proceeds from issues of shares		25,979	8,674
Proceeds from loans		-	9,858
Payment for loans		(12,700)	-
Payment for finance leases		(624)	(316)
Dividends paid		-	(1,678)
Net cash flows provided by financing activities		<u>12,655</u>	<u>16,537</u>
Net increase/(decrease) in cash held		6,810	(5,641)
Cash at beginning of the financial period		(1,366)	4,275
Cash at the end of the financial period	14	<u><u>5,444</u></u>	<u><u>(1,366)</u></u>

Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 1: Corporate information

The consolidated financial report of Penrice Soda Holdings Limited ('the Company') and its controlled entities (together, "the Group") for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 26 August 2010.

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

Note 2: Statement of significant accounting policies

(a) Basis of preparation

This report has been based upon general purpose financial statements that are 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 2010.

(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.

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 remaining period.

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

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 risk 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.

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 bi-nominal 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 manufactures' 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

2010

Nil

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.

(d) Changes in accounting policy

The Group has adopted the following standards and all consequential amendments applicable from 1 July 2009 which have impacted on the presentation and disclosure in the financial report:

- AASB 8 Operating Segments – The key change to the report is the basis that expenses have been allocated between the two reporting segments and unallocated costs. The segment assets and liabilities reported represent assets and liabilities that are included in the measures that are used by the chief operating decision maker.
- AASB 101: Presentation of Financial Statements – The Income Statement has changed by virtue of the standard and this presented an opportunity for the Company to also change some naming conventions and the methodology of cost allocation to better align costs to the operations of the business. Examples include allocating the Warehouse Packing Costs into the Cost of Sales where previously it was incorporated within Warehouse and Distribution and separating what is considered to be Operational Costs out of Administration Expenses. There has been no change to the overall profit and loss numbers reported.

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

The Group has satisfied hedge accounting requirements as described in AASB 139 for new derivative financial instruments entered into during the financial year and consequently the fair value movements in these derivatives have been taken to the cash flow hedge reserve.

Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 3: Operating Segments

Segment information

This segment note reflects the requirements of AASB 8 Operating Segments. This is the first year the Group has adopted AASB 8 and therefore the accounting policy has been provided so that readers of the segment information have a complete understanding of the disclosures.

Identification of operating and reportable segments

The group has identified its three operating segments based on the internal reports that are reviewed and used by the Managing Director and The Board (the chief operating decision makers "CODM") in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on their location and type of operation, the manner in which the product is sold and the nature of the product. The operating segments are Soda Ash, Sodium Bicarbonate and Quarry & Mineral. Discrete financial information about each of these operating businesses is reported to the CODM and executive management team on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Chemicals business

The reporting segment "Chemicals business" is the aggregation of two operating segments, being soda ash and sodium bicarbonate.

Soda Ash produced is predominantly 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 and washing powder. It is also used in the mining and water treatment industries.

Sodium bicarbonate is a product which is also used in a diverse range of applications such as pharmaceutical, food, stock feed, personal care products and industrial applications such as detergents, cleaning products and flue gas treatment.

The nature of the products and the production process is similar as are the methods used to distribute the products to the customers. Management believe the soda ash and sodium bicarbonate operating segments have similar economic characteristics. Both the soda ash and sodium bicarbonate operating segments have a reasonably wide variation in margin for their different products and customers, with the sodium bicarbonate segment more heavily exposed to variation in margin due to the impact of foreign exchange. The end result is that due to product and customer mix and foreign exchange impact, overall margins will depend on what part of the business cycle the business is operating in. Over the medium term the overall margins that can be achieved in these two operating segments will be similar. Therefore these two operating segments have been aggregated into one reporting segment.

Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 3: Operating Segments cont.

Quarry & Mineral

The Group's Quarry & Mineral business is located at the Penrice mine at Angaston in South Australia. While the mine supplies limestone into the chemical process at Penrice's Osborne plant, it is also a significant supplier of aggregates and other materials to a variety of end-uses, such as civil and construction, roads, landfill, glass and mineral processing.

Customer Concentration

Glass manufacturing is a major customer group for the chemicals segment, which accounts for more than 39% of the total group revenue, equating to \$63m for this reporting period. Of this, sales to one customer accounted for \$34m of revenue earned.

Accounting policies and inter-segment transactions

It is the Group's policy that if items of revenue and expense are not allocated to operating segments, then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest income

- Other income

- Borrowing costs

- Fair value gains/losses on derivatives

- Corporate costs which are unable to be allocated on a reasonable basis

- Income tax expense and deferred tax assets and liabilities

The entity accounts for intersegment sales and transfers as if the sales or transfers were to third parties at an arms length price.

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Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 3: Operating Segments cont.

Year ended 30 June 2010	Chemicals \$000	Quarry & Mineral \$000	Eliminations/ unallocated \$000	Consolidated \$000
Revenue				
Sales to external customers	135,359	25,017	-	160,376
Inter-segment revenues	-	6,328	(6,328)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total segment revenue	135,359	31,345	(6,328)	160,376
Non-segment revenues				
Interest from unrelated entities	-	-	101	101
Other income	-	-	350	350
Total consolidated revenue				<hr/> <hr/> 160,827
Result				
Underlying EBITDA before unallocated expenses as reported to CODM	15,182	11,590	451	27,223
Unallocated expenses	-	-	(3,900)	(3,900)
Underlying EBITDA as reported to CODM	<hr/> 15,182	<hr/> 11,590	<hr/> (3,449)	<hr/> 23,323
Depreciation & amortisation	<hr/> (7,319)	<hr/> (1,500)	<hr/> -	<hr/> (8,819)
Underlying EBIT as reported to CODM	7,863	10,090	(3,449)	14,504
Borrowing costs				<hr/> (8,214)
Underlying profit before tax as reported to CODM				<hr/> 6,290
Income tax expense				(962)
Underlying net profit after tax as reported to CODM				<hr/> 5,328
Tax effected unrealised exchange gains/(losses) on foreign currency options and forwards				441
Tax effected unrealised exchange gains/(losses) on fair value of interest rate swaps				508
Profit from continuing operations after income tax				<hr/> <hr/> 6,277
Segment assets as at 30 June 2010 are as follows:				
Property, Plant & Equipment	75,525	19,062	-	94,587
Working Capital	16,060	39,750	-	55,810
Intangibles	12,135	8,787	-	20,922
				<hr/> <hr/> 171,319

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Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 3: Operating Segments cont.

Year ended 30 June 2009	Chemicals \$000	Quarry & Mineral \$000	Eliminations/ unallocated \$000	Consolidated \$000
Revenue				
Sales to external customers	138,129	24,132	-	162,261
Inter-segment revenues	-	6,182	(6,182)	-
Total segment revenue	<u>138,129</u>	<u>30,314</u>	<u>(6,182)</u>	<u>162,261</u>
Non-segment revenues				
Interest from unrelated entities	-	-	73	73
Other income	-	-	21	21
Total consolidated revenue				<u>162,355</u>
Result				
Segment result				
Underlying EBITDA before unallocated expenses as reported to CODM	17,519	13,059	94	30,672
Unallocated expenses	-	-	(3,528)	(3,528)
Underlying EBITDA as reported to CODM	<u>17,519</u>	<u>13,059</u>	<u>(3,434)</u>	<u>27,144</u>
Depreciation	<u>(6,556)</u>	<u>(877)</u>	<u>-</u>	<u>(7,433)</u>
Underlying EBIT as reported to CODM	10,963	12,182	(3,434)	19,711
Borrowing costs				<u>(8,602)</u>
Underlying profit before tax as reported to CODM				<u>11,109</u>
Income tax expense				(2,001)
Underlying net profit after tax as reported to CODM				<u>9,108</u>
Tax effected unrealised exchange gains/(losses) on foreign currency options and forwards				(1,065)
Tax effected unrealised exchange gains/(losses) on fair value of interest rate swaps				(894)
Profit from continuing operations after income tax				<u>7,149</u>
Segment assets as at 30 June 2009 are as follows:				
Property, Plant & Equipment	77,161	15,655	-	92,816
Working Capital	15,008	32,738	-	47,746
Intangibles	11,705	6,478	-	18,183
				<u>158,745</u>

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Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 4: Borrowing costs

	Consolidated	
	2010	2009
	\$000	\$000
Borrowing costs		
Interest paid or payable	6,408	7,099
Amortisation of loan facility fees	560	141
Finance charges related to leases	141	54
Other borrowing costs	1,105	1,308
Total borrowing costs	8,214	8,602

Other borrowing costs include the non cash interest charge for the defined benefit pension scheme of \$815k (Jun 09: \$1,067k) as prescribed by AASB119.

Note 5: Income tax

	Consolidated	
	2010	2009
	\$000	\$000
Tax expense reconciliation		
Profit/(loss) from continuing operations	7,646	8,311
Prima facie tax (expense)/benefit thereon at 30%	(2,294)	(2,493)
Over provided in prior years	165	232
R&D expenditure	577	627
Investment allowance	183	511
Expenditure not allowable for income tax purposes	-	(39)
Income tax (expense)/benefit	(1,369)	(1,162)

Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 6: Dividends

There have been no dividends paid or declared since the end of the preceding financial year.

Dividend Reinvestment Plan (DRP)

The Penrice Soda Holdings Dividend Reinvestment Plan commenced on 16 April 2008 and remains in operation. No final dividend for the 2010 financial year has been declared and thus the DRP will not be utilised at this time.

Note 7: Earnings per Share

	June-10	June-09
Basic earnings per share based on operating profit after income tax	7.8	12.9
Diluted earnings per share based on operating profit after income tax	7.7	12.9
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	80,825,576	55,435,634
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share	81,355,875	55,607,489
Earnings used in calculating basic and diluted earnings per share (\$000)	6,277	7,149

The weighted average numbers of shares used for the purpose of calculating diluted earnings per share reconciles to the number used to calculate basic earnings per share as follows:

	June 2010	June 2009
Weighted average number of ordinary shares on issue for basic earnings per share	80,825,576	55,435,634
Executive share options	530,299	171,855
Weighted average number of ordinary shares on issue for diluted earnings per share	81,355,875	55,607,489

Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 8: Inventories

	Consolidated	
	2010	2009
	\$000	\$000
Raw Materials	4,597	2,223
Finished Goods, at cost or net realisable value		
Chemical	8,900	10,089
Quarry & Mineral – Limestone	3,708	3,522
Quarry & Mineral – Aggregates	18,645	14,459
Quarry & Mineral – Landfill (previously – schist)	19,777	17,543
Production spares & consumable goods		
Quarry & Mineral	854	782
Chemical	6,588	7,363
Total current inventories	63,069	55,981

Aggregates and landfill are classified as inventories of finished goods on the basis that these volumes are ready for sale with no further processing required, and that there is a market for the sale of these products. Based upon current contracted sales volumes, the inventories of these products will be realised over a period greater than 12 months. However, this is considered to be within the normal operating cycle, and therefore the products are classified as current assets under AASB 101: Presentation of Financial Statements.

Based on FY11 sales forecasts of aggregates, it is estimated that inventory levels represent approximately 3 years' sales. With regard to landfill, sales in FY10 were in small volumes primarily to the civil market as a blended product for road base but forecast sales for FY11 are greater than FY10. The major market being targeted is the landfill market in the greater northern Adelaide region, in which large quantities of landfill in the order of millions of tonnes are required for land developments in a large number of low lying areas. There are currently several such developments in the early stages of planning, all of which could potentially be supplied by Penrice. The Company is actively pursuing these opportunities. It is therefore difficult to give an estimate for the time required to sell out the existing inventory.

Additions of landfill and aggregate volumes in future years will continue to decline as extraction rates reduce in the next phase of the mine plan.

Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 9: Property, plant & equipment (non-current)

	30 June 2010			
	Consolidated			
	Land & Improvements at Cost \$000	Buildings at Cost \$000	Plant & Equipment at Cost \$000	Total \$000
Gross Carrying amount				
Balance as at 1 July 2009	6,152	14,828	154,784	175,764
Additions	112	802	9,325	10,239
Transfer from intangibles	158	-	-	158
Disposals	-	-	(216)	(216)
Balance as at 30 June 2010	6,422	15,630	163,893	185,945
Accumulated Depreciation				
Balance as at 1 July 2009	(35)	(1,930)	(80,983)	(82,948)
Disposals	-	-	165	165
Depreciation Expense	(9)	(488)	(8,078)	(8,575)
Balance as at 30 June 2010	(44)	(2,418)	(88,896)	(91,358)
Net Book Value				
As at 1 July 2009	6,117	12,898	73,801	92,816
As at 30 June 2010	6,378	13,212	74,997	94,587

Plant and equipment with a carrying value of \$1,379k are pledged as securities for the finance lease liability.

First mortgages of land and buildings have been granted as security on bank loans. Included in plant and equipment at 30 June 2010 is an amount of \$5,914k related to expenditure for plant in the course of construction.

Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 9: Property, plant & equipment (non-current) cont.

	30 June 2009				
	Consolidated				
	Land & Improvements at Cost \$000	Buildings at Cost \$000	Leasehold Improvement at Cost \$000	Plant & Equipment at Cost \$000	Total \$000
Gross Carrying amount					
Balance as at 1 July 2008	3,898	12,668	63	137,042	153,671
Additions	2,020	2,160	-	18,633	22,813
Transfer from intangibles	415	-	-	-	415
Disposals	(181)	-	(63)	(891)	(1,135)
Balance as at 30 June 2009	6,152	14,828	-	154,784	175,764
Accumulated Depreciation					
Balance as at 1 July 2008	(10)	(1,516)	(30)	(75,081)	(76,637)
Disposals	-	-	30	1,092	1,122
Depreciation Expense	(25)	(414)	-	(6,994)	(7,433)
Balance as at 30 June 2009	(35)	(1,930)	-	(80,983)	(82,948)
Net Book Value					
As at 1 July 2008	3,888	11,152	33	61,961	77,034
As at 30 June 2009	6,117	12,898	-	73,801	92,816

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Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 10: Intangibles (non-current)

	Consolidated				Total
	Goodwill	Exploration and evaluation costs	Mine Development Costs	Software	
Year ended 30 June 2010	\$000	\$000	\$000	\$000	\$000
Gross Carrying amount					
Balance as at 1 July 2009	18,008	441	-	-	18,449
Additions	-	45	2,586	523	3,154
Transfer to Plant, Property & Equipment	-	(158)	-	-	(158)
Write offs	-	(13)	-	-	(13)
Balance at 30 June 2010	18,008	315	2,586	523	21,432
Accumulated Amortisation					
Balance as at 1 July 2009	-	(266)	-	-	(266)
Amortisation	-	-	(150)	(94)	(244)
Balance at 30 June 2010	-	(266)	(150)	(94)	(510)
Net Book Value					
As at 1 July 2009	18,008	175	-	-	18,183
As at 30 June 2010	18,008	49	2,436	429	20,922

	Consolidated			
	Goodwill	Exploration and evaluation costs	Mine Development Costs	Total
Year ended 30 June 2009	\$000	\$000	\$000	\$000
Gross Carrying amount				
Balance as at 1 July 2008	18,008	1,054	-	19,062
Transfers to inventory	-	(415)	-	(415)
Exploration write offs	-	(198)	-	(198)
Balance at 30 June 2009	18,008	441	-	18,449
Accumulated Amortisation				
Balance as at 1 July 2009	-	(209)	-	(209)
Amortisation	-	(57)	-	(57)
Balance at 30 June 2009	-	(266)	-	(266)
Net Book Value				
As at 1 July 2008	18,008	845	-	18,853
As at 30 June 2009	18,008	175	-	18,183

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Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 11: Interest bearing liabilities (current)

	Consolidated	
	2010	2009
	\$000	\$000
Secured:		
Finance lease liabilities	839	624
Bank overdraft	-	2,049
Bank loan	1,800	-
	<hr/>	<hr/>
Total current interest bearing liabilities	2,639	2,673
	<hr/> <hr/>	<hr/> <hr/>

Note 12: Interest bearing liabilities (non-current)

	Consolidated	
	2010	2009
	\$000	\$000
Finance lease liabilities	372	599
Bank loan	69,500	84,000
	<hr/>	<hr/>
Total non-current interest bearing liabilities	69,872	84,599
	<hr/> <hr/>	<hr/> <hr/>

Penrice utilises floating rate bills for its debt funding and has hedges in place to hedge the interest rate risk on a portion of the floating rate bills.

During the period from July 2009 to June 2010, Penrice paid back \$12.7m post the 2009 equity raising referred to in note 13.

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Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 13: Contributed Equity

	Year Ended		Year ended	
	30 June 2010		30 June 2009	
	Shares	\$000	Shares	\$000
Balance at the start of the period	52,963,202	53,615	45,191,455	44,285
Issued during year				
- Dividend Reinvestment Plan	-	-	421,499	582
- Share Placement	7,944,480	6,753	4,691,000	5,864
- Share Purchase Plan	-	-	919,248	1,056
- Share Purchase Plan underwritten	-	-	1,740,000	2,001
- Rights Issue	30,453,841	21,318	-	-
Costs of equity raising net of deferred tax	-	(1,612)	-	(173)
Balance at the end of the period	91,361,523	80,074	52,963,202	53,615

In October 2009, equity was raised via a placement to institutional and sophisticated investors through 7.9m shares being issued, which was within the 15% limit available to Penrice under current listing rules. Further, Penrice also offered an underwritten entitlement offer of 1 new share for every 2 shares held at record date. This was a non renounceable Entitlement offer.

Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 14: Notes to the Cash Flow Statement

	Consolidated	
	2010	2009
	\$000	\$000
(a) Cash and cash equivalents		
Cash at bank and in hand	5,444	683
Reconciliation to cash flow statement		
For the purposes of the cash flow statement cash and cash equivalents comprise the following at 30 June 2010:		
Cash at bank	5,444	683
Bank overdraft (Refer Note 11)	-	(2,049)
	5,444	(1,366)
(b) Reconciliation of net profit after income tax to cash flows from operations		
Net profit after income tax	6,277	7,149
Depreciation	8,575	7,433
Net (gain)/loss on sale of non-current assets	22	334
Net fair value change in derivatives	(925)	2,800
Share based payment expense	(62)	22
Non cash defined benefit fund expense	(734)	(226)
Amortisation	244	57
Other	202	-
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	2,791	(5,642)
(Increase)/decrease in inventories	(7,088)	(17,592)
(Increase)/decrease in deferred tax assets	(690)	475
(Increase)/decrease in other assets	1,986	(819)
(Increase)/decrease in income tax receivable	322	203
(Decrease)/increase in trade creditors and accruals	(3,767)	8,046
(Decrease)/increase in deferred tax liabilities	58	(692)
(Decrease)/increase in other provisions	(148)	(787)
Net cash inflow from operating activities	7,063	761

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Notes to the Condensed Financial Report
For the year ended 30 June 2010

Note 15: Events occurring after the balance 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
26 August 2010

Other Matters:

Annual General meeting of Penrice Soda Holdings Limited will be held at The Adelaide Convention Centre on Thursday 28th October 2010 at 11.00am.