

PENRICE SODA HOLDINGS LIMITED

Appendix 4D

Half-Year Report under Listing Rule 4.2A

For the period ended 31 December 2006

ABN

83 109 193 419

Previous corresponding period

31 December 2005

Results for announcement to the market

				\$A million
Revenue from continuing operations	Up	8%	to	70.6
Net profit after tax for the period from continuing operations	Down	47%	to	2.3

	31/12/06	31/12/05
Basic earnings per share (<i>cents</i>)	5.14	9.76
Ordinary dividend per share (<i>cents, fully franked</i>)	5.0	7.0
Net tangible assets per security	\$0.47	\$0.53

Dividend Information	Amount per security	Franked amount per security at 30% tax
Interim dividend per share (to be paid)	5.0	5.0
Final dividend per share (paid 23 October 2006)	7.7	7.7
Total dividends per share	12.7	12.7
Record date for determining entitlements to dividends	16 April 2007	
Payment date of dividend	30 April 2007	

This half-year report is to be read in conjunction with the December 2006 half-year financial report. Additional Appendix 4D disclosure requirements can be found in the notes to the half-year report. This report is based on the consolidated half-year financial report which has been subject to a review.

Penrice Soda Holdings Limited

2006 Half-Year Report

REVIEW OF OPERATIONS

The net profit after tax (NPAT) for the six months was \$2.31 million. This is a decrease over the previous period, due in part to the decrease in net profit before tax (NPBT) detailed below and the one-off tax benefit of \$1.28m in the previous period primarily relating to the IPO costs.

The NPBT for the six months was \$3.24 million, a decrease of \$1.23 million on the previous period. One-off costs and unexpected plant interruptions were responsible for the reduced first half earnings.

The plant interruptions of November and December have continued through January and in particular into February where the plant has operated at considerably reduced rates. While each of the interruptions on its own is not material, the cumulative impact will be material. The Osborne plant is now operating again at full rates.

The impact of the one-off costs and plant interruptions is that the full year NPBT is likely to be between 6-12% below the previous year. With the one-off tax benefit in the previous year not available this year this is likely to equate to a 20-25% reduction in the 2006-07 NPAT.

The significant one-off costs during the period that reduced the final result are detailed below. Without these costs, the underlying NPBT was \$4.56 million. This compares to a NPBT of \$4.47 million on the previous period.

1. Replacement of CEO

In July 2006 the previous CEO of the company, David Reid resigned. This resulted in the commencement in December 2006 of Mr Guy Roberts, a former Orica senior executive as Managing Director and CEO of the company. The costs associated with this change totalled \$0.72m.

2. Stock and Stores Reduction

To improve working capital the company has undertaken a review of inventory holdings and the number and location of external stock points. This has resulted in some one-off product removal costs and store exit costs totalling \$0.35 million. Future benefits by way of reduced store and distribution costs will be realised.

3. Contracts Review

With the focus on expanding the sodium bicarbonate plant, soda ash production has not increased over the preceding year. To be able to meet demand, Penrice has been required to increase its volume of imported soda ash to supplement local production. In February 2006 Penrice commenced a twelve month soda ash supply agreement. When evaluated against the cost of imported product, this contract has been sold at a loss of \$0.25 million for the past 6 months.

This contract expired at the end of January 2007 and has not been renewed.

Penrice Soda Holdings Limited

2006 Half-Year Report

REVIEW OF OPERATIONS (continued)

Sales

Sales revenues in the 6 months ended 31 December 2006 increased by 8% to \$70.6 million compared with the previous corresponding period. Of this increase 3% relates to the increased sales of sodium bicarbonate following the plant expansion and 5% relates to the soda ash contract referred to above.

As advised in the Chairman's address at the AGM, with the timing of contract renewals or price reviews for major customers, Penrice will benefit from soda ash price increases in the second half.

With the strong Australian dollar Penrice is experiencing strong competition from importers of soda ash, predominantly from the United States, as the strengthening Australian dollar has had the impact of reducing the price of competitive imported product.

As a result of this competition from imports Penrice has lost some smaller customers in the detergents and chemicals industry. The total of these contracts is small at about 3% of the domestic soda ash sales volume. This is in addition to the soda ash contract referred to above.

Sodium bicarbonate sales have increased in line with the plant expansion completed in June 2006, with revenue from sodium bicarbonate up 21% on the corresponding period. The margin on these extra sales has been as expected and consistent with existing sales.

The export sales of sodium bicarbonate for this period were protected by foreign exchange contracts entered into in June 2006. This has protected our export sales during this period from the strengthening Australian dollar and improved margins over the previous period.

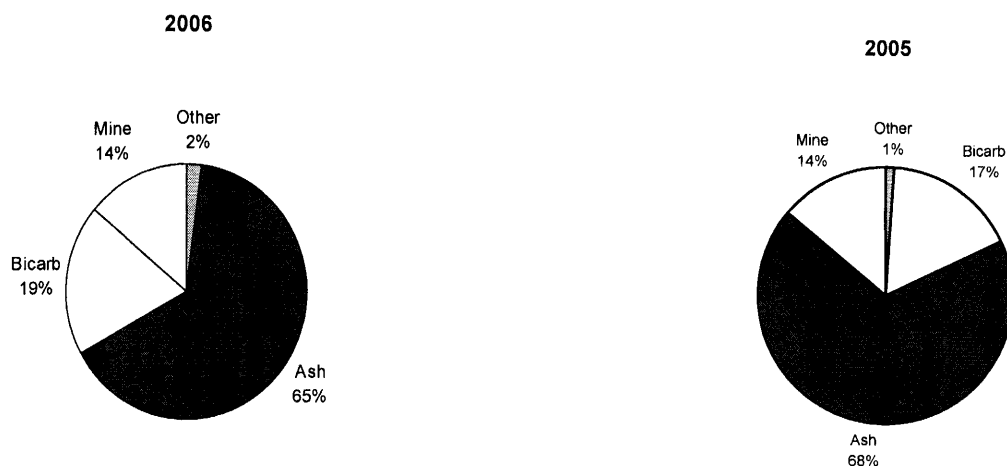
Sales of mine products have improved by 11% on the previous year with increasing sales into the cement and civil construction projects.

Penrice Soda Holdings Limited 2006 Half-Year Report

REVIEW OF OPERATIONS (continued)

Sales (continued)

The growth of both the sodium bicarbonate and mine sectors of the business highlights the planned diversification from the commodity product of soda ash. This will continue in future years.



Revenue by Segment

Key sales trends expected in the January to June 2007 period include:

1. Price increases to major customers, both soda ash & sodium bicarbonate, effective 1 January 2007.
2. Withdrawal from unprofitable soda ash contract.

Production

The manufacturing operation at Osborne for soda ash and sodium bicarbonate had a mixed result for the six months.

The earlier months were ahead of budget and previous year with October having an all time record production. As at the end of October production was 7% above the previous year, comprising sodium bicarbonate 22% above and soda ash 4% above, however a number of small plant issues commencing in mid-November with an electrical storm has reduced production and increased the costs of production during November and December. Overall production volume was 3% higher than the corresponding period in 2005. There was a focus on increasing production of sodium bicarbonate, consistent with the plant expansion, and this was 21% higher than the previous period. Soda ash production was on par with the previous year.

Penrice Soda Holdings Limited

2006 Half-Year Report

REVIEW OF OPERATIONS (continued)

Production (continued)

Penrice monitors the condition and output of the plant by undertaking yearly reviews by both independent engineers and independent insurers. These reviews have indicated that the condition of the plant had improved and was one of the key reasons why Penrice was able to renegotiate its insurance with a 40% premium saving.

The plant interruptions are not acceptable and Penrice will undertake a comprehensive review of operations, including an examination into what changes can be made to substantially improve the reliability and performance of the plant. The plan is aimed at improving reliability in the short term. In the longer term, following renewed investment in the Osborne plant, productivity gains should be delivered.

Consistent with past years the company undertook its major maintenance in August 2006. This year the period and cost was longer than the previous year as maintenance and inspection work on steam relief valves required a full plant shutdown. Maintenance cost during this period was \$0.3 million higher than July 2005.

The increase in the depreciation expense reflects the additional depreciation on the sodium bicarbonate plant expansion.

The administration costs of the company increased by 8%, reflecting increases in public company costs with increases in ASX and share registry costs, a detailed risk management review across all areas of the business and the changeover costs for the CEO.

Penrice has sought to reduce its future operating costs by reducing employee numbers where possible. From the end of June the company has reduced employee numbers by 6, predominantly in administration.

Interest costs for the company increased by \$0.33 million from the prior year. The net debt has increased from the prior year as the net debt levels of the company immediately after the float in July 2005 were at a low level until all costs associated with both the float and sale of the saltfields were made.

The costs of operating the limestone mine were 5% higher than the previous period consistent with the increase in sales revenue from the mine.

Gearing

Gearing as at 31 December 2006 was 44% up from 42% at 31 December 2005.

Dividend

An interim dividend of 5 cents has been declared and will be paid on 30 April 2007. This dividend will be 100% franked.

Penrice Soda Holdings Limited

2006 Half-Year Report

REVIEW OF OPERATIONS (continued)

Capital Expenditure

Capital expenditure during the half-year ended 31 December 2006 totalled \$3.5 million, down from \$4.3 million for the corresponding period in 2005.

Taxation Payments & Charges

The income tax expense for the period increased to \$0.9 million due to the one-off benefit recognised in 2005 relating to the IPO float costs.

Appointment of CEO

In October 2006 Penrice announced the appointment of Guy Roberts as Managing Director & CEO. Mr Roberts has extensive experience in the chemicals industry, more recently at Orica.

Full details of the remuneration for Mr Roberts will be detailed in the remuneration report in the company's annual report for the year ended 30 June 2007. This remuneration will include a base pay, short & long term incentives, relocation costs and a commencement bonus.

Outlook

A review is being conducted of the company's operations with a focus on three themes, namely culture, efficiency and strategy. Delivery in these critical areas will underpin Penrice's future performance and long term value creation.

In the area of culture, the plan is to engage the entire Penrice workforce in developing operating principles to sustain a high performing organisation.

In the area of efficiency, capital and cost productivity at Osborne Operations and the Angaston Mine are essential enablers of Penrice's competitiveness in its core product markets. This is important in light of current market conditions in soda ash in Australia, where import competition is exerting downward pricing pressure.

For strategy, the focus will be on organic growth in those products where strong market leadership is maintained, namely soda ash and sodium bicarbonate, especially the latter where good opportunities exist to expand further into higher value export markets in Asia and Europe. Acquisitions will be considered to supplement organic growth where they are low cost and/or synergistic in related markets to enhance Penrice's overall market position.

Penrice expects improved earnings in the second half from maintaining its strong market positions with improved pricing, no further one off restructure costs and no planned major maintenance.

PENRICE SODA HOLDINGS LIMITED

ABN 83 109 193 419

**CONSOLIDATED HALF-YEAR FINANCIAL
REPORT**

31 DECEMBER 2006

Penrice Soda Holdings Limited

2006 Half-Year 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 2006.

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:

John Heard (Chairman and Non-Executive Director)
Fellow of the Institute of Chartered Accountants in Australia

Guy Roberts (Chief Executive Officer) – appointed 19 December 2006
Bachelor of Law (University of Adelaide)
Graduate Diploma in Legal Practice (SAIT)

Andrew Fletcher (Deputy Chairman and Non-Executive Director)
Bachelor of Engineering (Civil) (University of Adelaide)
Fellow of the Institution of Engineers, Australia
Fellow of the American Society of Civil Engineers

Michael Boyce (Non-Executive Director)
Bachelor of Science (Chemistry) (West Virginia State)
Graduate of Harvard University's Advanced Management Program

Barbara Gibson (Non-Executive Director)
Fellow of the Australian Academy of Technological Sciences and Engineering
Bachelor of Science (Monash University)

David Reid (Chief Executive Officer) – resigned 26 July 2006
Diploma in Applied Chemistry (Monash University)
Bachelor of Applied Science (Swinburne University)

Review of operations

A review of operations of the Group during the half-year ended 31 December 2006 is set out on pages 2 to 6 of this report.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307c of the Corporations Act 2001 is set out on page 24.

**Penrice Soda Holdings Limited
2006 Half-Year Report**

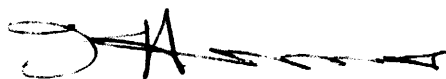
DIRECTORS' REPORT (continued)

Rounding off

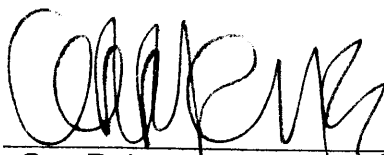
The Company is of a kind referred to in Class Order 98/100 issued by ASIC, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand in accordance with that Class Order.

Signed at Adelaide this 27th day of February 2007.

Signed in accordance with a resolution of the Directors:



John Heard - Chairman



Guy Roberts – Managing Director and
Chief Executive Officer