

PENRICE SODA HOLDINGS LIMITED

ABN 83 109 193 419
Solvay Road, Osborne, South Australia, AUSTRALIA 5017
Telephone: +61 (8) 8402 7000 | Facsimile: +61 (8) 8402 7250
Email: enquiries@penrice.com.au

Media Release

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PENRICE SODA ANNOUNCES IMPROVED INTERIM RESULTS

Highlights

- **Sales revenue up 5% to \$77.9 million**
- **EBITDA up 10% to \$10.9 million**
- **NPAT up \$5.5 million to \$3.1 million**
- **Gearing levels down to 41% from 59% following successful capital raising**
- **Strong earnings growth in Chemicals and Quarry & Mineral businesses**
- **Free cash flow up \$14.8 million, but still \$2.4m negative**
- **No interim dividend declared; priority on creating and conserving cash**

Penrice Soda Holdings Limited (ASX: "PSH") today announced a net profit after tax¹ (NPAT) of \$3.1 million for the half year ended 31 December, 2009 in contrast with a loss of \$2.4 million for the previous half year to 31 December, 2008. Underlying² NPAT for the half year ended 31 December 2009 was \$2.4 million, up 4% percent from the previous half.

Sales revenue for the half year was \$77.9 million, up 5 percent from the previous half, with growth in both the Chemicals and Quarry & Mineral businesses. Operating cash flow improved to \$2.9 million compared with negative \$1.9 million in the previous half and while net free cash flow remained negative at \$2.4 million, this was a significant improvement from negative \$17.2 million previously.

Penrice Chairman, Mr David Trebeck, said that the benefits from Penrice's 'Way Forward Plan' to invest in capacity and efficiency improvements were evident in the underlying earnings growth in both the Chemicals and Quarry & Mineral businesses

"We are on track to achieve an improvement in underlying profit in the full year to 30 June 2010," Mr Trebeck said. "However, necessary further progress is underway to reduce inventory levels and restore positive net free cash flow" he said.

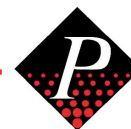
Strong Business Performance

Penrice Managing Director & Chief Executive Officer, Mr Guy Roberts, said that the Chemicals business performed strongly with earning before interest and tax (EBITDA) of \$7.6 million, up 11 percent, on revenue of \$65.0 million, up 3 percent.

"The Chemicals business benefited from an increase in sodium bicarbonate production capacity, growth in sodium bicarbonate export volumes and price rises in both sodium bicarbonate and soda ash," Mr Roberts said.

¹ Includes unrealised hedge gain/loss

² Excludes unrealised hedge gain/loss



"Growth was partially offset by slightly reduced sodium bicarbonate and soda ash volumes in the domestic market and a \$2 million negative impact to export earnings from a stronger AUD," he said.

Mr Roberts said Penrice's Quarry & Mineral business grew substantially over the period with EBITDA up 15 percent to \$5.3 million, on revenue of \$12.9 million, up 20 percent.

"This continued earnings growth reflected strong demand for aggregate from civil and construction markets and increased productivity following implementation of a new, more sophisticated long term mine operating plan. The business has successfully developed a position in the civil and construction market and our focus is on maintaining our project pipeline. We are seeing improved cash flow from the Angaston mine as the benefits of reduced overburden extraction and improved efficiencies are starting to come through," Mr Roberts said.

"While Quarry and Mineral business inventory increased ahead of expectations for the half year, it was largely attributable to unplanned topsoil excavation, useful for mine environmental works. We are pleased to report significantly reduced landfill extraction in the half and we expect a greatly reduced landfill extraction rate over the next five years under the new mine plan," he said.

Successful Capital Raising

"Penrice's balance sheet has been strengthened following the completion of our \$28.1 million capital raising in October 2009. Net debt was reduced by \$23 million (27 percent) to \$63.2 million over the period with gearing (net debt to net debt plus equity) of 41 percent as at 31 December 2009, down from 59 percent as at 30 June 2009," he said.

"This raising, along with ongoing working capital management initiatives and sales to monetise Quarry and Mineral inventory should further enhance the balance sheet and cashflow," he added.

"The priority for the Company remains on cash creation and cash conservation in the current global economic conditions. Accordingly, there will be no interim dividend paid for the six months ending December 2009," Mr Roberts said, adding that "The Company remains focussed on resuming dividends when cash flow increases and conditions are more certain."

Outlook

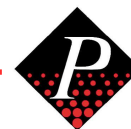
Mr Roberts confirmed previous guidance, stating that subject to global economic conditions, underlying profit for FY2010 is still expected to exceed FY2009.

"Penrice's businesses are robust and growing, but we need to remain focussed on improving operating cash flows following our large reinvestment programme over the last three years with the Company's Way Forward Plan. Our plan is to pay down debt further, resume dividends for shareholders and fund growth," he said

Mr Roberts said, "The Group's results tend to be stronger in the second half largely because our Chemicals business has an annual maintenance shut-down in the first half. This creates a larger cost impost and reduces sales volume."

"Strong sodium bicarbonate demand is expected to continue in growth markets in Asia and we're on track to sell out our expanded capacity by FY2011, he added"

"Whilst benefits from repricing of major soda ash contracts are now flowing through, we expect soda ash demand to continue to be slightly softer in uncertain Australian economic conditions" .



"In Quarry & Mineral, sales into the infrastructure market are expected to remain strong, and we're actively pursuing sales in landfill markets. At the Angaston mine, we expect lower inventory build and reduced cash production costs given reductions in the overburden extraction rate".

Mr Roberts said, "Penrice is targeting positive free cash flow for the full year on improved earnings, limiting capital expenditure to sustenance only and reducing the rate of inventory build."

About Penrice

Penrice Soda Holdings Limited (ASX code: PSH) is Australia's only manufacturer of soda ash and sodium bicarbonate and one of the world's largest sodium bicarbonate marketing companies. The Company operates a large limestone mine.

The company is committed to driving shareholder value through the manufacture and supply of a range of world-class products across a variety of industries and countries including packaging, building and construction, food and personal care, stockfeed, detergent and environmental control/water purification.

For further information regarding Penrice Soda Holdings' Australian operations go to our website at www.penrice.com.au or contact:

Guy Roberts, Managing Director & CEO

08-8402 7239 or 0412 958 040

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