SYMEX

pental

ASX Announcement/News Release

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SYMEX REPORTS 2006-2007 HALF YEAR PROFIT IN LINE WITH FORECAST

Symex Holdings Limited (ASX: SYM) today announced a consolidated net profit after tax (NPAT) for the six months ended 31 December 2006 of $1.5 million. The result is consistent with the Company's market announcement of 4 December 2006 foreshadowing a small profit for the first half. It is now expected that the full years result will be in the range of $3 to $4 million. The Directors have decided to pay no interim dividend.

During the current financial year management focus has been on implementing strategies aimed at improving profitability and minimizing the effects of the present negative market conditions. These are now starting to have a positive effect on the second-half results.

Over the last six months the Board and management have undertaken a fundamental strategic review and, as a result, are implementing a major overhaul of both the oleo chemical and Pental businesses. This has involved indefinitely deferring planned plant expansions, closer involvement of the Board in operational issues, a substantial cost reduction program, tight control over capital spending and initiatives to restore margins wherever market conditions permit.

Whilst the Company has hedges in place to protect against the adverse effect of any further appreciation in the AUD$ over the balance of the year, the strong AUD$ remains a significant business risk. The strategy to address all matters within the Company's control affecting financial performance is designed to restore sustainable profitability even in the context of a continuing strong AUD$.

The Oleo Products business has experienced difficult market conditions in the half under review which has had a significant impact on the group results. A modest improvement in results is expected in the second half for the following reasons:

- During the half under review, an unusually rapid increase in Tallow prices limited our ability to quickly pass cost increase to customers. This effect was more pronounced than usual but there are signs in the second half that the industry is returning the more normal pattern which should allow pricing to rebuild margins.
- The continued strong AUD$ adversely affected results in the first half but the Company now has significant hedges in pace which protect receipts against any further strengthening of the AUD$ against the US$ over the second half.
- Glycerine prices have tended to stabilize, albeit at a historically low level. Developments in the market suggest that the current price levels are likely to be maintained over the balance of the year.

- The initiatives taken to improve margins and reduce costs will progressively impact over the balance of the year whilst the full effect of these initiatives will not be fully realised until the 2008 year.

The Pental business continues to make a significant contribution to the overall group result reflecting the value of the diversification strategy implemented several years ago. Whilst the move of supermarkets towards own branded products puts pressure on market share for all branded products, this development has opened up new opportunities for contract manufacture of own brands by Pental. In addition, Pental is now able to offer a much broader range of own manufactured products, whether branded by Pental or by supermarket own label. To this end Pental has invested significantly in this first half of the year; expanding the capability of the firelighters line, broadening the quality and range of bar soaps that can be offered within the domestic and export markets; and increasing the volume of liquid Home Care products that can be offered to the market in both bottle and sachet form.

Results are accounted for on a going concern basis. A deficiency in current assets is reported because negotiations are presently in progress with financiers to tailor facilities to meet the needs of the business going forward. For this reason, whilst negotiations are in progress, all debt, other than certain equipment leases, has a term of less than 12 months and, accordingly, has been classified as current. Directors expect that, in the future, the business will be funded by an appropriate mix of current and non-current debt.

To counter the current adverse conditions in the Oleo Products market, the company has implemented programs in both Shepparton and Port Melbourne to increase selling margins; achieve significant cost savings; contain capital spending; and increase volumes targeted on the most profitable markets.

About Symex Holdings Limited

Pental Products Pty Ltd, a wholly owned subsidiary of Symex, is Australia's largest manufacturer of soap, supplying its own brands of Country Life, Natural Selections, Sunlight, Velvet, Knights Castile and Lux Flakes together with the sale of icon brands such as Softly premium wool wash, Huggie fabric softener, Martha Gardner's Country Homestead wool mix, Sureguard moth and silverfish repellent, Hi Speed iron cleaner, together with Close Up and Aim toothpastes. More information is available from: www.pental.com.au

Symex's Port Melbourne manufacturing facility produces refined oleo products such as glycerine, stearine, oleine and distilled fatty acids. These products are derived from naturally occurring fats and oil such as tallow and coconut oil. Symex's refined oleo products are exported to over 40 countries. This site also blends and bottles bleach products under a toll agreement. More information is available from: www.symex.com.au.

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