



25 January 2013

General Meeting – Voting Results

In accordance with Listing Rule 3.13.2, the results, following a poll, for each of the resolutions put to the General Meeting of Penrice Soda Holdings Limited on Friday, 25 January 2013 were as follows:

Resolution 1 – Election of Mr David Trebeck	Approved	For – 77.80%	Against – 22.20%
Resolution 2 – Election of Mr Andrew Fletcher	Approved	For – 78.44%	Against – 21.56%
Resolution 3 – Election of Mr John Harvey	Defeated	For – 25.49%	Against – 74.51%
Resolution 4 – Election of Mr Shay McQuade	Defeated	For – 25.14%	Against – 74.86%
Resolution 5 – Election of Mr Mike Carter	Defeated	For – 25.55%	Against – 74.45%

Attached to this notice is the supporting documentation in accordance with section 251AA of the Corporations Act in respect of these resolutions.

The Company has also included a closing statement from Chairman Mr David Trebeck.

Yours faithfully

Marnie Brokenshire
Company Secretary



PENRICE SODA HOLDINGS LIMITED

RESULT OF GENERAL MEETING (ASX REPORT)

GENERAL MEETING 2013
Friday, 25 January, 2013

As required by section 251AA(2) of the Corporations Act 2001 (Commonwealth) the following statistics are provided in respect of each resolution on the agenda.

Resolution	Manner in which the securityholder directed the proxy vote (as at proxy close):				Manner in which votes were cast in person or by proxy on a poll (where applicable)		
	Votes <i>For</i>	Votes <i>Against</i>	Votes <i>Discretionary</i>	Votes <i>Abstain</i>	<i>For</i>	<i>Against</i>	<i>Abstain **</i>
1 ELECTION OF DIRECTOR MR DAVID TREBECK	40,486,303	12,515,355	4,277,080	372,911	44,887,468	12,805,254	372,911
2 ELECTION OF DIRECTOR MR ANDREW FLETCHER	40,787,853	12,152,805	4,375,080	335,911	45,273,828	12,442,169	335,911
3 ELECTION OF DIRECTOR MR JOHN HARVEY	14,313,129	38,152,959	4,705,050	480,511	14,674,248	42,903,859	480,511
4 ELECTION OF DIRECTOR MR SHAY MCQUADE	14,126,317	38,378,243	4,646,273	500,816	14,467,835	43,089,967	500,816
5 ELECTION OF DIRECTOR MR MIKE CARTER	14,360,961	38,146,904	4,691,273	452,511	14,716,620	42,893,537	452,511

** - Note that votes relating to a person who abstains on an item are not counted in determining whether or not the required majority of votes were cast for or against that item



Penrice Soda Holdings Limited

25 January 2012

Statement Following the EGM of Penrice, 25 January 2013, by David Trebeck, Chairman

I am delighted by the emphatic result of this EGM – and “emphatic” is an appropriate word to describe it.

A total of around 65% of the company's shares have been voted. This has been no mean feat given the dispersed nature of the register and its predominantly retail investor focus. Of those, approximately 75 to 80% have voted for the re-election of Andrew Fletcher and myself, and against the election of the other candidates.

I would first like to thank John Harvey, Shay McQuade and Mike Carter for standing for election. We may not have agreed with each other's views, but I acknowledge that they, like us, wish Penrice well and I trust they will continue to support the company publicly and privately.

Penrice's future

The most important thing now is that Penrice, its board and management be allowed to focus on the crucial business issues, free from any further distractions, so that the company's financial performance can strengthen over the period ahead.

This, after all, is what we are all here for – working for the interests of shareholders.

Last week we announced a Joint Venture for soda ash imports to replace local manufacture. In many ways it is disappointing that we have been forced to take this decision. I think all of us would prefer to make the product locally if we could. We delayed making the decision as long as possible, seeking all alternative avenues to reduce costs and enhance productivity. This has partly been in the interests of our employees and a desire to act in a socially responsible manner.

But it is ultimately a reflection of reality:

- the high Australian dollar;
- subdued demand (partly for the same reasons);
- a plant that continues to be challenged by reliability issues;
- increasing taxes, charges and environmental constraints; and
- other policy obstacles that are inimical to competitive manufacturing in this country, such as more restrictive and costly coastal shipping regulation.

I want shareholders to know that the performance of your management team, led by Guy Roberts, has been outstanding over the past six months or so in negotiating this JV. They have remained focused on the objective during what has been a complex series of discussions involving many parties, including the inevitable setbacks that have occurred along the way. We know that this is just the first step, but it is a vital one in restoring profitability to the overall business.

Our soda ash decision is part of a wider adjustment within the Australian manufacturing sector that has been extensively debated in the media and elsewhere.

I hope – but am not confident – that the appropriate lessons will be drawn from the experience of Penrice and others. We are not just talking about the positive that businesses can and will adjust to underlying changes to the country's terms of trade and other variables, as the text books say should happen. Nor that, in Penrice's case, we intend to focus our local value adding activities at the more innovative end of manufacturing – sodium bicarbonate and our selective salts recovery business – rather than the commodity, price-driven end, which is where soda ash is positioned.

The more important lesson to absorb is that there is unnecessary lead-in-the-saddlebags that is making it harder than it should be for all businesses to adjust.

Governments say they understand, but if our experience is representative, this is largely at a rhetorical and superficial level. It rarely translates into substantive action or sustained interest in our business. We are keen to explain our situation to those prepared to listen, but it is wearying to knock on doors and being frustrated by gatekeepers who protect their political masters. I should stress that we are not seeking selective preferment, unlike the car makers, but simply recognition of the additional obstacles that governments, wittingly or otherwise, place in our path.

For those of our employees who will lose their jobs when the soda ash plant is closed in a few months time, I offer my sincere apology and regrets. I thank them for their efforts over many years and their loyalty to the company. It is through no fault of theirs that this decision has been made.

It may be of little comfort to them, but this major change will hopefully secure the employment of many more staff at Penrice than may have been possible otherwise.

Shareholder feedback

Over the past several weeks, Andrew and I have communicated extensively with shareholders, big and small. We have received personal feedback from many. For the most part, the response has been positive, along the lines of: "we know it has been tough and we know why; we understand that you have been working hard and doing your best; we urge you to keep doing so."

We greatly appreciate this feedback, which has encouraged us during the difficult times.

However, there has also been a qualification that many shareholders have offered. They have warned us not to take the support for granted. They have reminded us that they have endured a long period without dividends and a massive fall in the value of their investment. And they have put us on notice that this tolerance is not without limit. In short, they expect us to do better and the performance of the company to improve.

I want to say to these shareholders, indeed to all shareholders, that we hear, understand and accept these messages.

In this respect, today's vote is the beginning of the next stage, not a victory. We expect to be judged on what is achieved from here – and I am up for regular re-election at the next AGM in less than 12 months time!

Another interesting piece of feedback is that some shareholders have been surprised that we have contacted them at all, surprised that their votes “actually matter”. That may be an understandable reaction in a large company, whose register is dominated by institutions, but it is not the case with Penrice. As I have said, most of our shareholders are retail investors, and all shareholders are important. I particularly thank those who have taken the trouble to vote when they typically do not. Please keep it up!

London City Equities and Mr Peter Murray

It is appropriate that I make some comments about the activities of LCE and Mr Murray. Since this company invested in Penrice several years ago, it has been a constant critic. It has voted against every director re-election and every resolution possible. It triggered an EGM in 2009 against the then chairman and me – unsuccessfully. It attempted another EGM twelve months ago before withdrawing the threat.

It took legal action against us in the mistaken belief that we had not fulfilled our continuous disclosure obligations. Mr Murray has been personally critical of directors, the CEO and senior managers in a manner that at times has been outrageous. He has been the main protagonist for this EGM, and recently threatened to take us to ASIC for alleged shortcomings in providing a copy of the share register, allegations which I rebutted in detail.

For several years, Mr Murray has refused to meet with senior management following the release of financial results, as would be normal with larger shareholders. He has refused to engage with me in any way. Some time ago, LCE declined our invitation for its then Chairman to take a seat on the Penrice board.

I readily acknowledge that LCE, like other shareholders, has seen the value of its investment fall substantially in recent years. As a result, it has been extremely critical of us. I accept that such criticism goes hand-in-hand with the role.

But, like us, LCE did not foresee the rise of the \$A at the time it made its investment. It has never conceded any shortcomings on its own behalf. The fact that it allocated a significant share of its total investment funds to a single company was highly risky; this had nothing to do with Penrice.

Over the years, this company and its CEO has cost Penrice a great deal in terms of administrative and legal costs, and major distraction of time for management and the board. If I felt its focus had been constructive I would have no problem, indeed I would have welcomed it. But in my opinion this has not been the case.

Directors are charged with running the company in the interests of shareholders. LCE's actions may have been in its interests – although I doubt it – but they have most certainly not been in the interests of other shareholders, as many have stressed to us over the past several weeks.

In the aftermath of this failed EGM process, I believe LCE and Mr Murray have some serious soul-searching to do. I will not tolerate any more of the behaviour they have displayed to date, especially towards Penrice employees. If they now choose to be constructive and forward looking, well and good. Otherwise they might consider selling their shares and moving on to some more rewarding activity for them.

The two strikes policy

The final matter warranting some comment is the policy that has caused us to come together today: the so-called two strikes policy.

This was enacted at a time when there was a major public debate regarding perceptions – and at times reality – of excessive pay for executives in some public companies. Unfortunately, it is a product of a policy mind-set that proposes additional legislation and regulation for any perceived problem, without always thinking through the implications and practicalities, and forcing all to comply, and bear the cost of doing so, when the problem may be relatively limited in extent.

In Penrice's case, as I said following last October's AGM, the negative vote against the remuneration report – even ignoring the low shareholder turnout (30%) – had more to do with general shareholder disaffection following the company's poor performance, a declining share price and the absence of dividends, than it did with the intended purpose of the vote: excessive executive pay. I acknowledge that some shareholders have criticised aspects of the company's remuneration arrangements, but in the overall scheme of things, they were secondary to broader performance issues and can be addressed.

I have seen some recent public commentary to the effect that the policy is having the desired effect: reining in executive pay, especially bonuses, and encouraging more contact between companies and (major) shareholders.

I'm not convinced. I think directors generally are more than capable of identifying and responding to prevailing shareholder sentiment without needing a legislative sledgehammer to do it for them. More importantly, the economic times have changed and there is much less exuberance now than there was a few years ago.

In our case, it is not possible to have meetings with a mere handful of institutions that might speak for 50% of the register or more. Indeed, one lesson from recent weeks is that finding out who are the beneficial owners of some holdings of nominee companies, is hard – especially given limited staff resources – and getting such nominee shareholdings to vote has proven more difficult than retail investors who do not use nominee companies. Fewer nominee holdings have voted than shareholders generally.

Ideally, the two strikes policy should be terminated. Shareholders who are sufficiently disgruntled with the performance of the board can always muster the numbers to requisition an EGM and move against some or all directors – as happened with Penrice in 2009. Failing that, the threshold should be re-examined: either 50% of votes cast or, better, 50% of all shares on the register.

The whole process has been massively time consuming for Andrew Fletcher and me, exacerbated by the Christmas-New year period, another practical consideration that I suspect has been overlooked. I query whether it has served any useful purpose consistent with its objective.

Conclusion

I conclude on a positive note: to thank our shareholders for being involved, for perhaps becoming better informed about the company and its future plans, and for their support. We all look forward to reporting further progress as we seek to improve the company's fortunes – in your interests as well as our own – for which the next occasion will be the release of half year results at the end of February. I also reiterate our intention to seek a suitably qualified non executive director for appointment to the board. That person will be subject to a shareholder vote at the next AGM.