PENRICE SODA HOLDINGS LIMITED

ABN 83 109 193 419

Preliminary Final Report (Appendix 4E)

for the year ended 30 June 2013

ASX Code PSH

PENRICE SODA HOLDINGS LIMITED

Appendix 4E

Full Year Report under Listing Rule 4.2A
For the year ended 30 June 2013

ABN	Previous corresponding period
83 109 193 419	30 June 2012

Results for announcement to the market

Operating Result	% change	$000		$000
Sales revenue from operating activities	**(8.2)%**	**137,219**		
Net loss for the period attributable to members*	**21.2%**	**(50,092)***	Previous corresponding period - loss	**(63,552)**

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	

	2013	2012
Earnings per share (basic) Earnings per share (diluted)	**(54.8)** **(54.8)**	**(69.6)** **(69.6)**
Net tangible assets per share	**(0.55)**	**(0.01)**
Net assets per share	**(0.51)**	**0.02**

***** includes impairment charge of $21,156k (FY12 $45,338k) and business restructure costs of $8,808k (FY12 $577k)

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 "Review and Results of Operations" section of the Appendix 4E.

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Penrice Soda Financial Results

- Underlying net loss after tax $21.4 million (FY2012: $6.7 million)
- Statutory net loss after tax $50.1 million (FY2012: $63.6 million) (includes impairment and restructuring charges of $30.0 million)
- Statutory operating net cash outflow of $3.0 million (FY2012: $6.1 million)
- Net debt increased to $112.1 million from $96.5 million
- No dividend declared

Penrice Soda Business Highlights

- Business restructure completed in H2 FY2013 in response to earnings decline
- Operating cash flow increases $3.1 million despite margin decline, from cost savings and working capital reductions
- Capital expenditure reduced by $7.3 million on smaller manufacturing footprint
- Soda ash plant closed and switch made to import/distribution JV, Pro Asia Pacific
- Record sodium bicarbonate sales
- First sales by new lime business
- Angaston mine restructured with efficiencies gained
- EBIT turnaround planned in FY2014 and improves again with full year benefits in FY2015

Penrice Chemicals

- Underlying EBITDA loss of $2.6 million, compared to underlying EBITDA of $11.4 in FY2012, from soda ash losses
- Soda ash plant closed, import/distribution of soda ash commenced on time (by end FY2013) and on budget (applying $8 million JV partner loan)
- Record level of sodium bicarbonate sales for year at 102K tonnes
- First lime sales made in July FY2014

Penrice Quarry & Mineral

- Underlying EBITDA of $1.4 million, compared to underlying EBITDA of $3.9 million in FY2012 on less building and construction activity
- Mine operations restructured with reduced cost base and improved efficiencies
- Underlying EBITDA in H2 of $1.2 million improves on underlying EBITDA in H1 of $0.2 million with part benefits of restructure in place

SUMMARY

Penrice Soda Holdings Limited (Penrice) (ASX: PSH) today reported an underlying net loss after tax for the year ended 30 June 2013 of $21.4 million (FY2013: $6.7 million). Statutory net loss after tax was $50.1 million (FY2012: $63.6 million) and includes impairment and restructuring charges of $30.0 million.

The increase in underlying net loss was primarily in the soda ash business unit of the chemicals business and was due to the impact of lower prices, sales and production volumes, partly offset by an increased contribution from its sodium bicarbonate business unit. With the imminent closure of the soda ash plant at the end of the year and softening demand for soda ash, inventories were sold at reduced prices, further reducing profits.

Statutory operating cash flow for the year was improved with a net cash outflow of $3.0 million, compared to $6.1 million for the prior year. Operating cash flow increased, despite margin erosion, due to a sustained focus on cash generation, including working capital reduction of $8.6 million and an interest deferral of $6.3 million on the interest deferred, five year term debt facility.

Significant items included chemicals business restructuring costs in the second half of $8.8 million and first half impairment of the chemicals business of $21.2 million, all related to closure of soda ash plant and chemicals business restructure.

Review of FY2013 Results (continued)

Penrice Managing Director and CEO, Guy Roberts, said that “The year was a very significant one in Penrice’s growth as a chemicals company. The closure of our Australian soda ash manufacturing and switch to an import/distribution joint venture in Pro Asia Pacific will put the chemicals business and the entire company on a more sustainable and profitable footing.”

“The chemicals business earnings were well down with an underlying EBITDA loss of $2.6 million (FY2012: underlying EBITDA of $11.4 million) on a substantial loss in the soda ash business unit. That loss was the key driver of the company’s previously announced plans to restructure its operations and turnaround financial performance.”

”The export orientated sodium bicarbonate business ran well with record sales and was the substantial contributor to group earnings, leveraging strong market positions in Asia.”

“The South Australian quarry and mineral business delivered a decreased EBITDA of $1.4 million (FY2012: underlying EBITDA of $3.9 million) on 25% less sales volume than the previous financial year, with levels at 25 year lows in residential construction activity in the state. Cost savings and production efficiencies helped offset sales decline and the overall result, while disappointing, was creditable in the circumstances.”

As expected, net debt was up to $112.1 million from $96.5 million, including for capitalised interest on the interest deferred, five year term debt facility and the $8 million loan to the company from its JV partner which funded the business restructure in the second half.

“As previously advised, the company’s view is that its net debt needs to be reduced, particularly given recent impairments, which have resulted in negative shareholder funds. The priority has been to first create a sustainable earnings model, without which a restructure of the balance sheet would not be possible. Having completed its business restructure, which should increase the company’s earnings sustainably, the company will actively seek ways to reduce its net debt during FY2014.”

Outlook

“Penrice completed its restructuring in FY2013. FY2014 is a transition year, as the company beds down a raft of operational and sales changes.

Penrice expects improved underlying earnings in FY2014, subject to economic conditions. FY2015 will be the first full year of earnings uplift following the restructuring and should be another material uplift on FY2014 forecast earnings, once again subject to economic conditions.”

Restructure

Penrice closed soda ash manufacturing in Adelaide in June 2013 and restructured its soda ash business around an import and distribution model, forming a joint venture company, Pro Asia Pacific Pty Ltd (Pro Asia Pacific), with the world’s largest independent soda ash distributor, Soda Ash Holding BV, sourcing soda ash from American Natural Soda Ash Corporation (ANSAC), the world’s largest soda ash exporter. Pro Asia Pacific commenced operations in May 2013.

“Soda ash manufacturing has been the company’s Achilles’ heel, making substantial losses. Against the backdrop of a volatile Australian dollar, by moving from local manufacturing with high and increasing fixed costs to an import and distribution model, Penrice will benefit from better aligning supply with domestic demand and a new flexible and competitive cost structure that can be maintained throughout demand shifts.”

“We now have a much more robust business model which is less risky and more capable of generating improved earnings. In forming the joint venture, Pro Asia Pacific, we are pleased to have a strong business partner.”

Review of FY2013 Results (continued)

Penrice restructured its Angaston limestone mine operations following closure of its soda ash plant, which means its chemicals business requires 70% less limestone. A new mine plan was adopted, giving longer term resource security and a more efficient extraction model with less overburden extraction. A smaller mine fleet has a more flexible cost structure.

Banks

Penrice complies with its banking agreements and retains the support of its banks, which in FY2012 agreed to a restructure of the company's $97.8 million senior debt facility, including the extension of a $67.8 million facility to August 2017, with interest on that facility to be capitalised and not paid, to assist the company's cash flow.

RESULTS SUMMARY

Results summary

Year ended 30 June A$000	**2013**	**2012**	***% variance***
Sales revenue	**137,219**	**149,426**	***(8%)***
Chemicals EBITDA*	(2,643)	11,409	*(123%)*
Quarry & Mineral EBITDA*	1,360	3,913	*(65%)*
Corporate centre/unallocated	(2,995)	(3,707)	*19%*
Underlying EBITDA *	**(4,278)**	**11,615**	*(137%)*
Depreciation	(6,815)	(10,198)	*33%*
Underlying EBIT *	**(11,093)**	**1,417**	***(883%)***
Net interest expense	(10,928)	(10,951)	*0%*
Underlying NPBT*	**(22,021)**	**(9,534)**	***131%***
Tax *	586	2,860	*(80%)*
Underlying NPAT*	**(21,435)**	**(6,674)**	***221%***
Chemicals impairment (after tax)	(21,156)	(32,347)	
Quarry & Mineral impairment (after tax)	-	(12,991)	
Restructure costs (after tax)	(8,808)	(577)	
Insurance events, net of recoveries (after tax)	1,450	-	
Share of loss in joint venture	(144)	-	
Rail closure impact (after tax)	-	(3,276)	
Derecognition of deferred tax balances	-	(7,687)	
Total significant items (after tax)	(28,658)	(56,878)	
Statutory NPAT	**(50,092)**	**(63,552)**	***(21%)***
Underlying earnings per share* (cents)	(23.5)	(7.3)	*(221%)*
Statutory earnings per share (cents)	(54.8)	(69.6)	*21%*
Dividend per share (cents)	Nil	Nil	
Gearing [net debt/(net debt+ equity)] %	178%	98%	
Interest cover [EBITDA*/net interest] (times)	Nil	1.1	

*Excludes significant items. Underlying results (Underlying EBITDA, EBIT, NPBT, Tax, NPAT, Earnings per share) is a non-IFRS measure that is presented to provide an understanding of the underlying performance of Penrice's operations. The measure excludes the impact of non cash accounting adjustments for impairment and derecognition of deferred tax assets as well as items that are not part of normal business operations that are not expected to reoccur, being the rail closure and restructure costs. The non IFRS financial information is unaudited.

Review of FY2013 Results (continued)

GROUP

Mr Roberts said, “Penrice has not only restructured its soda ash business but also, responding to the cyclical downturn in construction activity, restructured Angaston mine operations. Restructuring has been completed as planned.”

Mr Roberts said, “The restructure has been a complex and challenging project and the board is pleased with the progress to date with acceptance from customers. While there is still considerable bedding down of operational and sales changes, key elements are now in place.”

The elements of the business restructure completed over the second half include:

- Penrice closed its 70 year old, Osborne, Adelaide soda ash plant as scheduled on 30 June 2013 and switched from manufacturing soda ash to importing and distributing soda ash through the joint venture company. The soda ash plant is being mothballed.
- Penrice’s sodium bicarbonate plant has been modified to accept imported soda ash; a new lime plant is operating and expected to be ready for full production in August 2013.
- Loan funds of $8 million from our JV partner have been drawn down to fund Penrice’s plant modifications and staff redundancies.
- A new five year steam supply contract was signed with Osborne Cogeneration Pty Ltd to supply steam from its adjacent cogeneration plant on more flexible terms to meet Penrice’s new operational needs.
- An agreement was signed with Ridley Corporation Ltd (Ridley) for the early termination of the take or pay salt supply contract. The agreement is subject to the approval of Penrice’s banks and is pending their final review, which Penrice expects will be concluded shortly and will confirm the key terms of the settlement.
- Part of the agreement with Ridley includes the extension of Penrice’s supplier status to supply sodium bicarbonate to Ridley for 10 years.
- Fifty four Penrice staff left the business during June 2013, slightly less than originally planned, with six staff having taken over contractor roles.
- Penrice’s new Angaston mine plan is fully operational and running to plan, based on a reduced requirement for limestone from Penrice’s chemical business. A new smaller and more flexible mine fleet is being introduced on a more variable cost structure.
- Penrice made its first lime sales from its new Osborne lime plant during July.
- Pro Asia Pacific is in full operation and Penrice is providing a full local logistics service package to Pro Asia Pacific including wharfage, storage and handling, packaging and transport to customers.

CHEMICALS

Chemicals - underlying results			
Year ended 30 June $000	**2013**	**2012**	**%**
Sales revenue	**117,743**	**124,037**	***(5%)***
Underlying EBITDA	**(2,643)**	**11,409**	***(123%)***
EBITDA margin	-2.2%	9.2%	
Underlying EBIT	**(7,345)**	**3,114**	***(336%)***
EBIT margin	(6.2%)	2.5%	

Chemicals incurred an underlying EBITDA loss for the year of $2.6 million, which compared to underlying EBITDA of $11.4 million in the prior year. The drop was due to the worsening performance of the soda ash business, caused by lower prices, less domestic demand, export sales at lower prices to quit stock, increasing production costs and poor soda ash plant reliability.

Demand for soda ash was softer given the continuing general contraction in manufacturing activity in Australia. Soda ash production was down; plant inefficiencies increased as sustenance capital and maintenance were reduced, once the closure decision was made.

Review of FY2013 Results (continued)

Pro Asia Pacific's sales commenced as planned in May 2013. Penrice expects to earn income from two sources: fees from logistics services provided to Pro Asia Pacific and dividends from its investment in Pro Asia Pacific.

Soda ash

Sales volume was flat on the prior year reflecting reduced domestic demand, offset by export spot sales at lower selling prices in a softer regional market.

Selling prices were down 6% on reduced demand and increased local competition from imported soda ash (cheaper due to the strong Australian dollar) and lower priced export spot sales. Sales revenue was down 7%.

Soda ash production was down 12% resulting from plant unreliability. Once the decision was made to close the soda ash plant, sustenance capital and maintenance was reduced.

Sodium bicarbonate

Sales volume was up 3% on the prior year to a record 102K tonnes, supported by robust demand generally. Domestic demand was up in stock feed and in exports demand in Asia continues to outpace supply.

Selling prices were up 2% and sales revenue was up 5% to a record level. $AUD export earnings have benefitted from its recent appreciation.

Production was down 1% caused by interruptions to feedstock from the soda ash plant. New receival facilities for sodium bicarbonate manufacture are operational. Continuity of supply and product quality is being maintained, with strong customer acceptance.

Lime

Penrice continues to operate its lime plant since the lime manufacturing produces carbon dioxide which is required in its sodium bicarbonate plant. The lime plant incorporates six lime kilns, of which two are currently in operation, being those rebuilt and relined in FY2012.

First sales of quicklime were made in July 2013. Quicklime, a new product in Penrice's portfolio, is used in Australia in mineral processing, chemical, building and construction industries. Penrice intends to focus on nearby eastern states customers. Hydrated lime, another new product for Penrice, is used in agricultural and building markets. Penrice's plans include selling hydrated lime into local agricultural markets, replacing a by-product previously sold by Penrice, but no longer made following the soda ash plant closure.

SSR

Penrice continues to deploy its selective salt recovery technology in the coal seam gas industry, albeit with slippage to previously expected timescales. Successful trials of its proprietary SSR technology at its Osborne pilot plant were concluded in FY2102.

QUARRY & MINERAL

Quarry & Mineral - results			
Year ended 30 June $000	**2013**	**2012**	**%**
Sales to external customers	19,476	25,389	*(23%)*
Inter-company sales	5,770	6,470	
Total sales revenue	**25,246**	**31,859**	***(21%)***
EBITDA	**1,360**	**3,913**	***(65%)***
EBITDA margin	5.4%	12.3%	
EBIT	**(753)**	**2,010**	***(137%)***
EBIT margin	(3.0%)	6.3%	

Review of FY2013 Results (continued)

The quarry and mineral business booked an underlying EBITDA of $1.4 million for the full year on reduced sales, compared with $3.9 million in FY2012.

Sales volume was down 25% on the prior year, reflecting the three year, deep cyclical decline in construction activity in South Australia. Selling unit prices were up and distribution unit rates were held in line with the prior year, but net sales revenue decreased 23%.

The business pursued productivity improvement to reduce costs in FY2013 over the prior corresponding period by $1.2 million or 7%. Further cost reductions will flow through into FY2014, from the new mine plan and a smaller, more flexible mine operation fleet.

Second half underlying EBITDA was $1.2 million, which was an improvement of $1.0 million over a first half underlying EBITDA of $0.2 million, reflecting the new operating model.

The amount of limestone required from the mine to supply Penrice's chemical business has reduced by 70% due to the closure of the soda ash plant. Limestone is still required to make lime, from which carbon dioxide is sourced for the sodium bicarbonate plant. A new mine plan has been adopted by the business and mine operations restructured around a new smaller operational footprint and cost base.

CORPORATE
Corporate centre costs were reduced by $1.0 million to $3.0 million in FY2013.

Balance Sheet and Cash Flow

Balance sheet		
A$000	**30 June 2013**	**30 June 2012**
Current Inventories	16,458	25,944
Trade debtors	18,541	18,318
Trade creditors	(33,183)	(29,615)
Total working capital	**1,816**	**14,647**
Net property, plant & equipment	51,594	69,619
Non Current Inventories	21,482	19,266
Intangible assets	3,458	2,334
Net other assets/liabilities	(18,606)	(10,593)
Net debt	(106,294)	(93,553)
Net assets	**(46,550)**	**1,720**
Equity	**(46,550)**	**1,720**
Gearing [net debt/(net debt+ equity)] %	**178%**	**98%**

Cash flow		
Year ended 30 June Other assets/liabilities		
Net operating cash flows	(3,016)	(6,118)
Net investing cash flows	(3,256)	(10,644)
Dividends paid	-	-
Net financing cash flows	**9,068**	**14,576**
Net increase/(decrease) in cash held	**2,796**	**(2,186)**

Review of FY2013 Results (continued)

Given the company's soda ash business losses and worsening outlook, the company booked impairment charges of $21.2 million as at 31 December 2012 in anticipation of the closure of the soda ash plant and business restructuring costs of $8.8 million as at 30 June 2013.

Capital investment was reduced to $3.3 million for the year (FY2012: $10.6 million) (with another $1.3 million in committed investment post year end), given the imminent closure of the soda ash plant, where most sustenance capital has been directed. Loan funds of $8 million were fully drawn to fund Penrice's plant modifications (payments for PPE) and staff redundancies (payments to employees).

As expected, net debt increased to $112.1 million from $96.5 million, including capitalised interest ($6.3 million) on the interest deferred, five year term debt bank facility and the $8 million JV partner loan which funded the business restructure in the second half.

Improved operating cash flow for the year was due to sustained focus on cash generation, including by working capital reduction ($8.6 million) and the interest saving on the interest deferred, five year term debt facility ($6.3 million).

OUTLOOK

Chemicals

The soda ash business should, with its new business model, deliver increased and positive earnings in FY2014, subject to economic conditions.

Sodium bicarbonate should remain a solid performer and since the plant is sold out, options will be pursued to grow the business in Asia, where the product range is in strong demand.

A new lime business has been established using existing Osborne lime kilns and is on track to achieve its first year sales plans, selling quicklime and hydrated lime.

Quarry and Mineral

The quarry business should improve profitability in FY2014 on the back of more efficient and productive operations, subject to economic conditions. The outlook for housing in northern Adelaide, South Australia in FY2014 and beyond is for some modest growth, which will support sales of Penrice's quarry products. There is some evidence of that improving outlook now with slightly increasing housing construction activity in northern Adelaide.

Disclaimer

This document includes forward looking statements. Forward looking statements can be identified by the use of terminology such as 'believe', 'expect', 'anticipate', 'will', 'could', 'would', 'should', 'may', 'plan', 'estimate', 'intend', 'predict', 'potential', 'continue' or similar words. Forward looking statements are not guarantees or predictions of future performance and involve known and unknown risks many of which are beyond the Company's control and differ materially from those expressed in the forward looking statements. Some of the important factors that may cause actual results to differ materially from those of the forward looking statements include, among others, foreign currency or interest rate fluctuations; economic and competitive conditions in Australia and other relevant markets and countries; disruptions in the supply chain; changes in tax rates and laws; consumer and product demand; fluctuations in availability and cost of raw material, labour, energy, electricity and transportation; actions of competitors and customers; unanticipated regulatory expenditure; and, the Company's ability to further develop plans, strategies and objectives of management. Except as required by applicable regulations or by law, the Company does not undertake any obligation to publicly update or review any forward looking statements whether as a result of new information or future events.

Income Statement
For the year ended 30 June 2013

	Note	Consolidated 30 June 2013 $000	30 June 2012 $000
Continuing Operations			
Sales of goods and services		**137,219**	149,426
Interest revenue		**80**	120
Other income	4	**8,588**	323
Income		**145,887**	149,869
Cost of sales		**(119,713)**	(117,904)
Gross Profit		**26,175**	31,965
Distribution expenses		**(25,175)**	(24,031)
Other operating expenses		**(7,975)**	(8,277)
Administration expenses		**(3,153)**	(5,008)
Impairment expense	2(b),4	**(21,156)**	(45,338)
Restructure expense	4	**(8,808)**	(577)
Exchange gains		**737**	1,240
Unrealised losses on fair value of interest rate swaps		**-**	(47)
Borrowing costs	4	**(11,008)**	(10,303)
Share of profit in joint venture	4	**(144)**	-
Loss from continuing operations before income tax		**(50,678)**	(60,376)
Income tax (expense)/benefit	5	**586**	(3,176)
Net loss after income tax for the period attributable to the owners of the parent entity		**(50,092)**	(63,552)
			Cents
Basic loss per share	7	**(54.8)**	(69.6)
Diluted loss per share	7	**(54.8)**	(69.6)

Statement of Comprehensive Income
For the year ended 30 June 2013

	Consolidated	
	30 June 2013 $000	30 June 2012 $000
Net loss for the period	**(50,092)**	(63,552)
Other comprehensive income, net of tax:		
Cash flow hedges gains/(losses) taken to equity	**112**	(739)
Deferred tax (losses)/benefit on cash flow hedges	**(32)**	222
Net cash flow hedge gain/(losses) taken to equity	**80**	(517)
Actuarial gains/(losses) recognised directly through retained earnings	**1,848**	(3,057)
Deferred tax (losses)/gains on actuarial gains/(losses)	**(555)**	917
Net actuarial gains/(losses) recognised directly through retained earnings	**1,293**	(2,140)
Total other comprehensive ncome/(losses) for the period, net of tax	**1,373**	(2,657)
Total comprehensive loss	**(48,719)**	(66,209)

Statement of Financial Position
As at 30 June 2013

	Note	Consolidated 30 June 2013 $000	30 June 2012 $000
Current Assets			
Cash and cash equivalents		**5,773**	2,977
Trade and other receivables		**18,541**	18,318
Inventory	8	**16,458**	25,944
Intangibles	10	**1,567**	-
Income tax receivable		**-**	568
Other current assets		**342**	461
Total Current Assets		**42,681**	48,268
Non-Current Assets			
Inventory	8	**21,482**	19,266
Property, plant and equipment	9	**51,594**	69,619
Intangibles	10	**1,891**	2,334
Deferred tax assets		**-**	-
Total Non-Current Assets		**74,967**	91,219
Total Assets		**117,648**	139,487
Current Liabilities			
Trade and other payables		**33,183**	29,615
Interest bearing liabilities	11	**10,527**	8,658
Derivative financial instruments		**-**	162
Provisions		**8,315**	5,671
Total Current Liabilities		**52,025**	44,106
Non-Current Liabilities			
Interest bearing liabilities	12	**101,540**	87,872
Deferred tax liabilities		**-**	-
Provisions		**9,998**	2,443
Other non-current liabilities		**635**	3,346
Total Non-Current Liabilities		**112,173**	93,661
Total Liabilities		**164,198**	137,767
Net Assets		**(46,550)**	1,720
Equity			
Contributed equity	13	**80,236**	80,236
Cash flow hedge reserve		**-**	(80)
Share option reserve		**484**	-
Share based payments reserve		**260**	295
Cumulative losses		**(127,530)**	(78,731)
Total Equity		**(46,550)**	1,720

Statement of Changes in Equity
For the year ended 30 June 2013

For the year ended 30 June 2013	Contributed equity $000	Cash flow Hedge reserve $000	Share Option Reserve $000	Share based payments reserve $000	Retained earnings $000	Total $000
At 1 July 2012	**80,236**	**(80)**	**-**	**295**	**(78,731)**	**1,720**
Loss for period	-	-	-		(50,092)	(50,092)
Other comprehensive income for the period	-	80	-		1,293	1,373
Total comprehensive loss for the period	**-**	**80**	**-**	**-**	**(48,799)**	**(48,719)**
Transactions with owners in their capacity as owners:						
Share based payments	-	-	-	(35)	-	(35)
Issue of share options	-	-	484	-	-	484
Balance at 30 June 2013	**80,236**	**-**	**484**	**260**	**(127,530)**	**(46,550)**
At 1 July 2011	80,236	437	-	189	(13,039)	67,823
Loss for period	-	-	-	-	(63,552)	(63,552)
Other comprehensive income for the period	-	(517)	-	-	(2,140)	(2,657)
Total comprehensive income/(loss) for the period	-	(517)	-	-	(65,692)	(66,209)
Transactions with owners in their capacity as owners:						
Share based payments	-	-	-	106	-	106
Capital raising	-	-	-	-	-	-
Balance at 30 June 2012	80,236	(80)	-	295	(78,731)	1,720

Cash Flow Statement
For the year ended 30 June 2013

	Note	Consolidated 2013 $000 Inflow/ (Outflow)	2012 $000 Inflow/ (Outflow)
Cash flows from operating activities			
Receipts from customers		**146,720**	163,093
Receipts from Intangibles		**2,644**	-
Payments to suppliers and employees		**(148,519)**	(159,183)
Interest received		**80**	120
Interest and other costs of finance paid		**(4,508)**	(10,148)
Income taxes refund/(paid)		**568**	-
Net cash flows provided by / (used in) operating activities		**(3,016)**	(6,118)
Cash flows from investing activities			
Proceeds from sale of land		**212**	-
Payment for investments		**(144)**	-
Payment for property, plant and equipment		**(3,324)**	(10,092)
Payments for intangibles		**-**	(552)
Net cash flows (used in) investing activities		**(3,256)**	(10,644)
Cash flows from financing activities			
Proceeds from loans		**10,000**	17,000
Payment for bank loans		**(332)**	(1,156)
Payment of other loan		**(234)**	(1,092)
Payment for finance leases		**(366)**	(176)
Net cash flows provided by financing activities		**9,068**	14,576
Net increase/(decrease) in cash held		**2,796**	(2,186)
Cash at beginning of the financial period		**2,977**	5,163
Cash at the end of the financial period	14	**5,773**	2,977

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Note 1: Corporate information

The Preliminary Final ASX4E Report of Penrice Soda Holdings Limited ("the Company") and its controlled entities (together, "the Group") for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors on 27 August 2013.

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.

The financial report has been prepared on the basis that the consolidated entity can continue to meet its financial obligations as and when they fall due and can therefore continue normal activities, including the settlement of liabilities and the realisation of assets in the ordinary course of business.

The Group has continued to experience difficult market conditions and trading remains below sustainable levels, largely attributable to operating losses in the soda ash business. The Group's statutory result from operations for the period is a loss of $50.1m. Excluding impairment, restructuring charges and one off items the underlying loss is $21.4m. Cash flow from operations was negative at ($3.0m); and the statement of financial position shows a net liability of $46.6m and net current liability of $9.3m.

The Group has previously announced an ongoing strategic review program, with a dual view improving the operating performance of the Group and deleveraging to return the Group to more normal credit metrics. As part of this program, the Group has responded to soda ash business operating losses by implementing a business restructure involving the closure of its soda ash manufacturing plant and formation of a joint venture to import and distribute soda ash to its soda ash customers instead. The joint venture, Pro Asia Pacific Pty Ltd commenced trading with sales of soda ash commencing in May 2013. The Group closed its soda ash manufacturing plant at the end of June 2013. Funding was provided by the joint venture for all necessary capital works and other operational decisions to be completed to facilitate the business restructure.

The Group expects that the business restructure will improve the operating performance of the Group in the short term and will decrease the risk profile of the operating earnings of the Group.

The strategic review is ongoing and the Group recognises that restoring the Group's financial position with a reduced and more sustainable debt profile is critical to the ability of the Group to continue in the longer term as a going concern.

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Note 2: Statement of significant accounting policies (continued)

The Group remains reliant on the support of its financiers, especially given its current and increasing level of indebtedness. The Group is in full compliance with its financiers' facilities and the Directors believe that the Group continues to have the support of its financiers.

Should the Group not achieve appropriate improvement in operating performance, deleveraging or continue to receive the ongoing support of its financiers, there is material uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in this financial report.

No adjustments have been made to the financial report related to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the entity does not continue as a going concern.

Carbon accounting policy

Carbon permits granted by the Australian Government are recognised as an intangible asset and deferred income when granted.

The carrying amount of the carbon permit intangible asset is the amount of carbon permits held at their fair value ($23 each in 2013).

Deferred income is recognised in the Income Statement as Government grant income in line with direct emission and increased steam costs being incurred (scope 1 direct emissions) and increased costs for electricity and other costs incurred to operate the Osborne plant (scope 2 and 3 indirect emissions).

Carbon costs are recognised as an operating expense in the Income Statement as direct emissions are incurred. Increased cost of electricity (scope 2 indirect emissions) and other costs incurred to operate the Osborne plant (scope 3 indirect emissions) are recognised as an operating expense in the Income Statement as incurred.

Proceeds from the sale of carbon permits are included as part of operating activities in the consolidated statement of cash flows. Any gain or loss recorded on the sale of the carbon units is recognised as a gain/loss on the sale of intangibles in the Income Statement.

When carbon permits are surrendered to settle a liability, the intangible asset is reduced and the liability is derecognised from the Statement of Financial Position.

The estimated impact of carbon tax on the Group's cash-generating units has been included in determining cash flow projections when assessing impairment as described in note 2(b).

The carrying amount of the liability for carbon is included within trade and other payables.

Note 2: Statement of significant accounting policies (continued)

Joint venture accounting policy

Joint arrangements are classified as either a joint operation or joint venture based on the rights and obligations arising from the contractual obligations between the parties to the arrangement.

The Group's investment in Pro Asia Pacific Pty Ltd is accounted for using the equity method.

The investment in Pro Asia Pacific Pty Ltd is initially recognised at cost. The carrying amount of the investment is increased or decreased to recognise the Group's share of profit/loss of Pro Asia Pacific Pty Ltd.

The Group's share of Pro Asia Pacific Pty Ltd profit or loss is recognised in the income statement.

Distributions received from Pro Asia Pacific Pty Ltd reduce the carrying amount of the investment.

All transactions between the Group and Pro Asia Pacific Pty Ltd are on commercial terms.

(b) Significant accounting judgements, 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:

Carbon accounting

The Group estimates its emissions liability in accordance with the Clean Energy Act 2011 (Cth) and associated pronouncements, based on covered emissions arising from facilities for which the Group has operational control. The determination of covered emissions includes both measured and estimated data based on operational activities and judgement in regard to the expected liable facilities for the relevant compliance period under the legislation.

Impairment

The Group determines whether other non financial assets are impaired at least at each reporting date. This requires an assessment of the value in use, using discounted cash flow methodology, of the cash-generating units (CGU) to which the goodwill and other assets are allocated.

The Group has calculated the net present values for its two CGUs, being the Chemical Business CGU and the Quarry and Mineral Business CGU.

For each segment the Group has prepared a detailed impairment analysis, based on the 5 year business plan forecasts. Key assumptions and sensitivity drivers used in the models are as follows:-

- Chemical:
  Foreign exchange (AUD:USD), development and growth of lime business, product mix and specification.

- Quarry and Mineral:
  Pricing and cost increases, product demand growth.

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Note 2: Statement of significant accounting policies (continued)

The key assumptions used in the impairment models are as follows:

	FY2014	FY2015	FY2016	FY2017
FX USD/AUD *	0.95	0.86	0.85	0.85

* Sourced from Bloomberg.

- Post tax discount rate – 11.5% for Quarry and Mineral Business CGU; 13.5% for Chemical Business CGU;
- Gross margins – based on known and anticipated raw material price fluctuations and the sales pricing structures in place for contracted and non contracted business;
- Carbon emission obligation in 2014 and 2015 based on a fixed price of $24.15 and $25.40 per tonne respectively and increasing 3% thereafter;
- Carbon emission allocation of free permits covering 94.5% of direct emissions for FY12, reducing by 1.3% per annum and continuing beyond the current three year regulatory period;
- Raw materials price inflation – estimates are obtained from published indices, directly from suppliers or from the contracted pricing mechanisms in place. Forecast figures are used if data is publicly available otherwise past actual raw material price movements have been used as an indicator of future price movements.
- Bicarbonate soda sales growth – no growth, plant at full capacity and all production sold.
- Quarry sales forecast based on contracted sales and contracted price increases; civils sales aligned to Housing Industry Association forecast projections; assumption of major projects and infrastructure projects in northern Adelaide.
- Establishment of the lime market.

The Directors have determined that no further impairment charge was required for the year ending 30 June 2013. The Group booked an impairment charge of $21.2m against the Chemical Business unit at 31 December 2012.

Defined benefit superannuation fund
Various actuarial assumptions are required when determining the Group's defined benefits superannuation fund obligations.

These include assumptions regarding discount rates for plan liabilities, future salary rates, expected return on plan assets in future years, contribution tax rate and administration.

The defined benefits superannuation fund has been closed to new members since 1997.

Employee benefits provisions
Provision for employee benefits include the provisions for annual leave and long service leave. The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by the employee up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, period of service and expected timing of payments.

Expected future payments are discounted using market yields at reporting date on notional government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Note 2: Statement of significant accounting policies (continued)

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 Monte-Carlo simulation 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.

Remediation
The Company's remediation provision for its Osborne site assumed the continuation of the chemical manufacturing at the site, which in turn assumes adequate supply of raw materials, energy, labour and other inputs at commercial rates. If these assumptions change, further remediation obligations may be required. The Osborne site, as a going concern, does not have a finite life and the present value of the remediation is nominal. This reflects the present value of any remediation obligations become immaterial after the effect of discounting.

The Chemical business continues to be a going concern, but the nature of the Chemical business has changed due to the company no longer manufacturing soda ash. As a result the there are significant amounts of redundant plant which have been impaired. These redundant assets do not form part of the going concern and an assessment has been made to remediate the soda ash plant no longer in use.

A provision of $3.9m has been made to complete this remediation.

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.

Change in accounting estimates
There were no changes in accounting estimates.

(c) Changes in accounting policy
There were no material impacts to the Group resulting from new standards, amendments or interpretations that were applicable to the Group from 1 July 2012.

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

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Note 3: Operating Segments

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.

Following the business restructure effective 29 May 2013and subsequent closure of the soda ash manufacturing plant on 30 June 2013, the group has identified two ongoing operating segments.

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 prior to the business restructure.

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 Company is in.

With closure of the ash manufacturing plant and cessation of soda ash manufacture, the production process of sodium bicarbonate produces quicklime. This product is being developed to market and contributes to the chemical business.

Logistic, warehousing and packaging services, using existing assets and resources of the chemical business, is provided under service contract to the Joint Venture.

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Note 3: Operating Segments (continued)

Quarry & Mineral business
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 29% (FY12 38%) of the total group revenue, equating to $42m (FY12$58m) for this reporting period. Of this, sales to one customer accounted for $18m (FY12 $27m) of revenue earned.

With the closing of the soda ash manufacturing plant in 2013 and the transfers or the soda ash customers to the joint venture, the Group will not have any material customer concentrations going forward.

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 the Group 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
- 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.

Each segment is responsible for the management of working capital which comprises of trade debtors, trade creditors and inventory.

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Note 3: Operating Segments (continued)

Year ended 30 June 2013	Chemicals $000	Quarry & Mineral $000	Eliminations/ unallocated $000	Consolidated $000
Revenue				
Sales to domestic external customers	76,848	19,476		96,324
Sales to Japan	11,209			11,209
Sales to Thailand	6,879			6,879
Sales to other countries (18 countries)	22,807			22,807
Inter-segment revenues	-	5,770	(5,770)	-
Total segment revenue	117,743	25,246	(5,770)	137,219
Other revenues				
Interest from unrelated entities	-	-	80	80
Other income	7,028	-	110	7,138
Normalised consolidated revenue	124,771	25,246	(5,580)	144,437
Result				
Normalised EBITDA before unallocated expenses as reported to CODM	(2,643)	1,360	190	(1,093)
Unallocated expenses	-	-	(3,104)	(3,104)
Normalised EBITDA as reported to CODM	(2,643)	1,360	(2,914)	(4,197)
Depreciation & amortisation	(4,702)	(2,113)		(6,815)
Normalised EBIT as reported to CODM	(7,345)	(753)	(2,914)	(11,012)
Borrowing costs				(11,008)
Normalised loss before tax as reported to CODM				(22,020)
Income tax (expense)				586
Normalised net loss after tax as reported to CODM				(21,434)
Insurance recovery				1,450
Impairment – Chemical Business				(21,156)
Share in Joint Venture				(144)
Restructure costs				(8,808)
Loss from continuing operations after income tax				(50,092)
Segment assets as at 30 June 2013 are as follows:				
Property, Plant & Equipment	31,788	19,807	-	51,594
Working Capital	3,925	10,552	-	14,477
Non-current Inventory	-	21,482	-	21,482
Intangibles	1,798	1,660	-	3,458
	37,511	53,501	-	91,012

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Note 3: Operating Segments (continued)

Year ended 30 June 2012	Chemicals $000	Quarry & Mineral $000	Eliminations/ unallocated $000	Consolidated $000
Revenue				
Sales to domestic external customers	92,767	25,389	-	118,156
Sales to Japan	9,446	-	-	9,446
Sales to Thailand	5,461	-	-	5,461
Sales to other countries (18 countries)	16,363	-	-	16,363
Inter-segment revenues	-	6,470	(6,470)	-
Total segment revenue	124,037	31,859	(6,470)	149,426
Non-segment revenues				
Interest from unrelated entities	-	-	120	120
Other income	-	-	323	323
Normalised consolidated revenue				149,869
Result				
Normalised EBITDA before unallocated expenses as reported to CODM	11,409	3,913	443	15,765
Unallocated expenses	-	-	(4,150)	(4,150)
Normalised EBITDA as reported to CODM	11,409	3,913	(3,707)	11,615
Depreciation & amortisation	(8,295)	(1,903)	-	(10,198)
Normalised EBIT as reported to CODM	3,114	2,010	(3,707)	1,417
Borrowing costs				(10,951)
Normalised loss before tax as reported to CODM				(9,534)
Income tax (expense)				2,860
Normalised net loss after tax as reported to CODM				(6,674)
Rail closure costs				(3,276)
Impairment – Chemical Business				(32,347)
– Quarry & Minerals				(12,991)
Deferred net tax asset derecognition				(7,687)
Restructure costs				(577)
Loss from continuing operations after income tax				(63,552)
Segment assets as at 30 June 2012 are as follows:				
Property, Plant & Equipment	49,185	20,434	-	69,619
Working Capital	15,783	11,832	-	27,615
Non-current Inventory	-	18,666	-	18,666
Intangibles	414	1,920	-	2,334
	65,382	52,852	-	118,234

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Note 4: Income statement items

	30 June 2013 $000	30 June 2012 $000
(a) Other Income		
Government grant income	7,028	-
Insurance recovery income	1,450	-
Other Income	110	323
Total Other Income	**8,588**	**323**

Government grant income from receipt of carbon permits.
Insurance settlement relates to the forced shutdown of Penrice's Osborne plant in October 2010.

	30 June 2013 $000	30 June 2012 $000
(b) Impairment		
Chemical Business - property, plant and equipment	18,612	32,347
Chemical Business – inventory	2,544	2,016
Quarry & Mineral – Inventory	-	6,700
Quarry & Mineral - Goodwill	-	6,291
Total impairment	**21,156**	45,338

Impairment charge in Chemical CGU represents the write-off of remaining book value of the Company's soda ash plant following business restructure and closure of soda ash plant.

	30 June 2013 $000	30 June 2012 $000
(c) Borrowing costs		
Interest paid or payable	9,117	7,761
Amortisation of loan facility fees	911	1,251
Finance charges related to leases	40	123
Other borrowing costs	940	1,168
Total borrowing costs	**11,008**	**10,303**

Other borrowing costs include the non cash interest charge for the defined benefit pension scheme of $444k (FY12 $781k) as prescribed by AASB119.

Interest paid or payable includes $6,266k of interest capitalised under senior debt facilities

	30 June 2013 $000	30 June 2012 $000
(d) Restructure	8,808	-

Restructure costs incurred in 2013 relate to the establishment of the new joint venture with Pro Asia Pacific and include one off costs directly attributable to the business restructure, the termination and release of supply and customer agreements and redundancy payments.

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Note 4: Income statement items (continued)

	30 June 2013 $000	30 June 2012 $000
(e) Share of Loss in Joint Venture	(144)	-

Penrice Soda Holdings Pty Ltd holds a 33% interest in Pro Asia Pacific Pty Ltd which commenced operations on 29 May 2013. For the period ending 30 June 2013, the joint venture's loss was $0.86m of which 33% was booked against the $0.14m investment by Penrice Soda Holding Pty Ltd. This resulted in a loss of $0.14m in 2013.

Note 5: Income tax

	2013 $000	2012 $000
Tax expense reconciliation		
Loss from continuing operations	**(50,678)**	(60,376)
Prima facie tax benefit thereon at 30%	**15,203**	18,113
Over/(under) provided in prior years	**3,548**	568
Research & Development tax benefit	**-**	660
Impairment expenses not allowable for income tax purposes	**-**	(1,887)
Expenditure not allowable for income tax purposes	**(617)**	(88)
Derecognition of net deferred tax asset	**(17,548)**	(20,542)
Income tax (expense)/benefit	**586**	(3,176)

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 2013 financial year has been declared and the DRP will not be utilised at this time.

Note 7: Earnings per Share

	2013	2012
Basic earnings per share based on operating profit after income tax	**(54.8)**	(69.6)
Diluted earnings per share based on operating profit after income tax	**(54.8)**	(69.6)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	**91,361,523**	91,361,523
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share	**91,361,523**	91,361,523
Loss used in calculating basic and diluted earnings per share ($000)	**(50,092)**	(63,552)

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Note 7: Earnings per Share (continued)

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:

There are 3,470,698 (FY12: 5,428,113) executive share options and 132,515 (FY12: nil) other share options excluded from the calculation of diluted earnings per share because they are anti-dilutive for the period presented. These share options could potentially dilute basic earnings per share in the future.

Note 8: Inventories

	Consolidated	
	2013	2012
	$000	$000
Current inventories		
Raw Materials (at cost)	**3,050**	1,567
Finished Goods		
Chemical (at cost)	**1,044**	8,712
Chemical (at net realisable value)	**-**	192
Quarry & Mineral – Limestone (at cost)	**5,080**	4,602
Quarry & Mineral – Aggregates (at cost)	**4,193**	5,220
Quarry & Mineral – Landfill (at net realisable value)	**-**	178
Production spares & consumable goods		
Quarry & Mineral (at cost)	**337**	616
Chemical (at net realisable value)	**2,754**	4,857
Total current inventories	**16,458**	25,944
Non-current inventories		
Quarry & Mineral – Aggregates (at cost)	**17,926**	15,887
Quarry & Mineral – Landfill (at net realisable value)	**3,557**	3,379
Total non-current inventories	**21,482**	19,266
Total inventories	**37,940**	45,210

Aggregates and landfill inventory that will not be realised in the next twelve months is classified as non-current inventory.

Notes to the Condensed Financial Report
For the year ended 30 June 2013

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

	30 June 2013			
	Consolidated			
	Land & Improvements at Cost	Buildings at Cost	Plant & Equipment at Cost	Total
	$000	$000	$000	$000
Gross Carrying amount				
Balance as at 1 July 2012	10,744	16,603	182,000	209,347
Additions	-	-	7,173	7,173
Disposals	(207)	-	(7)	(214)
Balance as at 30 June 2013	**10,537**	**16,603**	**189,166**	**216,306**
Accumulated Depreciation and Impairment				
Balance as at 1 July 2012	(333)	(3,467)	(135,928)	(139,728)
Impairment	(2,856)	(3,376)	(12,380)	(18,612)
Depreciation expense	(151)	(418)	(5,803)	(6,372)
Balance as at 30 June 2013	**(3,340)**	**(7,261)**	**(154,111)**	**(164,609)**
Net Book Value				
As at 1 July 2012	10,411	13,136	46,072	69,619
As at 30 June 2013	7,198	9,342	35,055	51,594

Impairment charge has been applied to Chemical Business CGU.

Plant and equipment with a carrying value of $678k (FY12: $908k) are pledged as securities for the finance lease liability.

First mortgages over land and buildings have been granted as security on bank loans.

Included in plant and equipment at 30 June 2013 is an amount of $2,514k (FY12: $1,419k) related to expenditure for plant in the course of construction.

Notes to the Condensed Financial Report
For the year ended 30 June 2013

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

	30 June 2012			
	Consolidated			
	Land & Improvements at Cost	Buildings at Cost	Plant & Equipment at Cost	Total
	$000	$000	$000	$000
Gross Carrying amount				
Balance as at 1 July 2011	**7,085**	16,069	176,700	199,854
Additions	3,659	534	5,898	10,091
Disposals	-	-	(598)	(598)
Balance as at 30 June 2012	**10,744**	**16,603**	**182,000**	**209,347**
Accumulated Depreciation and Impairment				
Balance as at 1 July 2011	(52)	(2,914)	(97,448)	(100,414)
Disposals	-	-	587	587
Impairment	-	-	(30,331)	(30,331)
Depreciation expense	(281)	(553)	(8,736)	(9,570)
Balance as at 30 June 2012	**(333)**	**(3,467)**	**(135,928)**	**(139,728)**
Net Book Value				
As at 1 July 2011	7,033	13,155	79,252	99,440
As at 30 June 2012	10,411	13,136	46,072	69,619

Note 10: Intangibles (current)

	Consolidated	
Year ended 30 June 2013	Carbon Units $000	Total $000
Gross Carrying amount		
Balance as at 1 July 2012	-	-
Additions	7,028	7,077
Disposals	(5,461)	(5,510)
Balance at 30 June 2013	1,567	1,567

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Note 10: Intangibles (non-current)

	Consolidated				
	Goodwill	**Exploration and evaluation costs**	**Mine Development Costs**	**Other**	**Total**
Year ended 30 June 2013	**$000**	**$000**	**$000**	**$000**	**$000**
Gross Carrying amount					
Balance as at 1 July 2012	6,291	266	2,586	1,075	10,218
Additions				-	-
Disposals				-	-
Balance at 30 June 2013	6,291	266	2,586	1,075	10,218
Accumulated Amortisation					
Balance as at 1 July 2012	(6,291)	(266)	(666)	(661)	(7,884)
Impairment					
Amortisation			(259)	(184)	(443)
Balance at 30 June 2013	(6,291)	(266)	(925)	(845)	(8,327)
Net Book Value					
As at 1 July2012	-	-	1,920	414	2,334
As at 30 June 2013	-	-	1,661	230	1,891

	Consolidated				
	Goodwill	**Exploration and evaluation costs**	**Mine Development Costs**	**Other**	**Total**
Year ended 30 June 2012	**$000**	**$000**	**$000**	**$000**	**$000**
Gross Carrying amount					
Balance as at 1 July 2011	6,291	266	2,586	523	9,666
Additions	-	-	-	552	552
Balance at 30 June 2012	6,291	266	2,586	1,075	10,218
Accumulated Amortisation					
Balance as at 1 July 2011	-	(266)	(408)	(304)	(978)
Impairment	(6,291)	-	-	-	(6,291)
Amortisation	-	-	(258)	(357)	(615)
Balance at 30 June 2012	(6,291)	(266)	(666)	(661)	(7,884)
Net Book Value					
As at 1 July2011	6,291	-	2,178	219	8,688
As at 30 June 2012	-	-	1,920	414	2,334

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Note 11: Interest bearing liabilities (current)

	Consolidated	
	2013 **$000**	2012 $000
Secured:		
Bank loan	**10,000**	8,000
Finance lease liabilities	**257**	325
	10,257	8,325
Unsecured:		
Other	**270**	333
Total current interest bearing liabilities	**10,527**	8,658

Note 12: Interest bearing liabilities (non-current)

	Consolidated	
	2013 **$000**	2012 $000
Bank loan	**93,524**	87,597
Finance lease liabilities	**16**	275
Non bank loans	**8,000**	-
Total non-current interest bearing liabilities	**101,540**	87,872

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. There were no hedges in place at 30 June 2013.

The Group received a non bank loan to assist with capital expenditure for plant conversion and payment of redundancies as a result of the formation of the joint venture. The loan is at commercial terms, repayable from the Group's share of the joint venture distribution over a 4 year period.

As at 30 June the bank facilities of $97.8m are fully drawn.

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Note 13: Contributed Equity

	Year Ended 30 June 2013		Year ended 30 June 2012	
	Shares	**$000**	Shares	$000
Balance at the start of the year	**91,361,523**	**80,236**	91,361,523	80,236
			-	-
Balance at the end of the year	**91,361,523**	**80,236**	91,361,523	80,236

Note 14: Notes to the Cash Flow Statement

	Consolidated	
	2013	2012
	$000	$000
(a) Cash and cash equivalents		
Cash at bank and in hand	**5,773**	2,977
Reconciliation to cash flow statement For the purposes of the cash flow statement cash and cash equivalents comprise the following at 30 June 2013		
Cash at bank	**5,773**	2,977
	5,773	2,977

(b) Reconciliation of net profit after income tax to cash flows from operations

	2013 $000	2012 $000
Net profit after income tax	**(50,092)**	(63,552)
Depreciation / Amortisation	**6,815**	10,188
Net (loss) on sale of non–current assets	**12**	(11)
Net fair value change in derivatives	**(50)**	47
Impairment expense	**21,156**	45,338
Doubtful Debt Provision	**(431)**	449
Share based payment expense	**449**	106
Non cash defined benefit fund expense /(gain)	**(1,417)**	1,131
Borrowing costs	**6,471**	1,251
Derecognition of net tax assets	**-**	2,572
Others	**239**	175
Change in operating assets and liabilities:		
Decrease/ (Increase) in receivables	**655**	(2,329)
Decrease/ (Increase) in inventories (excluding impairment)	**4,726**	(2,579)
(Increase)/decrease in other assets	**(1,447)**	1,756
Decrease/ (Increase) in income tax receivable	**568**	(458)
Increase/(decrease) in trade creditors and accruals	**3,568**	(306)
Increase/(decrease) in other provisions	**5,793**	82
Net cash inflow from operating activities	**(3,016)**	(6,118)

Notes to the Condensed Financial Report
For the year ended 30 June 2013

Compliance Statement

This report has been based on a general purpose financial report that is in the process of being audited by Ernst & Young. Ernst & Young have advised that having regard to the matters set out in note 2(a), they expect to issue an unqualified audit opinion, albeit containing an emphasis of matter regarding going concern.

The entity has a formally constituted Audit and Risk Committee.

Authorised for issue in accordance with a resolution of the Directors.

…………………………………………….
Guy Roberts, Managing Director and CEO
27 August 2013

Other Matters:

Annual General meeting of Penrice Soda Holdings Limited will be held at The Adelaide Convention Centre on Tuesday 29 October 2013 at 10.00am.