

PENRICE SODA HOLDINGS LIMITED

ABN 83 109 193 419

**Preliminary Final Report (Appendix 4D)
for the half-year ended 31 December 2009**

ASX Code PSH

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Penrice Soda Holdings Limited
2009 Half-Year Condensed Financial Report

PENRICE SODA HOLDINGS LIMITED

Appendix 4D

Half-Year Report under Listing Rule 4.2A
For the period ended 31 December 2009

ABN	Previous corresponding period
83 109 193 419	31 December 2008

Results for announcement to the market

Operating Result	% change	\$000
Sales revenue from operating activities	up 5% to	\$77,888
Net profit for the period attributable to members	up 231% to	\$3,139

	Amount per Security	Franked amount per security at 30% tax
Interim Dividend		
Ordinary securities	Nil	Nil
Payment date of dividends	Not Applicable	

	Amount per Security	Franked amount per security at 30% tax
Final Dividend		
Ordinary securities	Nil	Nil
Record date of dividends	Not Applicable	
Payment date of dividends	Not Applicable	

	2009	2008
Earnings per share (basic)	4.5c	(4.7)c
Earnings per share (diluted)	4.5c	(4.7)c
Net tangible assets per share	\$ 0.80	\$ 0.62

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. This half year report is to be read in conjunction with the June 2009 Annual Report.

PENRICE SODA HOLDINGS LIMITED

ABN 83 109 193 419

**HALF-YEAR CONDENSED FINANCIAL
REPORT**

31 DECEMBER 2009

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report

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

2009 Half-Year Condensed Financial Report

DIRECTORS' REPORT

The Directors present their report on the consolidated entity ("the Group") consisting of Penrice Soda Holdings Limited ("the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2009.

Directors

The Directors of the Company at any time during or since the end of the half-year and up to the date of this report are:

David B. Trebeck (Chairman and Non-Executive Director) – Appointed Chairman 29 October 2009
John H. Heard AM (Chairman and Non-Executive Director) – Retired 29 October 2009
Guy R. Roberts (Managing Director and Chief Executive Officer)
Andrew V. Fletcher (Deputy Chairman and Non-Executive Director)
Barbara J. Gibson (Non-Executive Director)
John W.A. Hirst (Non-Executive Director)

Review and results of operations

Statutory net profit after tax (NPAT), including the unrealised hedging gains/losses, was a profit of \$3.1M compared to a loss of \$2.4M in the pcp.

Underlying net profit after tax (NPAT) for the half year ended 31 December 2009, (excluding a mark to market, unrealised hedge gain) was \$2.4M which was an increase of 4% over the previous corresponding period (pcp).

For further 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.

Rounding of amounts

The company is a company of the kind specified in Australian Securities and Investments Commission Class Order 98/0100. In accordance with that class order, amounts in the consolidated financial statements and the Directors' Report have been rounded to the nearest thousand dollars, unless specifically stated otherwise.

Auditor Independence

The auditor's review of the financial report is in accordance with the attached declaration – Auditor's Independence Declaration to the Directors of Penrice Soda Holdings Limited.

Dated at Adelaide this 22 February 2010.

Signed in accordance with a resolution of the Directors:



David Trebeck
Chairman



Guy Roberts
Managing Director & Chief Executive Officer

DIRECTORS' DECLARATION

For the half-year ended 31 December 2009

In the opinion of the Directors of Penrice Soda Holdings Limited:

1. the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Adelaide this 22 February 2010.

Signed in accordance with a resolution of the Directors:



David Trebeck
Chairman



Guy Roberts
Managing Director & Chief Executive Officer

Penrice Soda Holdings Limited 2009 Half-Year Condensed Financial Report



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Auditor's Independence Declaration to the Directors of Penrice Soda Holdings Limited

In relation to our review of the financial report of Penrice Soda Holdings Limited for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young
Ernst & Young

A handwritten signature in black ink, appearing to read "Colin Dunsford", is written over a horizontal line.

Colin Dunsford
Partner

Adelaide
22 February 2010

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report

Income Statement

For the half year ended 31 December 2009

	Note	Consolidated	
		31 December 2009 \$000	31 December 2008 \$000
Continuing Operations			
Sales of goods		77,888	74,100
Interest revenue		60	129
Other revenue		61	55
Revenue		78,009	74,284
Cost of sales		(50,074)	(48,932)
Gross Profit		27,935	25,352
Distribution expenses		(14,551)	(13,552)
Other operating expenses		(3,769)	(3,599)
Administration expenses		(2,157)	(1,807)
Exchange gains/(losses)		(646)	67
Unrealised exchange gains/(losses) on foreign currency options and forwards		686	(3,762)
Unrealised gains/(losses) on fair value of interest rate swaps		438	(2,900)
Borrowing costs	4	(4,121)	(3,866)
Profit/(loss) from continuing operations before income tax		3,815	(4,067)
Income tax (expense)/benefit	5	(676)	1,674
Net Profit/(loss) after income tax for the period attributable to the owners of the parent entity		3,139	(2,393)
		Cents	Cents
Basic earnings per share	7	4.5	(4.7)
Diluted earnings per share		4.5	(4.7)

Penrice Soda Holdings Limited
2009 Half-Year Condensed Financial Report

Statement of Comprehensive Income
For the half year ended 31 December 2009

	Consolidated	
	31 December	31 December
	2009	2009
	\$000	\$000
Net profit/(loss) for the period	3,139	(2,393)
Other comprehensive income, net of tax:		
Cash flow hedges (losses) taken to equity	(463)	-
Deferred tax on cash flow hedges	139	-
Net cash flow hedge (losses) recognised directly retained earnings	(324)	-
Actuarial gains/(losses) recognised directly through retained earnings	120	(2,950)
Deferred tax on actuarial (losses)/gains	(36)	885
Net actuarial gains/(losses) recognised directly through retained earnings	84	(2,065)
Total other comprehensive (losses) for the period, net of tax	(240)	(2,065)
Total comprehensive income	2,899	(4,458)

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report

Statement of Financial Position

For the half year ended 31 December 2009

	Note	Consolidated	
		31 December 2009 \$000	30 June 2009 \$000
<u>Current Assets</u>			
Cash and cash equivalents	8	9,243	683
Trade and other receivables		19,236	24,722
Inventories	9	62,944	55,981
Income tax receivable		-	324
Other current assets		1,651	2,634
Total Current Assets		93,074	84,344
<u>Non-Current Assets</u>			
Property, plant and equipment	10	93,950	92,816
Intangibles	11	18,246	18,183
Deferred tax assets		5,246	3,516
Other non-current assets		60	-
Total Non-Current Assets		117,502	114,515
Total Assets		210,576	198,859
<u>Current Liabilities</u>			
Trade and other payables		29,969	32,957
Interest bearing liabilities	12	4,107	2,673
Income tax payable		23	-
Derivative financial instruments		881	1,377
Provisions		5,885	5,559
Total Current Liabilities		40,865	42,566
<u>Non-Current Liabilities</u>			
Interest bearing liabilities	13	68,293	84,599
Deferred tax liabilities		8,864	8,243
Provisions		1,433	1,390
Other Non-Current liabilities		-	514
Total Non-Current Liabilities		78,590	94,746
Total Liabilities		119,455	137,312
Net Assets		91,121	61,547
<u>Equity</u>			
Contributed equity	14	80,279	53,615
Cash flow hedge reserve		(324)	-
Share based payments reserve		54	43
Retained earnings		11,112	7,889
Total Equity		91,121	61,547

Penrice Soda Holdings Limited
2009 Half-Year Condensed Financial Report

Statement of changes in equity
For the half year ended 31 December 2009

For the half year ended 31 December 2009	Contributed equity \$000	Cash flow Hedge reserve \$000	Share based payments reserve \$000	Retained earnings \$000	Total \$000
At 1 July 2009	53,615	-	43	7,889	61,547
Profit for period	-	-	-	3,139	3,139
Other comprehensive income for the period	-	(324)	-	84	(240)
Total comprehensive income for the period	-	(324)	-	3,223	2,899
Transactions with owners in their capacity as owners:					
Share based payments	-	-	11	-	11
Capital raising	26,664	-	-	-	26,664
Balance at 31 December 2009	80,279	(324)	54	11,112	91,121
At 1 July 2008	44,285	-	21	3,846	48,152
Loss for period	-	-	-	(2,393)	(2,393)
Other comprehensive income for the period	-	-	-	(2,065)	(2,065)
Total comprehensive income for the period	-	-	-	(4,458)	(4,458)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	11	-	11
Capital raising	8,748	-	-	-	8,748
Dividends	582	-	-	(2,260)	(1,678)
Balance at 31 December 2008	53,615	-	32	(2,872)	50,775

Penrice Soda Holdings Limited
2009 Half-Year Condensed Financial Report

Cash Flow Statement
For the half year ended 31 December 2009

	Note	Consolidated	
		31 December 2009 \$000 Inflow/ (Outflow)	30 December 2008 \$000 Inflow/ (Outflow)
Cash flows from operating activities			
Receipts from customers		95,614	80,172
Payments to suppliers and employees		(88,207)	(78,837)
Interest received		60	129
Interest and other costs of finance paid		(3,798)	(3,053)
Income taxes paid		(753)	(318)
		<hr/>	<hr/>
Net cash flows provided by / (used in) operating activities		2,916	(1,907)
Cash flows from investing activities			
Payment for property, plant and equipment		(5,335)	(15,446)
Proceeds from sale of plant and equipment		18	171
		<hr/>	<hr/>
Net cash flows (used in) investing activities		(5,317)	(15,275)
Cash flows from financing activities			
Proceeds from issues of shares		26,081	8,746
Proceeds from loans		-	10,228
Payment for loans		(12,947)	-
Payment for finance leases		(124)	(229)
Dividends paid		-	(1,678)
		<hr/>	<hr/>
Net cash flows provided by financing activities		13,010	17,067
		<hr/>	<hr/>
Net increase/(decrease) in cash held		10,609	(115)
Cash at beginning of the financial period		(1,366)	4,275
		<hr/>	<hr/>
Cash at the end of the financial period	8	9,243	4,159
		<hr/> <hr/>	<hr/> <hr/>

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report

Notes to the Condensed Financial Report **For the half year ended 31 December 2009**

Note 1: Corporate information

The consolidated financial report of Penrice Soda Holdings Limited (“the Company”) and its controlled entities (together, “the Group”) for the half year ended 31 December 2009 was authorised for issue in accordance with a resolution of the Directors on 22 February 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

Basis of preparation

The half-year condensed financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards, including AASB 134 “Interim Financial Reporting” and other mandatory requirements. The half-year financial report has also been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

The half year financial 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.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that this condensed half year financial report is read in conjunction with the annual report of Penrice Soda Holdings Limited as at 30 June 2009, together with any public announcements made by Penrice Soda Holdings Limited during the half-year ended 31 December 2009 in accordance with the continual disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year Financial Statements.

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report

Notes to the Condensed Financial Report For the half year ended 31 December 2009

Note 2: Statement of significant accounting policies cont.

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 true 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.

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report

Notes to the Condensed Financial Report **For the half year ended 31 December 2009**

Note 3: Operating Segments

Segment information

This segment note reflects the requirements of AASB 8 Operating Segments. This is the first time 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 we are 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.

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report

Notes to the Condensed Financial Report **For the half year ended 31 December 2009**

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 41% of the total group revenue, equating to \$32m for this reporting period. Of this, sales to one customer accounted for \$18.1m of revenue earned.

Accounting policies and inter-segment transactions

The accounting policies used by the Group for operating segments are the same as those contained in note 2 to the accounts.

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.

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report

Notes to the Condensed Financial Report For the half year ended 31 December 2009

Note 3: Operating Segments cont.

Half Year ended 31 December 2009	Chemicals \$000	Quarry & Mineral \$000	Eliminations/ unallocated \$000	Consolidated \$000
Revenue				
Sales to external customers	64,970	12,918	-	77,888
Inter-segment revenues	-	3,119	(3,119)	-
Total segment revenue	<u>64,970</u>	<u>16,037</u>	<u>(3,119)</u>	<u>77,888</u>
Non-segment revenues				
Interest from unrelated entities	-	-	60	60
Other income	-	-	61	61
Total consolidated revenue				<u>78,009</u>
Result				
Underlying EBITDA before unallocated expenses as reported to CODM	7,614	5,336	121	13,071
Unallocated expenses	-	-	(2,157)	(2,157)
Underlying EBITDA as reported to CODM	<u>7,614</u>	<u>5,336</u>	<u>(2,036)</u>	<u>10,914</u>
Depreciation & amortisation	<u>(3,539)</u>	<u>(563)</u>	-	<u>(4,102)</u>
Underlying EBIT as reported to CODM	4,075	4,773	(2,036)	6,812
Borrowing costs				<u>(4,121)</u>
Underlying profit before tax as reported to CODM				<u>2,691</u>
Income tax expense				(339)
Underlying net profit after tax as reported to CODM				<u>2,352</u>
Tax effected unrealised exchange gains/(losses) on foreign currency options and forwards				480
Tax effected unrealised exchange gains/(losses) on fair value of interest rate swaps				307
Profit from continuing operations after income tax				<u>3,139</u>
Segment assets as at 31 December 2009 are as follows:				
Property, Plant & Equipment	75,845	18,105	-	93,950
Working Capital	11,877	40,333	-	52,210
Intangibles	11,954	6,292	-	18,246
				<u>164,406</u>

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report

Notes to the Condensed Financial Report For the half year ended 31 December 2009

Note 3: Operating Segments cont.

Half Year ended 31 December 2008	Chemicals \$000	Quarry & Mineral \$000	Eliminations/ unallocated \$000	Consolidated \$000
Revenue				
Sales to external customers	63,359	10,741	-	74,100
Inter-segment revenues	-	2,988	(2,988)	-
Total segment revenue	<u>63,359</u>	<u>13,729</u>	<u>(2,988)</u>	<u>74,100</u>
Non-segment revenues				
Interest from unrelated entities	-	-	129	129
Other income	-	-	55	55
Total consolidated revenue				<u>74,284</u>
Result				
Underlying EBITDA before unallocated expenses as reported to CODM	6,883	4,660	184	11,727
Unallocated expenses	-	-	(1,807)	(1,807)
Underlying EBITDA as reported to CODM	<u>6,883</u>	<u>4,660</u>	<u>(1,623)</u>	<u>9,920</u>
Depreciation	<u>(2,932)</u>	<u>(526)</u>	<u>-</u>	<u>(3,458)</u>
Underlying EBIT as reported to CODM	3,951	4,134	(1,623)	6,462
Borrowing costs				<u>(3,866)</u>
Underlying profit before tax as reported to CODM				<u>2,596</u>
Income tax expense				(326)
Underlying net profit after tax as reported to CODM				<u>2,270</u>
Tax effected unrealised exchange gains/(losses) on foreign currency options and forwards				(2,633)
Tax effected unrealised exchange gains/(losses) on fair value of interest rate swaps				(2,030)
Profit from continuing operations after income tax				<u>(2,393)</u>
Segment assets as at 30 June 2009 are as follows:				
Property, Plant & Equipment	76,146	16,670	-	92,816
Working Capital	12,976	34,770	-	47,746
Intangibles	11,893	6,291	-	18,183
				<u>158,745</u>

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report

Notes to the Condensed Financial Report For the half year ended 31 December 2009

Note 4: Borrowing costs

	31 December 2009 \$000	31 December 2008 \$000
Borrowing costs		
Interest paid or payable	3,199	3,131
Amortisation of loan facility fees	248	35
Finance charges related to leases	100	48
Other borrowing costs	574	652
Total borrowing costs	4,121	3,866

Other borrowing costs include the non cash interest charge for the defined benefit pension scheme of \$408k (Dec 08 \$534k) as prescribed by AASB119.

Note 5: Income tax

	Consolidated 31 December 2009 \$000	31 December 2008 \$000
Tax expense reconciliation		
Profit/(loss) from continuing operations	3,815	(4,067)
Prima facie tax (expense)/benefit thereon at 30%	(1,145)	1,220
Over provided in prior years	165	235
R&D expenditure and investment allowance	304	220
Income tax (expense)/benefit	(676)	1,674

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report

Notes to the Condensed Financial Report For the half year ended 31 December 2009

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 interim 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

	Dec-09	Dec-08
Basic earnings per share based on operating profit after income tax	4.5	(4.7)
Diluted earnings per share based on operating profit after income tax	4.5	(4.7)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	59,698,740	45,347,226
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share	59,870,594	45,519,080
Earnings used in calculating basic and diluted earnings per share (\$000)	3,139	(2,393)

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:

	December 2009	December 2008
Basic earnings per share	59,698,740	45,347,226
Executive share options	171,854	171,854
Diluted earnings per share	59,870,594	45,519,080

Earnings per share calculations reflect the “bonus” element of the rights issue conducted in 2009. As such, an adjustment is required to the number of shares outstanding before the rights issues to reflect the “bonus” element. Prior year comparatives earnings per share figures have been restated to take account of this.

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report

Notes to the Condensed Financial Report For the half year ended 31 December 2009

Note 8: Cash reconciliation

	Consolidated	
	31 December	30 June
	2009	2009
	\$000	\$000
Cash and cash equivalents	9,243	683
	<u>9,243</u>	<u>683</u>

Reconciliation to cash flow statement

For the purpose of the cash flow statement cash and cash equivalents comprise the following at 31 December 2009

Cash at bank	7,534	683
Cash in transit	1,709	-
Bank overdraft (Note 12)	-	(2,049)
	<u>9,243</u>	<u>(1,366)</u>

Note 9: Inventories

	Consolidated	
	31 December	30 June
	2009	2009
	\$000	\$000
Raw Materials	2,496	2,223
Finished Goods, at cost or net realisable value		
Chemical	12,824	10,089
Quarry & Mineral – Limestone	3,464	3,522
Quarry & Mineral – Aggregates	16,894	14,459
Quarry & Mineral – Landfill (previously – schist)	19,349	17,543
Production spares & consumable goods		
Quarry & Mineral	953	782
Chemical	6,964	7,363
Total current inventories	<u>62,944</u>	<u>55,981</u>

As discussed in Note 2(k) of the 2009 Annual Report, 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 FY10 sales forecasts of aggregates, it is estimated that inventory levels represent approximately 3 years' sales. With regard to landfill, forecast sales for FY10 are in small volumes primarily to the civil market as a blended product for road base. 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 is 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.

Penrice Soda Holdings Limited
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Notes to the Condensed Financial Report
For the half year ended 31 December 2009

Note 9: Inventories cont.

Additions of landfill and aggregate volumes in future years will also decline as extraction rates reduce in the next phase of the mine plan. In the event that it is determined in the future that total volumes on hand will not be sold, the relevant volumes can be reclassified and valued as overburden within intangible assets, which may have a negative impact on the Income Statement.

Note 10: Property, plant & equipment (non-current)

	31 December 2009			
	Consolidated			
	Land and 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	158	17	5,084	5,259
Disposals	-	-	(174)	(174)
Balance as at 31 December 2009	6,310	14,845	159,694	180,849
Accumulated Depreciation				
Balance as at 1 July 2009	(35)	(1,930)	(80,983)	(82,948)
Disposals	-	-	139	139
Depreciation Expense	(2)	(232)	(3,856)	(4,090)
Balance as at 31 December 2009	(37)	(2,162)	(84,700)	(86,899)
Net Book Value				
As at 1 July 2009	6,117	12,898	73,801	92,816
As at 31 December 2009	6,273	12,683	74,994	93,950

Plant and equipment with a carrying value of \$1,442k 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 31 December 2009 is an amount of \$9,864k related to expenditure for plant in the course of construction.

Penrice Soda Holdings Limited
2009 Half-Year Condensed Financial Report

Notes to the Condensed Financial Report
For the half year ended 31 December 2009

Note 10: Property, plant & equipment (non-current) cont.

	30 June 2009				
	Consolidated				
	Land and 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

Plant and equipment with a carrying value of \$1,576k 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 2009 is an amount of \$9,661k related to expenditure for plant in the course of construction. Plant and equipment with a gross carrying amount of \$42,011k has been fully depreciated at 30 June 2009, but remains in use at reporting date.

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report

Notes to the Condensed Financial Report For the half year ended 31 December 2009

Note 11: Intangibles (non-current)

	Consolidated 31 December 2009 \$000	30 June 2009 \$000
Goodwill	18,008	18,008
Software	183	-
Accumulated amortisation software	(12)	-
Exploration and evaluation costs	67	1,054
Transfers to inventory	-	(415)
Exploration write offs	-	(198)
Accumulated amortisation	-	(266)
Total exploration and evaluation costs, net	<u>67</u>	<u>175</u>
Total non-current intangible assets	<u>18,246</u>	<u>18,183</u>

Note 12: Interest bearing liabilities (current)

	Consolidated 31 December 2009 \$000	30 June 2009 \$000
Secured:		
Finance lease liabilities	507	624
Bank overdraft	-	2,049
Bank loan	3,600	-
Total current interest bearing liabilities	<u>4,107</u>	<u>2,673</u>

Note 13: Interest bearing liabilities (non-current)

	Consolidated 31 December 2009 \$000	30 June 2009 \$000
Finance lease liabilities	592	599
Bank loan	67,701	84,000
Total non-current interest bearing liabilities	<u>68,293</u>	<u>84,599</u>

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 December 2009, Penrice drew down \$5m during August and September 2009, and subsequently paid back \$17.2m post the 2009 equity raising referred to in note 14.

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report

Notes to the Condensed Financial Report For the half year ended 31 December 2009

Note 14: Contributed Equity

	Half year ended 31 December 2009		Year ended 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	-	(1,407)	-	(173)
Balance at the end of the period	91,361,523	80,279	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.

Note 15: Commitments

There are no material changes in commitments since that disclosed in the 2009 annual financial report.

Note 16: Events occurring after the balance date

There have been no significant events occurring since the balance date.

Penrice Soda Holdings Limited

2009 Half-Year Condensed Financial Report



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To the members of Penrice Soda Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Penrice Soda Holdings Limited, which comprises the statement of financial position as at 31 December 2009, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Penrice Soda Holdings Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Penrice Soda Holdings Limited 2009 Half-Year Condensed Financial Report



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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Penrice Soda Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in black ink, appearing to be "Colin Dunsford".

Colin Dunsford
Partner

Adelaide
22 February 2010