2014 FINANCIAL STATEMENTS

for the year ended 30 June 2014

nuplex

The Directors are pleased to present the Financial Statements of the Nuplex Group for the year ended 30 June 2014.

Peter Springford	David Jackson
Chairman	Director
14 August 2014	14 August 2014

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Independent Auditors' Report
to the shareholders of Nuplex Industries Limited

Report on the Financial Statements
We have audited the financial statements of Nuplex Industries Limited ("the Company") on pages 4 to 83, which comprise the statements of financial position as at 30 June 2014, the statements of comprehensive income and statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 30 June 2014 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements
The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors we have no relationship with, or interests in, Nuplex Industries Limited or any of its subsidiaries.

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Independent Auditors' Report

Nuplex Industries Limited

Opinion

In our opinion, the financial statements on pages 4 to 83:

(i) comply with generally accepted accounting practice in New Zealand; and

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Company and the Group as at 30 June 2014 and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2014:

(i) we have obtained all the information and explanations that we have required; and

(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Use of our Report

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
14 August 2014

Sydney

Statements of Comprehensive Income
for the year ended 30 June 2014

(NZD in thousands)	Note	GROUP		COMPANY	
		2014	2013 Restated	2014	2013
Sales revenue		1,639,945	1,664,911	80,385	81,449
Cost of sales		(1,301,544)	(1,313,975)	(62,544)	(61,941)
Gross profit		338,401	350,936	17,841	19,508
Other operating income	3	17,184	7,696	87	850
Distribution expenses		(86,127)	(89,249)	(4,762)	(4,342)
Marketing expenses		(80,436)	(86,079)	(6,831)	(7,928)
Administration expenses		(78,562)	(74,702)	(8,645)	(10,788)
Other operating expenses	4	(25,033)	(29,188)	(1,421)	(3,978)
Operating profit before financing costs and share of profits/(losses) of associates		85,427	79,414	(3,731)	(6,678)
Financial income		1,291	1,842	15,032	15,346
Financial expenses		(18,785)	(18,451)	(3,710)	(3,684)
Net financing (costs)/income	7	(17,494)	(16,609)	11,322	11,662
Share of profits of associates	12	2,099	1,843	-	-
Profit before income tax		70,032	64,648	7,591	4,984
Income tax expense	8	(15,382)	(17,801)	(2,137)	(1,396)
Profit for the year		54,650	46,847	5,454	3,588

	Note				
Other comprehensive income					
Foreign currency translation differences for foreign operations		(46,435)	(2,765)	-	-
Effective portion of changes in fair value of cash-flow hedges		(15,237)	(6,457)	(462)	(339)
Remeasurement of defined benefit obligations		(4,294)	518	-	-
Income tax on other comprehensive income		5,788	1,173	129	95
Other comprehensive income for the period, net of income tax		(60,178)	(7,531)	(333)	(244)
Total comprehensive income for the year		(5,528)	39,316	5,121	3,344
Profit attributable to:					
Equity holders of the parent		52,359	44,480	5,454	3,588
Non-controlling interests		2,291	2,367	-	-
		54,650	46,847	5,454	3,588
Total comprehensive income attributable to:					
Equity holders of the parent		(6,913)	36,690	5,121	3,344
Non-controlling interests		1,385	2,626	-	-
		(5,528)	39,316	5,121	3,344
Earnings per share for profit attributable to the ordinary equity holders of the company:					
Basic earnings per share	9	0.26	0.22		
Diluted earnings per share	9	0.26	0.22		

To be read in conjunction with the notes to the financial statements on pages 10 to 82

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Statements of Changes in Equity
for the year ended 30 June 2014

(NZD in thousands)	Note	GROUP								COMPANY				
		Attributable to equity holders of the parent												
		Share capital	Share Based Payments reserve	Translation reserve	Retained earnings	Hedging reserve	Total	Non-controlling Interest	Total Equity	Share capital	Share Based Payments reserve	Retained earnings	Hedging reserve	Total
Balance at 1 July 2013 restated		368,453	2,747	(35,179)	223,610	(4,528)	555,103	7,357	562,460	368,453	2,747	35,372	(461)	406,111
Other Comprehensive Income														
Foreign currency translation differences		-	-	(45,529)	-	-	(45,529)	(906)	(46,435)	-	-	-	-	-
Remeasurement of defined benefit obligations, net of tax		-	-	-	(3,049)	-	(3,049)	-	(3,049)	-	-	-	-	-
Effective portion of changes in fair value of cash-flow hedges, net of tax		-	-	-	-	(10,694)	(10,694)	-	(10,694)	-	-	-	(333)	(333)
Total other Comprehensive Income		-	-	(45,529)	(3,049)	(10,694)	(59,272)	(906)	(60,178)	-	-	-	(333)	(333)
Profit for the year		-	-	-	52,359	-	52,359	2,291	54,650	-	-	5,454	-	5,454
Total comprehensive income for the year		-	-	(45,529)	49,310	(10,694)	(6,913)	1,385	(5,528)	-	-	5,454	(333)	5,121
Contributions by and distributions to owners														
Performance rights plan	18	-	663	-	-	-	663	-	663	-	663	-	-	663
Dividends paid	20	-	-	-	(41,672)	-	(41,672)	(1,700)	(43,372)	-	-	(41,672)	-	(41,672)
Balance as at 30 June 2014		368,453	3,410	(80,708)	231,248	(15,222)	507,181	7,042	514,223	368,453	3,410	(846)	(794)	370,223

Statements of Changes in Equity
for the year ended 30 June 2013

(NZD in thousands)	Note	GROUP								COMPANY				
		Attributable to equity holders of the parent												
		Share capital	Share Based Payments reserve	Translation reserve	Retained earnings	Hedging reserve	Total	Non-controlling Interest	Total Equity	Share capital	Share Based Payments reserve	Retained earnings	Hedging reserve	Total
Balance at 1 July 2012 restated		364,244	1,751	(32,155)	220,663	160	554,663	7,108	561,771	364,244	1,751	73,239	(217)	439,017
Other Comprehensive Income														
Foreign currency translation differences		-	-	(3,024)	-	-	(3,024)	259	(2,765)	-	-	-	-	-
Remeasurement of defined benefit obligations, net of tax		-	-	-	(78)	-	(78)	-	(78)	-	-	-	-	-
Effective portion of changes in fair value of cash-flow hedges, net of tax		-	-	-	-	(4,688)	(4,688)	-	(4,688)	-	-	-	(244)	(244)
Total other Comprehensive Income		-	-	(3,024)	(78)	(4,688)	(7,790)	259	(7,531)	-	-	-	(244)	(244)
Profit for the year		-	-	-	44,480	-	44,480	2,367	46,847	-	-	3,588	-	3,588
Total comprehensive income for the year		-	-	(3,024)	44,402	(4,688)	36,690	2,626	39,316	-	-	3,588	(244)	3,344
Contributions by and distributions to owners														
Dividend reinvestment plan	20	4,209	-	-	-	-	4,209	-	4,209	4,209	-	-	-	4,209
Performance rights plan	18	-	996	-	-	-	996	-	996	-	996	-	-	996
Dividends paid	20	-	-	-	(41,455)	-	(41,455)	(2,377)	(43,832)	-	-	(41,455)	-	(41,455)
Balance as at 30 June 2013		368,453	2,747	(35,179)	223,610	(4,528)	555,103	7,357	562,460	368,453	2,747	35,372	(461)	406,111

To be read in conjunction with the notes to the financial statements on pages 10 to 82

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Statements of Financial Position

As at 30 June 2014

(NZD in thousands)	Note	GROUP 2014	GROUP 2013 Restated	COMPANY 2014	COMPANY 2013
Equity attributable to members of the parent company	20				
Share capital		368,453	368,453	368,453	368,453
Share based payments reserve		3,410	2,747	3,410	2,747
Translation reserve		(80,708)	(35,179)	-	-
Retained earnings		231,248	223,610	(846)	35,372
Hedging reserve		(15,222)	(4,528)	(794)	(461)
Non-controlling interests	20	7,042	7,357	-	-
Total Equity		514,223	562,460	370,223	406,111
Property, plant and equipment	14	303,508	313,173	18,205	18,270
Intangible assets	15	195,985	219,278	2,150	2,150
Investments in associates	12	4,781	6,581	-	-
Investments in subsidiaries		-	-	228,771	228,771
Trade and other receivables	11	-	-	218,240	233,467
Deferred tax asset	13	20,714	9,330	245	401
Non-current Assets		524,988	548,362	467,611	483,059
Properties available for sale	14	15,554	-	-	-
Inventories	10	232,980	238,312	14,671	16,301
Trade and other receivables	11	351,075	369,460	15,391	15,766
Income tax receivable		2,562	9,498	-	-
Cash and cash equivalents		73,137	91,790	-	3,630
Current Assets		675,308	709,060	30,062	35,697
Total Assets		1,200,296	1,257,422	497,673	518,756
Borrowings	17	304,546	289,108	51,186	52,707
Trade and other payables	16	-	-	42,441	30,480
Employee provisions	18	23,986	22,056	160	139
Deferred tax liability	13	15,481	17,527	-	-
Non-current Liabilities		344,013	328,691	93,787	83,326
Borrowings	17	340	490	1,377	98
Trade and other payables	16	309,061	323,478	24,635	21,085
Employee provisions	18	19,730	22,188	1,134	2,608
Provisions	19	3,350	5,728	2,249	2,216
Income tax payable		9,579	14,387	4,268	3,312
Current Liabilities		342,060	366,271	33,663	29,319
Total Liabilities		686,073	694,962	127,450	112,645
Total Net Assets		514,223	562,460	370,223	406,111

To be read in conjunction with the notes to the financial statements on pages 10 to 82

Cash Flow Statements

for the year ended 30 June 2014

(NZD in thousands)	Note	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Receipts from customers (inclusive of goods and services tax)		1,767,302	1,797,934	121,688	95,322
Interest received		1,049	975	16	14,829
Payments to suppliers and employees (inclusive of goods and services tax)		(1,681,878)	(1,656,457)	(62,627)	(88,918)
Interest paid		(16,530)	(14,938)	(3,017)	(3,559)
Dividends received		1,738	1,215	-	-
Income taxes (paid)/received		(20,592)	(16,941)	(1,307)	2,044
Net cash from/(used in) operating activities	27	51,089	111,788	54,753	19,718
Disposal of property, plant and equipment		2,149	188	-	-
Payments for property, plant, equipment and intangibles		(63,242)	(48,272)	(1,132)	(1,218)
Receipts from loans to subsidiaries		-	-	(15,089)	20,877
Increase in investment in subsidiaries less cash acquired		-	-	-	-
Payments for purchases of businesses, net of cash acquired		-	(7,002)	-	-
Disposal of businesses, net of cash disposed of		3,289	2,005	-	-
Net cash from/(used in) investing activities		(57,804)	(53,081)	(16,221)	19,659
Proceeds from borrowings		47,598	155,718	-	232
Repayment of borrowings		(7,928)	(151,903)	(1,805)	(328)
Dividends paid to shareholders		(43,372)	(39,623)	(41,672)	(37,246)
Net cash from/(used in) financing activities		(3,702)	(35,808)	(43,477)	(37,342)
Increase/(decrease) in cash and cash equivalents		(10,417)	22,899	(4,945)	2,035
Cash and cash equivalents at 1 July		91,790	68,325	3,630	1,595
Effect of exchange rate fluctuation		(8,236)	566	-	-
Cash and cash equivalents at 30 June		73,137	91,790	(1,315)	3,630
Comprising:					
Cash balances		52,067	66,288	(1,315)	3,630
Cash on call deposit		21,070	25,502	-	-
		73,137	91,790	(1,315)	3,630

To be read in conjunction with the notes to the financial statements on pages 10 to 82

1. Significant accounting policies

Nuplex Industries Limited (the 'Company') is a Company registered and domiciled in New Zealand. The consolidated financial statements of the Company comprise the Company and its subsidiaries (the 'Group') and the Group's interest in associated entities.

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS), and other applicable Financial Reporting Standards, as appropriate for profit-orientated entities. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The accounting policies set out below have been applied consistently to all periods in these financial statements. Other than as described in note 1(y), there have been no changes in the accounting policies during the year.

The International Accounting Standards Board has issued a number of other standards, amendments and interpretations which are not yet effective, detailed below. The Group has not yet applied these in preparing these financial statements and will apply each in the period in which it becomes mandatory.

Standard	Description	Mandatory for the year-ending
NZ IFRS 9	Financial Instruments	June 30, 2016
NZ IFRS 15	Revenue from Contracts with Customers	June 30, 2018

The above standards and interpretations are not considered likely to have a material impact for the Group.

(b) Basis of Preparation

The financial statements of the Group and Company comply with the Financial Reporting Act 1993 and the Companies Act 1993. These financial statements are presented in New Zealand dollars, which is the Company's functional currency, except where stated otherwise, rounded to the nearest thousands. They are prepared on the historical cost basis except that previously revalued property, plant and equipment carrying values which on transition to NZIFRS have been deemed as cost, and the following assets and liabilities are stated at their fair values: derivative financial instruments.

The consolidated financial statements have been approved by the Board of Directors on 14 August 2014.

The preparation of financial statements in conformity with NZIFRS's requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of some assets and liabilities. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Information about the significant areas of judgement exercised or estimation in applying accounting policies that have had a significant impact on the amounts recognised in the financial statements are described below.

(i) Valuation of goodwill and other intangibles

The carrying value of goodwill is assessed at least annually to ensure that it is not impaired. This assessment requires management to estimate future cash flows to be generated by cash generating units to which goodwill has been allocated. Estimating future cash flows entails making judgements including the expected rate of growth of revenues and expenses, margins and market shares to be achieved, and the appropriate discount rate to apply when discounting future cash flows. Note 15 of these financial statements provides more information on the assumptions management have made in this area and the carrying values of goodwill. As the outcomes in the next financial period may be different to the assumptions made, it is impracticable to predict the impact that could result in a material adjustment to the carrying amount.

(ii) Recognition of deferred tax assets
The value of deferred tax assets recognised in the financial statements involve a significant degree of judgement around the future profitability, ownership and legislative outcomes impacting on the Group entity to which the assets or potential assets relate. In making the required judgements management take account of all circumstances of which they are aware and current economic forecasts which might have bearing on the tax situation of the entity concerned. Note 13 to these financial statements contains further information on tax losses the Group has incurred but not recognised as a deferred tax asset.

(iii) Doubtful debt provisions
Provisioning for doubtful debts takes into account known factors impacting specific debtors, as well as the overall profile of each Group company's debtors portfolio. Factors such as the age of receivable balances, past collection history, the level of activity in customer accounts are taken into account. Further information on the doubtful debt provision is contained in note 21 to these financial statements.

(iv) Provisions and contingencies
Identification, recognition and valuation of provisions requires management to make judgements about the likelihood of an amount becoming payable or an economic benefit being foregone, estimation of the value of the potential obligations based on available information and estimating when such obligations are likely to be settled. Where a range of possible outcomes exist, management must apply judgement in assessing the probability that any given outcome may occur. Note 19 to these financial statements gives further information on the value of provisions recognised. As new contingencies can arise unexpectedly or existing items be resolved at short notice, it is impracticable to predict how the carrying value may be impacted over the next financial period but changes could result in a material adjustment to the carrying amount.

(v) Employee provisions
The Group is exposed to defined benefit obligations and long service leave obligations that require significant judgements to be made in the calculation of the Group's expected future liability and its present value. Significant assumptions made include the expected asset growth rates, social security rates, pension and salary growth rates and the discount rates to be applied in calculating present values. For each significant defined benefit scheme a qualified external actuary is engaged to provide a valuation based, where possible, on externally verifiable assumptions. As the outcomes in the next financial period may be different to the assumptions made, it is impracticable to predict the impact that could result in a material adjustment to the carrying amount.

(vi) Property plant and equipment and finite-life intangible assets
In accounting for Property Plant and Equipment and finite-life intangible assets management is required to make judgements on the expected life of the asset, the likelihood of the assets obsolescence and the likelihood that the asset will continue to be utilised. Management reassesses useful lives at least annually and considers whether indicators of impairment have occurred that might necessitate impairment testing. Assessing impairment where required may involve estimation and valuation of future cash-flows that an asset is expected to generate and making assumptions thereon. As the outcomes of the next financial period may differ from the assumptions made, it is impractical to predict the impact that could result in a material adjustment to the carrying amount.

(c) Basis of consolidation

Accounting for business combinations

The acquisition method of accounting is used to account for all business combinations.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control the Group takes into consideration potential voting rights that are currently exercisable. Acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

Consideration transferred includes the fair value of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issues by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Transaction costs that the Group incurs in connection with a business combination, such as finders fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred in the Group financial statements.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then a part of the market-based measure of the replacement awards is included in the consideration transferred. If future services are required, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post combination compensation cost.

Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Company's financial statements, investments in subsidiaries are carried at the lower of cost or recoverable amount.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.
Investments in associates are accounted for using the equity method and are initially measured at cost. The consolidated financial statements include the Group's share of the total recognised income, expense and equity movements of associates on an equity accounted basis, net of any impairment losses, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in the associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Transfer of entities or assets under Group control

Business combinations arising from the transfer of assets or interests from one Group entity to another Group entity are accounted for at the carrying amounts recognised previously in the Group's controlling shareholders consolidated financial statements.

Transactions eliminated on consolidation

IntraGroup balances and any unrealised gains or losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair values were determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to New Zealand dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to New Zealand dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions. This would normally be the average foreign exchange rate for the reporting period, or such shorter period for an entity or business acquired or disposed of during the period. Exchange differences arising on these retranslations are recognised in other comprehensive income and presented in the translation reserve.

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and the related hedges and deferred tax impact are recognised in other comprehensive income to the extent that the hedge is effective and are presented within equity in the translation reserve. If ineffective, it is recognised in profit or loss. Amounts recognised in equity are released to profit or loss upon disposal.

(e) Revenue and other operating income

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction in revenue as the sales are recognised.

Dividend income

Dividend income is recognised in profit and loss on the date the entity's right to receive payment is established, which is when the dividend is declared. Dividend income from associates reduces the investment balance shown in the consolidated statement of financial position.

(f) Expenses

Operating lease payments

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease.

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in profit and loss. The interest expense component of finance lease payments is recognised in profit and loss using the effective interest rate method. Interest income is recognised in profit and loss as it accrues, using the effective interest rate method.

(g) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit and loss except if it relates to items recognised directly in equity or other comprehensive income, in which case the income tax is recognised therein.
Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in prior years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for taxation purposes, the initial recognition of assets and liabilities that affect neither accounting, nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected realisation or settlement of the carrying amount of assets and liabilities, using tax rates at balance date, or if known, tax rates at the expected time of realisation or settlement.

Tax losses and other deferred tax assets are recognised only to the extent that it is probable that future tax profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(h) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible capital notes and performance rights granted to employees.

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(i) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying value of the replaced part is derecognised. The cost of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "other income" in profit or loss.

Leased assets

Lease agreements where the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases.

Depreciation

Depreciation is charged to profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is classified as Distribution, Marketing, Administration or other based on the function of the underlying asset to which the charge relates. The land component of land and buildings is not depreciated. The estimated useful lives for the current and comparative year are as follows:

Land and buildings	20 - 50	years
Plant and equipment	3 - 20	years
Motor vehicles	5	years

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(j) Intangible assets

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries and associates, and represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate. Negative goodwill arising on an acquisition is recognised directly in profit and loss.

Intellectual property

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, is recognised in profit and loss as an expense as incurred. Expenditure on product or process development activities, whereby research findings are applied to the development of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible with the probability of future economic benefits, the Group has sufficient resources to complete development and costs can be measured reliably. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Other development expenditure is recognised in profit and loss as an expense as incurred.

Purchased agency portfolio

Agency agreements acquired are capitalised as intangible assets at a value based on a discounted cash flow analysis of their expected net worth at acquisition. The portfolio of agreements is not considered to have a finite life, as agreements can be rolled over at the option of the Group, and it is reasonably expected that this will occur, and as such the portfolio is not amortised. The portfolio is tested for impairment each reporting period and any impairment is recognised in profit and loss.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is charged to profit and loss on a straight-line basis over the estimated useful lives of the finite life intangible assets. Goodwill and intangible assets with an indefinite useful life are not amortised but tested for impairment at each annual balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives for the current and comparative years are as follows:

Intellectual property	up to 15 years
Other	up to 10 years

(k) Trade and other receivables
Trade and other receivables are initially stated at fair value and are categorised as loans and receivables which are subsequently measured at amortised cost less impairment.

(l) Inventories
Inventories are stated at lower of cost and net realisable value with due allowance for rework and/or obsolescence. Raw materials, packaging and inventories purchased for resale are valued on a weighted average cost basis. Manufactured inventories and work in progress are valued at the cost of materials plus direct labour and factory overheads based on normal operating capacity, including all costs of bringing items to their present location and condition.

(m) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of less than three months and readily convertible to cash. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included for the purposes of the cash flow statements.

(n) Impairment
The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. For intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of other assets in the unit on a pro-rata basis. The recoverable amount of other assets is the greater of their net selling price and value in use.

(o) Equity
Share capital is recognised at the fair value of the consideration received by the Company. Transaction costs attributable to the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Dividends are recognised as a liability in the period in which they are declared.

(p) Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributed transaction costs. The attributed transaction costs are amortised over the period of the borrowings on an effective interest basis.

Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest rate method, less any impairment losses.

(q) Employee benefits

Share-based transactions

Performance share rights are granted to senior management under the Nuplex Performance Rights Plan. The fair value of the rights is recognised as an employee expense with a corresponding increase in equity. The fair value of rights are measured at the grant date and spread over the vesting period, taking into account the terms and conditions upon which the rights were granted. The amount recognised as an expense is adjusted to reflect the number of rights for which the service and non-market vesting conditions are expected to be met at the vesting date. The rights are both equity and cash settled.

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

The Group's net obligation in respect of defined benefit pension and medical plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned or might receive in return for their service in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on government bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised immediately as an expense in the income statement. Actuarial gains and losses that arise in calculating the Group's obligation in respect of a plan are recognised in other comprehensive income.

Long-term service benefits

The Group's obligation in respect of long-term service benefits, other than pension plans, is the amount of the future benefit, including on-costs, and discounted to present value at discount rates appropriate to the local jurisdiction in which the liability arises, that employees have earned in return for their service in the current and prior periods.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. If benefits are payable more than 12 months after the end of the reporting period then they are discounted to their present value.

Other

Vested sick leave, annual leave and bonuses are measured at their nominal amounts, based on remuneration rates which are expected to be paid when the liability is settled. These amounts are disclosed in current employee benefits.

(r) Provisions
A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(s) Payables
Liabilities for trade payables and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed.

(t) Segment reporting
The Group determines and presents operating segments based on the information that is internally provided to the CEO, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, subsidiaries and businesses.

(u) Financial instruments
Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non derivative financial instruments are measured at amortised cost using the effective interest rate method.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial instruments are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivative financial instruments are recognised initially at fair value (transaction price). Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit and loss except where the derivatives qualify for hedge accounting, as described in policy (v).

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date.

(v) Hedging

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. For cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in profit and loss in the same period or periods during which the underlying exposure impacts profit and loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. The ineffective part of any gain or loss is recognised immediately in profit and loss.

Hedges of net investments in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion is recognised immediately in profit and loss.

(w) Assets held for sale and discontinued operations

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal Group) is brought up-to-date in accordance with applicable accounting standards. Then, on initial classification as held for sale, non-current assets and disposal Groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of the consolidated entity's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

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(x) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The following summarises the major methods and assumptions used in estimating those fair values. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade receivables and payables

Fair value is estimated as the present value of future cash-flows discounted at market rates of interest where settlement is not expected within 12 months.

Secured bank loans

Fair value is taken to be the carrying value of these assets and liabilities due to their short term repricing.

Derivatives

For forward exchange contracts and interest rate swaps, independent third party valuations are used.

Finance lease liabilities

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for homogeneous lease agreements. The estimated fair values reflect changes in interest rates.

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(y) Changes in accounting policy

The adoption of the revised NZ IAS 19 *Employee Benefits* resulted in two significant changes to the Group's accounting policy which impact on amounts recognised in the financial statements:

All past service costs are now recognised immediately in profit or loss. Previously past service costs were recognised on a straight line basis over the relevant vesting period if the changes were conditional on the employees remaining in service for a specified period of time.

All actuarial gains and losses arising in the calculation of the Group's obligation in respect of defined benefit plans are now recognised directly in other comprehensive income. Previously such actuarial gains or losses were not recognised, unless in respect of a plan the cumulative unrecognised actuarial gain or loss exceeded 10% of the greater of the present value of the defined benefit obligation and the value of the plan assets, in which case the excess portion was recognised in profit and loss over the expected average remaining working lives of the employees participating in the plan.

As the revised standard must be adopted retrospectively, adjustments to the retirement benefit obligations have been recognised at the beginning of the earliest period presented (1 July 2012) and the statement of comprehensive income and statements of financial position were restated for the comparative period. The impact on the individual line items in the financial statements is shown below.

Statement of Comprehensive Income (Extract)	Prior Year Restatement		
	2013 previously stated	Increase / decrease	2013 restated
Other operating income	5,146	2,550	7,696
Tax expense	(16,803)	(998)	(17,801)
Remeasurement of retirement benefit obligation	-	518	518
Income tax on other comprehensive income	1,769	(596)	1,173
Other comprehensive income for the period	(7,453)	(78)	(7,531)

Statement of Financial Position (Extract)

	Prior Years Restatement					
	30 June 2013	Increase / decrease	30 June 2013 restated	1 July 2012	Increase / decrease	1 July 2012 restated
Deferred tax assets	10,205	(875)	9,330	8,075	719	8,794
Non-current employee benefits	22,616	(560)	22,056	22,947	2,508	25,455
Retained earnings	223,925	(315)	223,610	222,452	(1,789)	220,663

2. Segment analysis

The Group has two reportable segments, as described below. The reportable segments offer products and services with markedly different production processes and are managed separately. For each of the reporting segments the CEO reviews internal management reports monthly. The following summary describes the operations in each of the Group's reportable segments:

Resins	Global manufacture of synthetic resins for regional markets. Distribution of complementary functional materials.
Specialties	Manufacture and distribution of a range of functional materials for regional markets.

Inter-segment pricing is determined on an arm's length basis and eliminated on consolidation.

Geographical segments

In presenting information on the basis of geographical segments, segment sales are based on the ultimate country of destination of the product if known. Segment assets are based on the geographical location of the assets.

Information about reportable segments		2014			2013	
(NZD in thousands)	Resins	Specialties	Total Group	Resins	Specialties	Total Group
Sales to outside customers	**1,350,263**	**289,682**	**1,639,945**	**1,353,081**	**311,830**	**1,664,911**
Inter-segment sales	167	839		23	1,554	
Segment sales	1,350,430	290,521		1,353,104	313,384	
EBITDA	**111,458**	**14,212**	**125,670**	**100,941**	**25,477**	**126,418**
Depreciation and amortisation	(33,936)	(2,478)	(36,414)	(30,308)	(2,821)	(33,129)
Segment result	77,522	11,734	89,256	70,633	22,656	93,289
Net financing costs			(17,494)			(16,609)
Share of profits of associates			2,099			1,843
Non-controlling interest			(2,291)			(2,367)
Tax on operating profits			(16,566)			(19,377)
Operating profit after tax			**55,004**			**56,779**
Impairment of Property, Plant and Equipment on Australian restructuring			-			(8,068)
Remediation provisions on non-operating sites			(1,054)			(415)
Impairment of assets relating to investment in RPC Pipe Systems P/l			(8,798)			(5,516)
Loss on sale of Plaster Systems NZ business			-			(797)
Gain on sale of Plaster Systems NZ land and buildings			632			-
Reversal of US waste water discharge legal costs provision			800			-
Acquisition related costs			(847)			(1,180)
Nuplex US tax audit legal costs provision			(150)			(449)
Legal costs in defence of product defect claim			(1,938)			-
Gain on sale of investment in Quaker Chemical (Australasia) P/l			7,526			-
Past service related gain on change in US medical scheme obligations			-			2,550
Income tax credit on non-operating items			1,184			1,576
Net profit attributable to equity holders of the parent			52,359			44,480
Net profit attributable to non-controlling interests			2,291			2,367
Profit for the year			**54,650**			**46,847**

Assets	**932,221**	**171,662**	**1,103,883**	**891,950**	**254,854**	**1,146,804**
Unallocated assets			96,413			110,618
			1,200,296			1,257,422
Liabilities	311,211	44,916	356,127	293,085	80,365	373,450
Unallocated liabilities			329,946			321,512
			686,073			694,962
Other segment information						
Equity accounted investments included in segment assets	4,739	42	4,781	4,422	2,159	6,581
Capital and acquisition expenditure	57,689	859	58,548	47,515	759	48,274

GEOGRAPHIC SEGMENTS

	Sales by Destination		Non-current assets	
	2014	2013	2014	2013
New Zealand	156,917	142,401	40,921	42,733
Australia	416,769	500,371	185,068	199,153
Asia	319,949	315,331	84,135	70,502
Europe	562,621	529,295	198,574	216,766
Americas	183,689	177,513	16,290	19,208
Total Group	1,639,945	1,664,911	524,988	548,362

Revenues in the resins segment from one group of customers under common control amount to 11% (2013: 11%) of the Group's total revenues.

3. Other income

	GROUP		COMPANY	
(NZD in thousands)	2014	2013	2014	2013
Gain on disposal of property, plant and equipment	718	27	-	-
Gain on sale of interest in Quaker Chemical (Australasia) Pty Ltd	7,526	-	-	-
Commissions, royalties and fees received	7,888	4,445	82	-
Rental income received	642	546	-	-
Past service related gain on change in US medical scheme obligations	-	2,550	-	-
Other	410	128	5	850
	17,184	7,696	87	850

4. Other operating expenses

	GROUP		COMPANY	
(NZD in thousands)	2014	2013	2014	2013
Loss on sale of property, plant and equipment	4	10	-	-
Non-recurring legal costs and settlements	1,152	556	-	-
Site remediation costs provided	1,535	1,040	-	500
Fees associated with acquisitions and integrations	834	1,603	-	275
Impairment of assets in RPC Pipe Systems Proprietary Limited	8,798	5,516	-	-
Amortisation of intangibles	5,632	5,270	-	-
Restructuring and retirement	4,683	5,805	1,038	3,175
Impairment of Property, Plant and Equipment	116	8,068	116	-
Loss on sale of Plaster Systems NZ Business *	-	797	-	-
Other	2,279	523	267	28
	25,033	29,188	1,421	3,978

* - Land and buildings held by the group at 30 June 2013 associated with the Plaster Systems NZ Business was sold in July 2013, realising a profit of NZD718,000.

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5. Personnel expenses

Included in cost of sales, distribution, marketing, administration and other expenses are the following personnel expenses:

	Note	*GROUP*		*COMPANY*	
(NZD in thousands)		2014	2013	2014	2013
Wages and salaries		158,233	155,930	10,594	12,712
Social security contributions		11,375	10,467	508	589
Contributions to defined contribution plans		12,250	12,257	-	-
Expenses related to defined benefit plans	18	1,741	1,248	-	-
Increase/(decrease) in liability for leave		972	1,499	11	(37)
Share based incentive scheme	18	1,038	996	-	-
Restructuring and retirement		5,093	5,432	-	-
Other benefits		2,942	3,232	-	-
		193,644	191,061	11,113	13,264

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6. Auditors' remuneration

	GROUP		*COMPANY*	
(NZD)	2014	2013	2014	2013
Audit services				
Auditors of the Company				
PricewaterhouseCoopers Australia:				
Audit and review of financial reports	861,865	846,305	309,611	253,892
Overseas PricewaterhouseCoopers Firms:				
Audit and review of financial reports	593,838	689,300	-	71,400
	1,455,703	1,535,605	309,611	325,292
Other auditors				
Audit and review of financial reports	15,454	16,669	-	-
	1,471,157	1,552,274	309,611	325,292
Other services				
Auditors of the Company				
PricewaterhouseCoopers Australia:				
Taxation services	-	-	-	-
Other services	-	-	-	-
Overseas PricewaterhouseCoopers Firms:				
Taxation Services	-	-	-	-
Other services	-	-	-	-
	-	-	-	-

The lead auditors of the Group are PricewaterhouseCoopers Australia.

7. Financial Income and Expense

Recognised in profit and loss

	GROUP		COMPANY	
(NZD in thousands)	2014	2013	2014	2013
Interest income from outside the Group	1,049	975	16	53
Interest income from subsidiaries	-	-	15,016	14,723
Foreign exchange gain	242	867	-	570
Financial income	1,291	1,842	15,032	15,346
Interest expense	16,649	17,739	2,721	3,208
Interest paid to subsidiaries	13	-	446	351
Foreign exchange loss	2,123	712	543	125
Financial expenses	18,785	18,451	3,710	3,684
Net financing costs/(income)	17,494	16,609	(11,322)	(11,662)

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8. Income tax expense

Recognised in profit and loss	*GROUP* 2014	2013	*COMPANY* 2014	2013
(NZD in thousands)				
Current tax expense				
Current year	24,518	17,929	1,852	1,755
Adjustments for prior years	(1,329)	(811)	-	-
	23,189	17,118	1,852	1,755
Deferred tax expense				
Temporary differences	(7,807)	683	285	(359)
	(7,807)	683	285	(359)
Total income tax expense in profit and loss	15,382	17,801	2,137	1,396

Reconciliation between tax expense and pre-tax net profit

(NZD in thousands)	*GROUP* 2014	2013	*COMPANY* 2014	2013
Profit before tax	70,032	64,648	7,591	4,984
Income tax using the New Zealand corporate tax rate of 28%	19,609	17,961	2,125	1,396
Increase in income tax expense due to:				
Non-deductible expenses	333	1,613	12	-
Share of losses of associates	-	1,406	-	-
Tax losses not recognised	394	258	-	-
Decrease in income tax expense due to:				
Utilisation of previously unrecognised tax losses	-	(134)	-	-
Effect of tax rate in foreign jurisdictions	(1,447)	(1,087)	-	-
Non-taxable gains	(201)	-	-	-
Share of profits of associates	(611)	(284)	-	-
Tax incentives	(1,366)	(1,121)	-	-
Under / (over) provided in prior years	(1,329)	(811)	-	-
Income tax expense/(benefit) on pre-tax net profit	15,382	17,801	2,137	1,396

Deferred tax recognised directly in equity

(NZD in thousands)	*GROUP* 2014	2013	*COMPANY* 2014	2013
Fair valuation of hedge accounted derivatives	4,543	1,769	129	95
Remeasurement of defined benefit obligations	1,245	(596)	-	-
	5,788	1,173	129	95

9. Earnings per share	*GROUP*	
The calculation of basic earnings per share is based on:	2014	2013
Net surplus attributable to ordinary shareholders	52,359	44,480
Weighted average number of ordinary shares (in thousands of shares):		
Ordinary shares on issue at 1 July	198,126	196,748
Dividend reinvestment plan shares issued 12 October 2012	-	988
	198,126	197,736
Basic earnings per share	0.26	0.22
The calculation of diluted earnings per share is based on:		
Net surplus attributable to ordinary shareholders	52,359	44,480
Net surplus attributable to ordinary shareholders (diluted)	52,359	44,480
Basic weighted average number of ordinary shares (in thousands of shares)	198,126	197,736
Effect of Performance rights plan	2,729	2,403
Diluted weighted average number of ordinary shares	200,855	200,139
Diluted earnings per share	0.26	0.22

10. Inventories

	GROUP		COMPANY	
(NZD in thousands)	2014	2013	2014	2013
Raw materials and consumables	57,886	62,850	2,921	5,141
Finished goods	179,934	180,933	12,214	11,514
Provision for stock obsolescence	(4,840)	(5,471)	(464)	(354)
	232,980	238,312	14,671	16,301

Separately identifiable unmodified purchased inventory included in the above note may be subject to a retention of title clause in the normal course of business.

11. Trade and other receivables

	GROUP		COMPANY	
(NZD in thousands)	2014	2013	2014	2013
Current				
Trade receivables	326,597	326,384	11,573	12,342
Other receivables and prepayments	24,478	39,741	436	1,529
Receivables due from controlled entities	-	-	3,382	1,895
Fair value derivatives - Foreign currency swaps	-	-	-	-
Fair value derivatives - Forward foreign exchange contracts	-	3,335		
	351,075	369,460	15,391	15,766
Non-current				
Loans to controlled entities	-	-	218,240	233,467
	-	-	218,240	233,467

The Company's loans to controlled entities bear market interest rates.

12. Investments accounted for using the equity method

Investments in associates

The Group has the following investments in associates:

	Principal activities	Country	Reporting Date	Ownership 30 June 2014	Ownership 30 June 2013
Quaker Chemical (Australasia) Pty Limited	Distributor of specialty products	Australia	31-Dec	0%	49%
Innospec Valvemaster Limited	Distributor of specialty products	UK	31-Dec	50%	50%
Synthese (Thailand) Co Limited	Manufacture and distribution of synthetic resins	Thailand	31-Dec	47.5%	47.5%
RPC Pipe Systems Pty Limited	Manufacture and distribution of GRP Piping	Australia	30-Jun	0%	50%

(NZD in thousands)	Revenues (100%)	Profit/(loss) (100%)	Share of associates net profit/(loss) recognised	Total Assets (100%)	Total Liabilities (100%)	Net assets as reported by associates (100%)	Share of associate's net assets
2014							
Quaker Chemical (Australasia) Pty Limited	13,182	2,308	1,131	-	-	-	-
Innospec Valvemaster Limited	-	-	-	596	512	84	42
Synthese (Thailand) Co Limited	30,917	2,038	968	20,437	10,510	9,927	4,739
	44,099	4,346	2,099	21,033	11,022	10,011	4,781
2013							
Quaker Chemical (Australasia) Pty Limited	16,173	2,605	1,277	7,315	2,992	4,323	2,118
Innospec Valvemaster Limited	-	-	-	596	512	84	42
Synthese (Thailand) Co Limited	34,242	2,137	1,015	21,155	11,523	9,632	4,421
RPC Pipe Systems Pty Limited	1,000	(897)	(449)	17,579	15,916	1,663	-
	51,415	3,845	1,843	46,645	30,943	15,702	6,581

Results of associates

(NZD in thousands)	GROUP 2014	2013
Share of associate profit/(loss) before income tax	2,998	2,633
Share of income tax benefit/(expense)	(899)	(790)
Share of associates net profit/(loss) as disclosed by associates	2,099	1,843
Share of associates net profit accounted for using the equity method	2,099	1,843

Reconciliation of investment balance

(NZD in thousands)	GROUP 2014	2013
Balance at 1 July	6,581	11,716
Share of associates net profit/(loss)	2,099	1,843
Dividends received	(1,738)	(1,215)
Exchange translation difference	(834)	(247)
Impairment of investment in RPC Pipe Systems P/l	-	(5,516)
Disposal of investments	(1,327)	-
Balance at 30 June	4,781	6,581

During the year the Group disposed of its investments in Quaker Chemical (Australasia) Pty Limited and RPC Pipe Systems Pty Limited for consideration of AUD8,000,000 and nil respectively.

13. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	GROUP			
	Assets		Liabilities	
(NZD in thousands)	2014	2013	2014	2013
Property, plant and equipment	419	600	(17,056)	(19,612)
Intangible assets	-	-	(4,396)	(5,419)
Receivables	1,033	260	(366)	(1,283)
Inventories	4,764	1,329	(917)	(864)
Employee benefits	6,950	8,528	(2,022)	(242)
Payables	3,664	1,953	-	-
Provisions	1,179	1,572	-	-
Fair value derivatives	5,405	2,533	-	(884)
Tax losses carried forward and other items	6,833	3,534	(257)	(202)
Deferred tax assets / liabilities	30,247	20,309	(25,014)	(28,506)
Set off of deferred tax	(9,533)	(10,979)	9,533	10,979
Net deferred tax assets / liabilities	20,714	9,330	(15,481)	(17,527)

	COMPANY			
	Assets		Liabilities	
(NZD in thousands)	2014	2013	2014	2013
Property, plant and equipment	-	-	(1,299)	(1,287)
Receivables	17	119	-	-
Inventories	130	99	-	-
Employee benefits	364	770	-	-
Payables	239	54	-	-
Provisions	629	620	-	-
Fair value derivatives	41	83	-	-
Other items	124	-	-	(57)
Deferred tax assets / liabilities	1,544	1,745	(1,299)	(1,344)
Set off of deferred tax	(1,299)	(1,344)	1,299	1,344
Net deferred tax assets	245	401	-	-

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Movement in temporary differences during the year

	GROUP		*COMPANY*	
(NZD in thousands)	2014	2013	2014	2013
Balance at 1 July	(8,197)	(8,620)	401	(53)
Recognised in profit or loss	7,807	(683)	(285)	359
Recognised in equity	5,788	1,173	129	95
Exchange adjustment	(165)	(67)	-	-
Balance at 30 June	5,233	(8,197)	245	401

Unrecognised deferred tax assets	*GROUP*		*COMPANY*	
(NZD in thousands)	2014	2013	2014	2013
Gross value of tax losses	5,632	6,160	-	-

The tax losses will not expire under local legislation, subject to the local taxpaying entities meeting any conditions relating to continuity of business and ownership. Deferred tax assets have not been recognised in respect of these losses because it is not probable that taxable profit will be available in the immediate future against which the losses can be applied. The losses originate in Brazil (2014: NZD5,632,000 (2013: NZD6,160,000))

14. Property, plant and equipment

(NZD in thousands)	GROUP					COMPANY			
	Land and buildings	Plant and equipment	Motor vehicles	Under construction	Total	Land and buildings	Plant and equipment	Motor vehicles	Total
Cost									
Balance at 1 July 2012	202,610	302,796	7,738	5,749	518,893	17,078	29,844	35	46,957
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-
Additions/transfers	8,015	16,970	135	14,322	39,442	-	1,218	-	1,218
Disposals	(14)	(587)	(11)	-	(612)	(14)	(397)	-	(411)
Effect of movements in foreign exchange	(2,570)	(4,296)	157	305	(6,404)	-	-	-	-
Balance at 30 June 2013	208,041	314,883	8,019	20,376	551,319	17,064	30,665	35	47,764
Balance at 1 July 2013	208,041	314,883	8,019	20,376	551,319	17,064	30,665	35	47,764
Acquisitions through business combinations	-	4,694	-	-	4,694	-	-	-	-
Additions/transfers	7,588	19,324	1,015	27,064	54,991	666	789	-	1,455
Disposals	(2)	(1,729)	(5)	-	(1,736)	-	(318)	-	(318)
Effect of movements in foreign exchange	(17,871)	(29,248)	(1,799)	(2,610)	(51,528)	-	-	-	-
Balance at 30 June 2014	197,756	307,924	7,230	44,830	557,740	17,730	31,136	35	48,901

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(NZD in thousands)	GROUP					COMPANY			
	Land and buildings	Plant and equipment	Motor vehicles	Under construction	Total	Land and buildings	Plant and equipment	Motor vehicles	Total
Depreciation and impairment losses									
Balance at 1 July 2012	42,295	161,857	3,733	-	207,885	2,680	25,671	32	28,383
Depreciation charge for the year	5,624	19,732	758	-	26,114	316	793	2	1,111
Depreciation write back	(14)	(397)	-	-	(411)	-	-	-	-
Impairments	345	7,723	-	-	8,068	-	-	-	-
Effect of movements in foreign exchange	753	(4,289)	26	-	(3,510)	-	-	-	-
Balance at 30 June 2013	49,003	184,626	4,517	-	238,146	2,996	26,464	34	29,494
Balance at 1 July 2013	49,003	184,626	4,517	-	238,146	2,996	26,464	34	29,494
Depreciation charge for the year	5,950	20,243	621	-	26,814	364	838	-	1,202
Effect of movements in foreign exchange	(4,961)	(19,801)	(1,520)	-	(26,282)	-	-	-	-
Balance at 30 June 2014	49,992	185,068	3,618	-	238,678	3,360	27,302	34	30,696
Carrying amounts									
At 1 July 2012	160,315	140,939	4,005	5,749	311,008	14,398	4,173	3	18,574
At 30 June 2013	159,038	130,257	3,502	20,376	313,173	14,068	4,201	1	18,270
At 1 July 2013	159,038	130,257	3,502	20,376	313,173	14,068	4,201	1	18,270
At 30 June 2014	147,764	122,856	3,612	44,830	319,062	14,370	3,834	1	18,205
Available for sale	15,554	-	-	-	15,554	-	-	-	-
Not available for sale	132,210	122,856	3,612	44,830	303,508	14,370	3,834	1	18,205

Properties available for sale

Land and buildings above includes NZD15,554,000 in relation to two Australian properties that are no longer in use and are in a suitable condition for sale.

Impairment

The impairment charge recognised in 2013 represents the reduction in useful economic lives of buildings and plant and equipment at manufacturing sites in Australia and New Zealand as part of a restructure of manufacturing capacity that will see plant closures before the end of their previously assessed useful lives.

Leased plant and machinery

The Group leases plant and equipment under a number of finance lease agreements. At 30 June 2014, the net carrying amount of leased plant and machinery was NZD823,000 (2013: NZD771,000) for the Group and NZD268,000 (2013: NZD187,000) for the Company. The leased equipment secures the underlying lease obligations (note 17).

15. Intangible assets

(NZD in thousands)	GROUP Goodwill	Agencies	Intellectual property	Other	Total	COMPANY Goodwill	Other	Total
Cost								
Balance at 1 July 2012	167,203	31,837	37,885	17,252	254,177	2,650	208	2,858
Disposals	(1,807)	-	-	-	(1,807)	-	-	-
Other acquisitions	-	-	-	8,832	8,832	-	-	-
Effect of movements in foreign exchange	2,689	-	2,173	(1,597)	3,265	-	-	-
Balance at 30 June 2013	168,085	31,837	40,058	24,487	264,467	2,650	208	2,858
Balance at 1 July 2013	168,085	31,837	40,058	24,487	264,467	2,650	208	2,858
Other acquisitions and adjustments	-	-	-	3,557	3,557	-	-	-
Effect of movements in foreign exchange	(12,309)	-	(5,893)	(3,532)	(21,734)	-	-	-
Balance at 30 June 2014	155,776	31,837	34,165	24,512	246,290	2,650	208	2,858
Amortisation								
Balance at 1 July 2012	18,594	-	16,816	2,981	38,391	500	207	707
Amortisation for the year	-	-	5,270	1,745	7,015	-	1	1
Disposals	(36)	-	-	-	(36)	-	-	-
Effect of movements in foreign exchange	(1,043)	-	1,076	(214)	(181)	-	-	-
Balance at 30 June 2013	17,515	-	23,162	4,512	45,189	500	208	708
Balance at 1 July 2013	17,515	-	23,162	4,512	45,189	500	208	708
Amortisation for the year	-	-	5,566	4,033	9,599	-	-	-
Effect of movements in foreign exchange	(1,178)	-	(1,521)	(1,784)	(4,483)	-	-	-
Balance at 30 June 2014	16,337	-	27,207	6,761	50,305	500	208	708
Carrying amounts								
At 1 July 2012	148,609	31,837	21,069	14,271	215,786	2,150	1	2,151
At 30 June 2013	150,570	31,837	16,896	19,975	219,278	2,150	-	2,150
At 1 July 2013	150,570	31,837	16,896	19,975	219,278	2,150	-	2,150
At 30 June 2014	139,439	31,837	6,958	17,751	195,985	2,150	-	2,150

Agencies

Agencies disclosed above represent the fair value assessed at the time of acquisition of certain indefinite life agency agreements acquired as part of the PML Holdings Limited group of companies and Med-Chem business.

Amortisation charge

The amortisation charge is recognised in the following line items in profit and loss:

	GROUP		*COMPANY*	
(NZD in thousands)	2014	2013	2014	2013
Administration expenses	3,967	1,745	-	1
Other operating expenses	5,632	5,270	-	-
	9,599	7,015	-	1

Impairment tests for cash generating units containing goodwill and capitalised agencies

The following segments have significant carrying amounts of goodwill and capitalised agencies:

	GROUP		*COMPANY*	
(NZD in thousands)	2014	2013	2014	2013
Resins goodwill	123,477	133,841	2,150	2,150
Specialties goodwill	15,962	16,729	-	-
Specialties agencies	31,837	31,837	-	-
	171,276	182,407	2,150	2,150

For the purposes of impairment testing, goodwill and agencies are allocated to the group's operating divisions which represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The recoverable amount of each cash-generating unit ("CGU") is based on value in use calculations. Those calculations use cash flow projections based on actual operating results, budgets and forecasts. Key budget and forecast assumptions, including market growth rates, wages growth rates and inflation are set based on independent economic forecasts for each relevant jurisdiction and approved at Board level. Detailed budgets and forecast cash flows are prepared for a two year period and are extrapolated using the following growth rates, in accordance with current business plans and forecasts and with reference to long term independent economic forecasts.

Growth rate assumptions:

Australian Resins	3%
New Zealand Resins	2%
Australia and New Zealand Specialties	2-3%
Europe Resins	2%
Americas Resins	1%

The period over which cash-flows are considered for each region is consistent with the Group's long term commitment and certainty of cash-flows in each region. The following pre-tax discount rates have been used in discounting the projected cash flows:

Discount rates used:

	2014	2013
New Zealand	15.6%	14.2%
Australia	15.2%	13.7%
Europe	11.0 - 11.9%	10.6 - 10.9%
Americas	15.1%	14.0%

There was a significant amount of headroom between the recoverable amount and the carrying value of goodwill by CGU and no impairment was recognised. The value in use calculations are sensitive to changes in interest rates, earnings and foreign exchange rates varying from the assumptions and forecast data used in the impairment testing. Sensitivity analysis was undertaken to examine the effect of a change in a variable on each CGU. Any reasonably possible change in the key assumptions on which recoverable amount is based would not create a situation where the carrying value of goodwill allocated to a particular CGU would exceed its recoverable amount.

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16. Trade and other payables

(NZD in thousands)	GROUP 2014	GROUP 2013	COMPANY 2014	COMPANY 2013
Current				
Trade payables and accrued expenses	287,834	314,061	8,510	10,868
Trade payables and accruals owed to subsidiaries	-	-	15,979	9,919
Fair value derivatives - Forward foreign exchange contracts	1,504	298	146	298
Fair value derivatives - Foreign currency swaps	19,723	9,119	-	-
	309,061	323,478	24,635	21,085
Non-current				
Payables to controlled entities	-	-	42,441	30,480
	-	-	42,441	30,480

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17. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 21.

	GROUP		*COMPANY*	
(NZD in thousands)	2014	2013	2014	2013
Current liabilities				
Finance lease liabilities	340	490	62	98
Bank overdraft	-	-	1,315	-
	340	490	1,377	98
Non-current liabilities				
Bank loans	184,251	152,987	51,000	52,600
USPP Debt	119,836	135,764	-	-
Finance lease liabilities	459	357	186	107
	304,546	289,108	51,186	52,707
Financing facilities				
Bank loans	245,380	236,160	-	-
Facilities utilised at reporting date				
Bank loans	184,251	152,987	-	-
Facilities not utilised at reporting date				
Bank loans	61,129	83,173	-	-

Terms and debt repayment schedule

The terms and conditions of outstanding loans were as follows:

		Nominal interest rate (excluding fees)			2014		2013	
(NZD in thousands)	Currency	2014	2013	Maturity	Face value	Carrying amount	Face value	Carrying amount
USPP debt	USD	6.13%	6.13%	Jul-19	119,836	119,836	135,764	135,764
Bank loan - Tranche A	NZD	4.77%	4.62%	Jul-17	57,000	57,000	78,263	78,263
Bank loan - Tranche B	NZD	4.92%	-	Jul-18	19,700	19,700	-	-
Bank loan - Tranche A	AUD	4.30%	5.14%	Jul-17	35,472	35,472	57,269	57,269
Bank loan - Tranche B	AUD	4.45%	-	Jul-18	13,974	13,974	-	-
Bank loan - Tranche A	USD	1.84%	2.49%	Jul-17	21,570	21,570	17,455	17,455
Bank loan - Tranche B	USD	1.99%	-	Jul-18	11,413	11,413	-	-
Bank loan - Tranche A	EUR	1.84%	-	Jul-17	23,980	23,980	-	-
Bank loan - Indonesia	USD	5.05%	-	Apr-19	1,142	1,142	-	-
Total interest bearing liabilities					304,087	304,087	288,751	288,751

Financing arrangements

Revolving multi-currency cash advance facilities

Bank loans are denominated in New Zealand Dollars, Australian Dollars, US Dollars and Euro. The Group's cash advance facilities include a multicurrency revolving syndicated facility split into two tranches, facility A with a limit of AUD150,000,000 expiring in July 2017, and facility B with a limit of AUD75,000,000 expiring in July 2018, and an Indonesian unsecured loan facility with a limit of USD4,000,000 and expiry of April 2019.

The syndicated facility agreement contains a negative pledge whereby Nuplex Industries Limited and a guaranteeing group of its subsidiary companies each undertakes to the lenders that it will not create or permit to subsist any security interest over any part of its property other than in limited circumstances. The guaranteeing group comprises all wholly owned subsidiary companies except Nuplex Resins (Vietnam) Limited, Nuplex Resins (Foshan) Co Limited, Nuplex Resins (Suzhou) Co Limited, Nuplex Resins (Changshu) Co Limited, Nuplex Resins (Thailand) Limited, Nuplex Industries (Hong Kong) Limited, Nuplex Producao de Resinas Ltda, and Nuplex Singapore Pte Ltd. A negative pledge is also granted under the USPP debt.

The Group's borrowings are subject to various covenants pursuant to the financing arrangements with the Group's bank lenders.

USPP debt

On 31 July 2012 the Group raised USD105m of debt from the US Private Placement market ("USPP") with a maturity of 31 July 2019 and an interest rate of 6.125%. The proceeds and ongoing obligations were converted into EUR via cross currency swap.

Finance lease liabilities

The Group leases equipment under finance leases expiring from one to five years. Finance lease liabilities of the Group and Company are payable as follows:

(NZD in thousands)		*GROUP*			*COMPANY*		
	2014	Minimum lease payments	Principal	Interest	Minimum lease payments	Principal	Interest
Less than one year		340	326	14	62	58	4
Between one and five years		459	439	20	186	175	11
		799	765	34	248	233	15
	2013	Minimum lease payments	Principal	Interest	Minimum lease payments	Principal	Interest
Less than one year		490	456	34	98	91	7
Between one and five years		357	337	20	107	98	9
		847	793	54	205	189	16

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18. Employee provisions

Current

	GROUP		COMPANY	
(NZD in thousands)	2014	2013	2014	2013
Bonus provisions	5,018	5,789	181	140
Liability for annual leave	10,169	11,126	953	1,078
Redundancy	713	2,331	-	1,390
Other	3,830	2,942	-	-
	19,730	22,188	1,134	2,608

Non Current

	GROUP		COMPANY	
(NZD in thousands)	2014	2013	2014	2013
Present value of unfunded obligations	4,988	5,792	-	-
Present value of funded obligations	27,305	24,164	-	-
Fair value of plan assets	(15,877)	(17,923)	-	-
Present value of net obligations	16,416	12,033	-	-
Liability for long-service leave	7,100	9,158	160	139
Other	470	865	-	-
Total non-current employee benefits	23,986	22,056	160	139

(a) Liability for defined benefit obligation
The Group makes contributions to three defined benefit plans that provide benefits for employees upon retirement. The plans include retirement schemes in Germany and The Netherlands and a United States medical scheme.

Categories of plan assets

	GROUP		COMPANY	
(NZD in thousands)	2014	2013	2014	2013
Equity instruments	2,949	2,627	-	-
Debt instruments	10,002	12,085	-	-
Property	1,481	1,751	-	-
Other assets	1,445	1,460	-	-
	15,877	17,923	-	-

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Movements in the net liability for defined benefit obligations:

	GROUP		COMPANY	
(NZD in thousands)	2014	2013	2014	2013
Net liability for defined benefit obligations at 1 July	29,956	30,210	-	-
Acquisitions/transfers	-	(1,302)	-	-
Benefits and settlements paid	(1,180)	(821)	-	-
Current service costs and interest	2,325	1,873	-	-
Employee contributions	150	-	-	-
Actuarial (gain)/loss	3,518	(1,709)	-	-
Exchange adjustment	(2,476)	1,705	-	-
Net liability for defined benefit obligations at 30 June	32,293	29,956	-	-

Movements in plan assets:

	GROUP		COMPANY	
	2014	2013	2014	2013
Fair value of plan assets at 1 July	17,923	14,850	-	-
Acquisitions/transfers	-	(335)	-	-
Employer contributions paid into the plan	-	700	-	-
Participant contributions paid into the plan	-	79	-	-
Benefits and settlements paid by the plan	(175)	(110)	-	-
Expected return on plan assets	610	625	-	-
Actuarial gain/(loss)	(1,191)	1,020	-	-
Exchange adjustment	(1,290)	1,094	-	-
Fair value of plan assets at 30 June	15,877	17,923	-	-

Expense recognised in profit and loss:

	GROUP		COMPANY	
	2014	2013	2014	2013
Current service costs	864	933	-	-
Interest expense	877	315	-	-
	1,741	1,248	-	-

The expense is recognised in the following lines in profit and loss:

	GROUP		COMPANY	
	2014	2013	2014	2013
Cost of sales	(1,103)	(918)	-	-
Administration expenses	(638)	(329)	-	-
	(1,741)	(1,248)	-	-

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It is expected that the Group will make contributions to plans of NZD0.8m and pay benefits from the plans of NZD0.6m in the year ended 30 June 2015.

Actuarial Assumptions:	*GROUP*		*COMPANY*	
	2014	2013	2014	2013
Discount rate	1.28 to 2.90%	3.5 to 4.00%	-	-
Return on plan assets	3.50%	4.20%	-	-
Salary increases	2.50%	2.50%	-	-

Through its defined benefit plans the group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields	A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the debt instruments held.
Inflation risks	The majority of the plans' benefit obligations are linked to salary inflation, and higher inflation will lead to higher liabilities. The majority of the plan assets are either unaffected by (fixed debt instruments) or loosely correlated with (equities) inflation.
Asset volatility	The plan liabilities are calculated using a discount rate set with reference to government bond yields; if plan assets underperfrom this yield this will increase the deficit.

The sensitivity of the defined benefit obligation to changes in significant assumptions is:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 9.5%	Increase by 11.0%
Salary increases	0.5%	Increase by 0.9%	Decrease by 0.8%

The weighted average duration of the defined benefit schemes to which the group contributes are 9.3 years for the Netherlands retirement schemes, 22.6 years for the German retirement scheme and 2.3 years for the United States medical scheme.

Trend data	2014	2013	2012	2011	2010
Defined benefit obligation	(32,293)	(29,956)	(30,210)	(10,630)	(16,064)
Assets of the plans	15,877	17,923	14,850	-	1,796
Net obligation	(16,416)	(12,033)	(15,360)	(10,630)	(14,268)
Experience adjustments arising on plan assets	1,133	1,090	-	(23)	44
Experience adjustments arising on plan liabilities	(65)	1,099	(58)	(446)	(184)

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Share Based Incentive Schemes

The Company has a Performance Rights Plan that entitles key management personnel to receive shares in the Company after a three or four year vesting period subject to Total Shareholder Return ("TSR") and Earnings Per Share ("EPS") performance hurdles. The first tranche of the scheme was approved by shareholders in November 2010 and involved the issue of 1,371,668 rights with a vesting period commencing 1 July 2010 and tested for vesting at 30 June 2013 and 30 June 2014 if not fully vested at the earlier date, rights lapsed at 30 June 2014 unvested. The second tranche of the scheme was issued in September 2011 and involved the issue of 1,702,274 rights with a vesting period commencing 1 July 2011 and tested for vesting at 30 June 2014 and 30 June 2015 if not fully vested at the earlier date, rights lapse at 30 June 2015 if unvested. The third tranche of the scheme was issued in September 2012 and involved the issue of 2,239,384 rights with a vesting period commencing 1 July 2012 and tested for vesting at 30 June 2015 and 30 June 2016 if not fully vested at the earlier date, rights lapse at 30 June 2016 if unvested. The fourth tranche of the scheme was issued in September 2013 and involved the issue of 1,886,886 rights with a vesting period commencing 1 July 2013 and tested for vesting at 30 June 2016 and 30 June 2017 if not fully vested at the earlier date, rights lapse at 30 June 2017 if unvested.

For all but the September 2013 issue the rights are equally split into those tested against a TSR performance hurdle and those tested against an EPS performance hurdle and rights vest on a sliding scale depending on performance against targets set at grant date in each case, subject also to continuing service with the Company. For the September 2013 issue the EPS performance hurdle has been replaced by a Return on Funds Employed hurdle.

The grant date fair value of the rights was measured based on Monte Carlo sampling for those subject to a TSR hurdle. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of those fair values were:

	2014	2013
Share price at grant date:	NZD3.50	NZD3.09
Risk free rate (based on Govt. bonds)	3.36%	2.56%
Dividend Yield	6.7%	8.1%
Volatility	24%	26%

(NZD in thousands)	*GROUP*		*COMPANY*	
(Income)/Expense recognised in the income statement	2014	2013	2014	2013
Performance Rights granted in 2011 financial year - equity settled	(289)	324	(43)	108
Performance Rights granted in 2012 financial year - equity settled	(22)	100	12	32
Performance Rights granted in 2012 financial year - cash settled	(8)	(180)	-	-
Performance Rights granted in 2013 financial year - equity settled	320	572	90	181
Performance Rights granted in 2013 financial year - cash settled	146	180	-	-
Performance Rights granted in 2014 financial year - equity settled	655	-	166	-
Performance Rights granted in 2014 financial year - cash settled	236	-	-	-
	1,038	996	225	321

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19. Provisions

(NZD in thousands)	GROUP			COMPANY	
	Site restoration	Other	Total	Site restoration	Total
Balance at 1 July 2013	4,393	1,335	5,728	2,216	2,216
Provisions made during the year	2,159	295	2,454	470	470
Provisions used or reversed during the year	(3,491)	(1,244)	(4,735)	(437)	(437)
Exchange rate adjustment	(97)	-	(97)	-	-
Balance at 30 June 2014	2,964	386	3,350	2,249	2,249
2014					
Current	2,964	386	3,350	2,249	2,249
Non-current	-	-	-	-	-
Total	2,964	386	3,350	2,249	2,249
2013					
Current	4,393	1,335	5,728	2,216	2,216
Non-current	-	-	-	-	-
Total	4,393	1,335	5,728	2,216	2,216

Site restoration
Provisions for site restoration are made where the Group has an obligation to remediate a site on which contamination has occurred. Provisions are based upon prior experience and surveyors reports. The amounts are expected to be utilised within the year.

Other
Other provisions include provisions for costs to defend legal claims.

20. Capital and reserves

Reconciliation of movement in capital and reserves

	GROUP							
	Attributable to equity holders of the parent							
(NZD in thousands)	Share capital	Share Based Payments reserve	Translation reserve	Retained earnings	Hedging reserve	Total	Non-controlling Interest	Total Equity
Balance at 1 July 2012	364,244	1,751	(32,155)	220,663	160	554,663	7,108	561,771
Total comprehensive income for the year	-	-	(3,024)	44,402	(4,688)	36,690	2,626	39,316
Shares issued	4,209	-	-	-	-	4,209	-	4,209
Performance rights plan	-	996	-	-	-	996	-	996
Dividends paid	-	-	-	(41,455)	-	(41,455)	(2,377)	(43,832)
Balance as at 30 June 2013	368,453	2,747	(35,179)	223,610	(4,528)	555,103	7,357	562,460
Balance at 1 July 2013	368,453	2,747	(35,179)	223,610	(4,528)	555,103	7,357	562,460
Total comprehensive income for the year	-	-	(45,529)	49,310	(10,694)	(6,913)	1,385	(5,528)
Performance rights plan	-	663	-	-	-	663	-	663
Dividends paid	-	-	-	(41,672)	-	(41,672)	(1,700)	(43,372)
Balance as at 30 June 2014	368,453	3,410	(80,708)	231,248	(15,222)	507,181	7,042	514,223

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	Share capital	Share Based Payments	Retained earnings	Hedging reserve	Total
Balance at 1 July 2012	364,244	1,751	73,239	(217)	439,017
Total comprehensive income for the year	-	-	3,588	(244)	3,344
Shares issued	4,209	-	-	-	4,209
Performance rights plan	-	996	-	-	996
Dividends paid	-	-	(41,455)	-	(41,455)
Balance as at 30 June 2013	368,453	2,747	35,372	(461)	406,111
Balance at 1 July 2013	368,453	2,747	35,372	(461)	406,111
Total comprehensive income for the year	-	-	5,454	(333)	5,121
Performance rights plan	-	663	-	-	663
Dividends paid	-	-	(41,672)	-	(41,672)
Balance as at 30 June 2014	368,453	3,410	(846)	(794)	370,223

Share capital

	COMPANY AND GROUP			
	(In thousands of shares)		(NZD in thousands)	
Fully Paid Ordinary shares	2014	2013	2014	2013
On issue at 1 July	198,126	196,748	368,453	364,244
Dividend reinvestment plan	-	1,378	-	4,209
On issue at 30 June	198,126	198,126	368,453	368,453

The holders of ordinary shares are entitled to receive dividends as declared from time to time, are entitled to one vote per share at meetings of the Company and participate equally on winding up of the Company.

Share based payments reserve

The share based payments reserve comprises the equity impact of the Group's performance rights plan as disclosed in note 18.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the functional currency of the reporting entity, as well as from the translation of liabilities designated as hedges of the Company's net investment in a foreign subsidiary.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of effective cash flow hedging instruments related to hedged transactions that have not yet occurred.

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Dividends

Dividends recognised in the current and previous years by the Company are as follows:

(NZD in thousands)	2014				2013			
	Cents per share	Total amount	Imputation cents per share	Date of payment	Cents per share	Total amount	Imputation cents per share	Date of payment
Interim current year ordinary	10.0	19,813	Nil	Apr-14	10.0	19,950	1.4	Apr-13
Final prior year ordinary	11.0	21,794	Nil	Oct-13	11.0	21,794	Nil	Oct-12
Total amount	21.0	41,607			21.0	41,744		

Dividends include tax credits from the Company's Imputation Credit Account as noted above. Dividends did not include any Australian franking credits.

After the balance sheet date the following dividends were proposed by the directors. The dividends have not been provided.

(NZD in thousands)	Cents per share	Total amount	Imputation cents per share	Date of payment
Final Dividend	11.0	21,794	Nil	13 October 2014

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Imputation credits

	GROUP	
	2014	2013
(NZD in thousands)		
Balance at 1 July	528	2,240
Prior year adjustment	(16)	(11)
Tax paid / (refunded) and interest applied	934	1,073
Imputation credits attached to dividends paid	-	(2,774)
Balance at 30 June	1,446	528

The Company is part of a New Zealand tax group with the Group's other New Zealand domiciled entities. The imputation credit balance presented above represents that of the Group.

Australian franking credits

	GROUP	
	2014	2013
(AUD in thousands)		
Balance at 1 July	1,034	679
Franking credits attached to dividends received	693	441
Prior year adjustment	(762)	(438)
Tax paid	71	352
Balance at 30 June	1,036	1,034

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21. Financial risk management

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. This note presents information about the Group's exposure to those risks, the objectives, policies and processes for measuring and managing financial risks, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are set to identify and analyse the risks faced by the Group, to set appropriate limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Group.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables
The Group has a credit policy which restricts the exposure to individual trade debtors. Each new customer is analysed for creditworthiness before the Group offers payment and delivery terms. The review includes external ratings where available. Credit limits are established for each customer, representing the maximum open amount without requiring approval from senior management or the board. The Board of Directors reviews the exposure to trade debtors on a regular basis. 12% of the Group's revenue is attributable to one global group of customers under common control. Separately identifiable unmodified inventory sold to customers is subject to a retention of title clause in the normal course of business, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade receivables.

Guarantees
The Company has issued a guarantee to HSBC to enable associate company Synthese Thailand Co Limited to borrow up to THB100million (2013: THB205million).

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	GROUP		*COMPANY*	
	2014	2013	2014	2013
(NZD in thousands)				
Trade and other receivables	351,075	366,125	12,009	13,871
Cash and cash-equivalents	73,137	91,790	-	3,630
Forward exchange contracts used for hedging:				
Assets	-	3,335	-	-
	424,212	461,250	12,009	17,501

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The maximum exposure to credit risk for financial assets at the reporting date by geographic region was:

	GROUP		COMPANY	
	2014	2013	2014	2013
(NZD in thousands)				
New Zealand	23,471	29,664	10,842	17,283
Australia	89,028	111,371	559	3
Americas	36,861	34,487	-	-
Europe	163,254	165,815	-	-
Asia	111,598	119,913	608	215
	424,212	461,250	12,009	17,501

The aging of trade receivables at the reporting date was:

	GROUP				COMPANY			
	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013
(NZD in thousands)								
Not past due	272,800	(117)	249,450	(417)	6,446	-	6,726	-
Past due 0-30 days	37,802	-	57,959	(4)	3,789	-	4,778	-
Past due 31-90 days	13,823	-	14,618	(78)	1,065	-	1,112	-
Past due 91 days or more	3,778	(1,488)	6,985	(2,129)	332	(59)	151	(424)
Total	328,203	(1,605)	329,012	(2,628)	11,632	(59)	12,767	(424)

The movement in the allowance for impairment in respect of trade receivables during the year was:

	GROUP		COMPANY	
	2014	2013	2014	2013
(NZD in thousands)				
Balance at 1 July	2,628	2,284	424	321
Impairment loss recognised/(reversed)	177	569	147	133
Utilisation of existing provisions	(1,357)	(279)	(512)	(30)
Exchange adjustment	157	54	-	-
Balance at 30 June	1,605	2,628	59	424

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures as far as possible that it maintains sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.
In addition to the group debt facility, companies in the Group maintain operating credit facilities for day to day operational purposes.
The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements:

	GROUP						
	2014						
(NZD in thousands)	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	5 years or more
Non-derivative financial liabilities							
Bank loans	183,110	203,496	4,368	4,368	8,737	186,023	-
USPP Debt	119,836	149,501	3,670	3,670	7,340	11,010	123,811
Finance lease liabilities	765	799	170	170	278	181	-
Trade and other payables	287,834	287,834	287,834	-	-	-	-
Derivative financial liabilities							
Foreign Currency swaps							
Outflow	19,723	172,978	3,933	3,933	7,867	23,601	133,644
Inflow		(160,206)	(3,670)	(3,670)	(7,340)	(22,020)	(123,506)
Forward exchange contracts							
Outflow	1,504	67,210	66,584	626	-	-	-
Inflow	-	(65,698)	(65,095)	(603)	-	-	-
	612,772	655,914	297,794	8,494	16,882	198,795	133,949

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	2013						
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	5 years or more
Non-derivative financial liabilities							
Bank loans	152,987	162,628	4,260	4,260	154,108	-	-
USPP Debt	135,764	169,374	4,158	4,158	8,316	12,473	140,269
Finance lease liabilities	793	847	245	245	308	49	-
Trade and other payables	314,061	314,061	314,061	-	-	-	-
Derivative financial liabilities							
Foreign Currency swaps							
Outflow	9,119	195,322	4,248	4,248	8,497	25,490	152,839
Inflow		(189,816)	(4,158)	(4,158)	(8,316)	(24,947)	(148,237)
Forward exchange contracts							
Outflow	298	46,682	46,069	613	-	-	-
Inflow	(3,335)	(50,329)	(49,696)	(633)	-	-	-
	609,687	648,769	319,187	8,733	162,913	13,065	144,871

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(NZD in thousands)	2014						
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	5 years or more
Non-derivative financial liabilities							
Bank loans	51,000	57,996	1,481	1,481	2,963	52,071	-
Finance lease liabilities	233	248	31	31	67	119	-
Trade and other payables	24,489	24,489	24,489	-	-	-	-
Derivative financial liabilities							
Forward exchange contracts							
Outflow	146	9,385	9,385	-	-	-	-
Inflow	-	(9,238)	(9,238)	-	-	-	-
	75,868	82,880	26,148	1,512	3,030	52,190	-

	2013						
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	5 years or more
Non-derivative financial liabilities							
Bank loans	52,600	55,461	1,259	1,259	52,943	-	-
Finance lease liabilities	189	206	49	49	107	1	-
Trade and other payables	20,787	20,787	20,787	-	-	-	-
Derivative financial liabilities							
Forward exchange contracts							
Outflow	298	3,654	3,654	-	-	-	-
Inflow	-	(3,952)	(3,952)	-	-	-	-
	73,874	76,156	21,797	1,308	53,050	1	-

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The following table indicates the periods in which the cash-flows associated with derivatives that are cash-flow hedges are expected to occur:

	GROUP						
	2014						
(NZD in thousands)	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	5 years or more
Currency swaps							
Liabilities	(19,723)	(12,774)	(264)	(264)	(527)	(1,581)	(10,138)
Forward exchange contracts							
Assets	-	65,698	65,095	603	-	-	-
Liabilities	(1,504)	(67,210)	(66,584)	(626)	-	-	-
	(21,227)	(14,286)	(1,753)	(287)	(527)	(1,581)	(10,138)
	2013						
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	5 years or more
Currency swaps							
Liabilities	(9,119)	(5,508)	(91)	(91)	(181)	(543)	(4,602)
Forward exchange contracts							
Assets	3,335	50,329	49,696	633	-	-	-
Liabilities	(298)	(46,682)	(46,069)	(613)	-	-	-
	(6,082)	(1,861)	3,536	(71)	(181)	(543)	(4,602)

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	COMPANY						
	2014						
(NZD in thousands)	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	5 years or more
Forward exchange contracts							
Assets	-	9,238	9,238	-	-	-	-
Liabilities	(146)	(9,385)	(9,385)	-	-	-	-
	(146)	(147)	(147)	-	-	-	-
	2013						
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	5 years or more
Forward exchange contracts							
Assets	-	3,952	3,952	-	-	-	-
Liabilities	(298)	(3,654)	(3,654)	-	-	-	-
	(298)	298	298	-	-	-	-

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The following table indicates the periods in which the cash-flows associated with derivatives that are cash-flow hedges are expected to impact profit and loss:

	GROUP						
	2014						
(NZD in thousands)	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	5 years or more
Currency swaps							
Liabilities	(19,723)	(2,680)	(264)	(264)	(527)	(1,581)	(44)
Forward exchange contracts							
Assets	-	65,698	65,095	603	-	-	-
Liabilities	(1,504)	(67,210)	(66,584)	(626)	-	-	-
	(21,227)	(4,192)	(1,753)	(287)	(527)	(1,581)	(44)
	2013						
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	5 years or more
Currency swaps							
Liabilities	(9,119)	(1,283)	(91)	(91)	(181)	(543)	(377)
Forward exchange contracts							
Assets	3,335	50,329	49,696	633	-	-	-
Liabilities	(298)	(46,682)	(46,069)	(613)	-	-	-
	(6,082)	2,364	3,536	(71)	(181)	(543)	(377)

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	COMPANY					
	2014					
(NZD in thousands)	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Forward exchange contracts						
Assets	-	9,238	9,238	-	-	-
Liabilities	(146)	(9,385)	(9,385)	-	-	-
	(146)	(147)	(147)	-	-	-

	2013					
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Forward exchange contracts						
Assets	-	3,952	3,952	-	-	-
Liabilities	(298)	(3,654)	(3,654)	-	-	-
	(298)	298	298	-	-	-

Market risk
The Group is exposed to the risk that changes in foreign exchange rates and interest rates will affect the Group's income or value of financial instruments. The objective of managing these risks is to control exposures within acceptable parameters while optimising the impact on return.

The Group utilises forward currency contracts and interest rate swaps in the ordinary course of business in order to manage these risks. All such transactions are carried out within the guidelines of the Group's Treasury policy as set by the Board. The Group applies hedge accounting where permitted in order to limit volatility in profit and loss.

Capital management
The Group's capital structure comprises a mixture of equity, USPP debt, bank debt of varying tenure and cash. The structure gives a balance between costs of each component, the liquidity risk, the quantum of unused facilities and tenure such that the Group has adequate facilities available at all times to meet its short and medium term cash needs for operations, capital expenditure, financing and pursuit of growth opportunities.

Interest rate risk
The Group has adopted a policy of ensuring that 40-100% of its exposure to interest rates to reset within a year is fixed, that 30-80% of its exposure to rates to reset from one to three years time is fixed and that 0-60% of exposure to rates to reset from three to five years time is fixed. The Board regularly monitors compliance with this policy.

Interest rate risk profile
At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	GROUP		*COMPANY*	
	2014	2013	2014	2013
(NZD in thousands)				
Fixed rate instruments				
Financial Assets	-	-	-	-
Financial Liabilities	(120,635)	(136,611)	(248)	(205)
	(120,635)	(136,611)	(248)	(205)
Variable rate instruments				
Financial Assets	73,137	91,790	-	3,630
Financial Liabilities	(184,251)	(426,209)	(52,315)	(52,600)
	(111,114)	(334,419)	(52,315)	(48,970)

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have impacted equity and profit by the amounts shown below. The analysis assumes all other variables remain constant. The analysis is performed on the same basis for 2013.

	GROUP				*COMPANY*			
	Equity 2014	Profit 2014	Equity 2013	Profit 2013	Equity 2014	Profit 2014	Equity 2013	Profit 2013
(Impact NZD in thousands)								
100bp increase								
Variable rate instruments	-	(844)	-	(371)	-	377	-	405
Cash-flow sensitivity (net)	-	(844)	-	(371)	-	377	-	405
100bp decrease								
Variable rate instruments	-	844	-	371	-	(377)	-	(405)
Cash-flow sensitivity (net)	-	844	-	371	-	(377)	-	(405)

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Effective interest rates and repricing analysis
In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

GROUP

2014

(NZD in thousands)	Effective interest rate	Amount of interest rate hedged	Total	6 months or less	6-12 months	1-2 years	2-5 years	5 years or more
Cash and cash equivalents	1.01	-	73,137	73,137	-	-	-	-
Bank loans:								
AUD loan	4.38	-	(49,446)	(49,446)	-	-	-	-
USD loan	1.91	-	(32,983)	(32,983)	-	-	-	-
EUR loan	1.84	-	(23,980)	(23,980)	-	-	-	
NZD loan	4.85	-	(76,700)	(76,700)	-	-	-	-
USPP Debt	6.13	-	(119,836)	-	-	-	-	(119,836)
Finance lease liabilities			(765)	(163)	(163)	(266)	(173)	-
			(230,573)	(110,135)	(163)	(266)	(173)	(119,836)

2013

(NZD in thousands)	Effective interest rate	Amount of interest rate hedged	Total	6 months or less	6-12 months	1-2 years	2-5 years	5 years or more
Cash and cash equivalents	1.42	-	91,790	91,790	-	-	-	-
Bank loans:								
AUD loan	5.14	-	(57,269)	(57,269)	-	-	-	-
USD loan	2.49	-	(17,455)	(17,455)	-	-	-	-
NZD loan	4.62	-	(78,263)	(78,263)	-	-	-	-
USPP Debt	6.13	-	(135,764)	-	-	-	-	(135,764)
Finance lease liabilities			(793)	(228)	(228)	(289)	(48)	-
			(197,754)	(61,425)	(228)	(289)	(48)	(135,764)

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2014						
(NZD in thousands)	Effective interest rate	Amount hedged	Total	6 months or less	6-12 months	1-2 years
Cash and cash equivalents	0.00	-	-	-	-	-
Bank loan	4.96	-	(51,000)	(51,000)	-	-
Finance lease liabilities			(233)	(29)	(29)	(176)
			(51,233)	(51,029)	(29)	(176)

2013						
(NZD in thousands)	Effective interest rate	Amount hedged	Total	6 months or less	6-12 months	1-2 years
Cash and cash equivalents	2.00	-	3,630	3,630	-	-
Bank loan	4.68	-	(52,600)	(52,600)	-	-
Finance lease liabilities			(189)	(46)	(46)	(97)
			(49,159)	(49,016)	(46)	(97)

Currency risk
The Group has exposure to foreign exchange risk as a result of transactions in currencies other than the functional currency of the transacting Group entity. The Group uses forward exchange instruments to manage elements of these exposures. Significant exposures occur primarily in USD, EUR and AUD.

The Group aims to cover 80-100% of its 3 month forecast net currency exposure, up to 50% of its 4-6 month net exposure and up to 25% of its 7-12 month net exposure.

With the exception of the USPP debt, Interest on borrowings is denominated in currencies that match the cash-flows generated by the underlying operations of the Group. This provides an economic hedge and no derivatives are entered into in this respect. The principal and interest payments on the USPP debt have been translated from USD to EUR using fixed to fixed currency swaps, with the objective of matching the currency of the assets of the entities in which the debts reside.

Forecast transactions
The Group hedge accounts its forward exchange contracts. These contracts are fair valued and any effective portion of hedge valuation movement is shown in the statement of changes in equity. The net fair value of these forward exchange contracts at 30 June was NZD(1,504,000) (2013: NZD3,037,000), comprising liabilities of NZD1,504,000 and (2013: assets of NZD3,335,000 and liabilities of NZD298,000) that were recognised in fair value derivatives. Contracts are taken out for periods of 1 to 12 months depending upon the timing of the anticipated foreign currency cash-flows that the contracts hedge.

Exposure to currency risk
The Group's exposure to foreign currency risk was as follows based on notional amounts:

			GROUP			
	AUD	USD	EUR	AUD	USD	EUR
(NZD in thousands)	2014	2014	2014	2013	2013	2013
Non functional currency amounts						
Trade receivables and cash balances	1,843	25,611	27,782	1,933	21,089	24,026
Trade Payables	(5,539)	(21,429)	(21,200)	(6,053)	(22,557)	(24,195)
Gross statement of financial position exposure	(3,696)	4,182	6,582	(4,120)	(1,468)	(169)
Subsidiary net assets	313,152	51,348	79,578	303,698	73,717	105,665
Forward exchange contracts	4,007	50,551	9,063	768	35,566	4,776
Statement of financial position exposure	313,463	106,081	95,223	300,346	107,815	110,272
Profit in functional currency	(10,134)	14,417	18,179	(5,195)	16,197	16,386

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	COMPANY					
	AUD 2014	USD 2014	EUR 2014	AUD 2013	USD 2013	EUR 2013
Trade receivables and cash balances	559	608	-	1,460	773	11
Trade Payables	(1,181)	(2,286)	(57)	(1,181)	(2,286)	(57)
Gross statement of financial position exposure	(622)	(1,678)	(57)	279	(1,513)	(46)
Forward exchange contracts	3,453	5,827	101	142	3,402	99
Statement of financial position exposure	2,831	4,149	44	421	1,889	53

The following significant exchange rates applied during the year:

	Average rate		Reporting date mid-spot rate	
	2014	2013	2014	2013
USD	0.83	0.82	0.88	0.77
AUD	0.90	0.80	0.93	0.85
EUR	0.61	0.64	0.64	0.60

Sensitivity analysis

A 10% strengthening of the NZD against the following currencies at 30 June would have impacted equity and profit by the amounts shown below. The analysis assumes all other variables remain constant. The analysis is performed on the same basis for 2013.

	GROUP				COMPANY			
	Equity 2014	Profit 2014	Equity 2013	Profit 2013	Equity 2014	Profit 2014	Equity 2013	Profit 2013
Increase / (Decrease) (NZD in thousands)								
AUD	(31,676)	1,383	(30,437)	932	(311)	62	(13)	(28)
EUR	(8,094)	(2,476)	(10,685)	(1,622)	(9)	6	(9)	5
USD	(6,217)	(1,860)	(8,358)	(1,473)	(424)	168	(336)	151

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Fair values
The fair values together with the carrying amounts shown in the statement of financial position are as follows:

		GROUP				
		2014				
		At fair value	Loans and receivables	Other amortised cost	Carrying amount	Fair value
(NZD in thousands)	Note					
Trade and other receivables	**11**	-	351,075	-	351,075	351,075
Cash and cash equivalents		-	73,137	-	73,137	73,137
Interest rate and currency swaps:						
Liabilities	**16**	(19,723)	-	-	(19,723)	(19,723)
Forward exchange contracts:						
Assets		-	-	-	-	-
Liabilities	**16**	(1,504)	-	-	(1,504)	(1,504)
Bank loans	**17**	-	-	(184,251)	(184,251)	(184,251)
USPP debt	**17**	-	-	(119,836)	(119,836)	(119,836)
Finance lease liabilities	**17**	-	-	(799)	(799)	(770)
Trade and other payables	**16**	-	-	(287,834)	(287,834)	(287,834)
		(21,227)	424,212	(592,720)	(189,735)	(189,706)
Unrecognised (losses) / gains						29

		2013				
		At fair value	Loans and receivables	Other amortised cost	Carrying amount	Fair value
(NZD in thousands)	Note					
Trade and other receivables	**11**	-	366,125	-	366,125	366,125
Cash and cash equivalents		-	91,790	-	91,790	91,790
Interest rate and currency swaps:						
Liabilities		(9,119)	-	-	(9,119)	(9,119)
Forward exchange contracts:						
Assets		3,335	-	-	3,335	3,335
Liabilities		(298)	-	-	(298)	(298)
Bank loans	**17**	-	-	(152,987)	(152,987)	(152,987)
USPP debt	**17**	-	-	(135,764)	(135,764)	(135,764)
Finance lease liabilities	**17**	-	-	(847)	(847)	(829)
Trade and other payables	**16**	-	-	(314,061)	(314,061)	(314,061)
		(6,082)	457,915	(603,659)	(151,826)	(151,808)
Unrecognised (losses) / gains						18

COMPANY

(NZD in thousands)	Note	2014 At fair value	2014 Loans and receivables	2014 Other amortised cost	2014 Carrying amount	2014 Fair value
Trade and other receivables	**11**	-	15,391	-	15,391	15,391
Cash and cash equivalents		-	-	-	-	-
Forward exchange contracts:						
Liabilities		(146)	-	-	(146)	(146)
Bank loan	**17**	-	-	(51,000)	(51,000)	(51,000)
Finance lease liabilities	**17**	-	-	(248)	(248)	(199)
Trade and other payables	**16**	-	-	(24,489)	(24,489)	(24,489)
		(146)	15,391	(75,737)	(60,492)	(60,443)
Unrecognised (losses) / gains						49

(NZD in thousands)	Note	2013 At fair value	2013 Loans and receivables	2013 Other amortised cost	2013 Carrying amount	2013 Fair value
Trade and other receivables	**11**	-	15,766	-	15,766	15,766
Cash and cash equivalents		-	3,630	-	3,630	3,630
Forward exchange contracts:						
Liabilities		(298)	-	-	(298)	(298)
Bank loan	**17**	-	-	(52,600)	(52,600)	(52,600)
Finance lease liabilities	**17**	-	-	(205)	(205)	(209)
Trade and other payables	**16**	-	-	(20,787)	(20,787)	(20,787)
		(298)	19,396	(73,592)	(54,494)	(54,498)
Unrecognised (losses) / gains						(4)

Estimation of fair values

The methods used in determining fair values of financial instruments are discussed in note 1(x).

NZ IFRS 7 dictates a hierarchy of valuation methods for determining the fair value of financial instruments, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than level 1 quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data.

All of the Group and Company assets and liabilities valued at fair value are valued using level 2 methods.

Interest rates used for determining fair value

The entity uses the government yield curve as of 30 June 2014 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2014	2013
Leases	7% - 8%	7% - 8%

All assets and liabilities measured at fair value are valued using inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

22. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	GROUP		COMPANY	
(NZD in thousands)	2014	2013	2014	2013
Less than one year	7,897	7,254	1,830	2,273
Between one and five years	13,780	16,265	4,405	5,809
More than five years	15,429	14,017	14,086	14,017
	37,106	37,536	20,321	22,099

The Group leases a number of warehouse, factory facilities and other operating equipment under operating leases. With the exception of New Zealand property leases, the leases typically run for a period of 3 to 5 years, with an option to renew the lease after that date. None of the leases include contingent rentals.

During the year ended 30 June 2014, NZD12,550,000 was recognised as an expense in profit and loss in respect of operating leases (2013: NZD12,117,000).

23. Capital and other commitments

	GROUP		COMPANY	
(NZD in thousands)	2014	2013	2014	2013
Plant and equipment contracted but not provided for and payable:				
Within one year	18,600	19,420	-	-
	18,600	19,420	-	-

24. Contingent liabilities

US Class Action.

Proceedings purporting to be a class action were commenced in Kentucky in March 2010 in connection with alleged contamination of the area surrounding the plant of a wholly owned subsidiary in Louisville Kentucky. The plaintiffs claim to represent a group of local residents. The claim has not been progressed during the year and damages remain unspecified.

Guarantees of Group Debt

The Company and all the material wholly owned subsidiaries, outside of China and Vietnam, have entered into:
(a) the syndicated facility agreement with the Group's syndicated facility bank lenders whereby all the Group companies that are party to the agreement have guaranteed the repayment of all liabilities under certain designated documents, including the syndicated facility agreement, certain other bank loans and hedging transactions; and
(b) subsidiary guarantees in respect of the Group's debt raised from the US Private Placement market ("USPP").

HSBC Guarantee

The Company has issued a guarantee to HSBC to enable associate company Synthese Thailand Co Limited to borrow up to THB100million (2013: THB205million), equivalent to NZD3.7million (2013: NZD8.1million). Nuplex has discharged the JV partner Thai Urethane Plastic Co Limited from its indemnity against 48% of all losses, costs, damages, expenses, claims and demands which may be incurred or sustained by reason or on account of having given the guarantee. Nuplex granted this discharge as part of its commitment to increase the funds available to Synthese Thailand Co Limited to meet an obligation to purchase plant and equipment from Thai Urethane Plastic Co Limited. This transaction was executed in January 2008.

Weathertight Homes Resolution

Plaster Systems Limited (PSL) has been named as a respondent in various claims in the Weathertight Homes Tribunal and New Zealand High Court. PSL has provided for the costs of settlement of these claims as a current provision. PSL has denied liability for damages under these claims but has participated in the settlement process and contributed towards remediation costs without reverting to its full legal remedies as a gesture of good faith and to protect the reputation of its products' suitability for purpose.

Siegwerk

The Company is subject to legal proceedings in respect of product that was used in connection with the manufacture of lacquer used in the lining of cans of tuna, the subject of a product recall in 2004 and 2005. The Company was successful in its initial defence of the proceedings however on appeal, the court ordered a retrial. The quantum of the claim against the company is $2.25m (plus interest) and if unsuccessful on retrial, the Company would be required to pay the claimant's legal costs as assessed by the court.

The directors consider that no further provisions are required in respect of these matters as they are considered unlikely to result in future liability and/or the quantum of any future liability is not capable of reliable measurement.

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25. Investments

The subsidiary and associate companies comprise:

	Principal Activity	Directors **	Country of Incorporation other than NZ	% Held 2014	% Held 2013
Nuplex Finance Holdings Limited	Investment and group finance company	2, 7		100%	100%
Nuplex Operations (New Zealand) Limited (formerly PML Holdings Limited)	Non-operating holding company	2, 7		100%	100%
Nuplex Specialties NZ Limited (formerly: Polychem Marketing Limited)	Import and distribution of specialty chemicals	2, 7, 10		100%	100%
Nuplex US Holdings Limited	Investment and group finance company	2, 7		100%	100%
Plaster Systems Limited	Manufacture of pre-mixed lightweight and strengthening plasters	2, 7		100%	100%
Asia Pacific Specialty Chemicals Limited	Manufacturer and supplier of specialty products, additives and ingredients	1, 2, 7	Australia	100%	100%
Aushold Pty Limited	Non-operating holding company	2, 7	Australia	100%	100%
Multichem Pty Limited	Import and distribution of specialty chemicals	2, 7, 11	Australia	100%	100%
Nuplex Industries (Aust) Pty Limited	Manufacture, import and distribution of synthetic resins and emulsions, metal driers, paper-making chemicals and food ingredients	2, 7, 11	Australia	100%	100%
Nuplex Operations (Aust) Pty Limited	Non-operating holding company	2, 7	Australia	100%	100%
Quaker Chemical (Australasia) Pty Limited	Distributor of specialty products	None	Australia	0%	49%
RPC Pipe Systems Pty Limited	Manufacture and distribution of GRP piping	None	Australia	0%	50%
Nuplex Producao de Resinas Ltda	Manufacture and distribution of synthetic resins	2, 4, 9	Brazil	100%	100%
Nuplex Resins (Changshu) Co Limited*	Manufacture and distribution of synthetic resins	2, 3, 13	China	100%	100%
Nuplex Resins (Foshan) Co Limited*	Manufacture and distribution of synthetic resins	2, 3, 13	China	100%	100%
Nuplex Resins (Suzhou) Co Limited*	Manufacture and distribution of synthetic resins	2, 3, 13, 14	China	100%	100%
Nuplex Industries GmbH	Non-operating holding company	2, 5, 12, 16	Germany	100%	100%
Nuplex Resins GmbH	Manufacture and distribution of synthetic resins	2, 5, 9, 16	Germany	100%	100%
Nuplex Industries (Hong Kong) Limited	Non-operating	2, 7	Hong Kong	100%	100%
PT Nuplex Raung Resins	Manufacture and distribution of synthetic resins	2, 3, 13	Indonesia	80%	80%

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	Principal Activity	Directors **	Country of Incorporation other than NZ	% Held 2014	% Held 2013
Synthese (Malaysia) Sdn bhd	Manufacture and distribution of synthetic resins	2, 3, 5, 13	Malaysia	62%	62%
Nuplex Industries BV	Non-operating holding company	2, 7	Netherlands	100%	100%
Nuplex Resins BV	Manufacture and distribution of synthetic resins	2, 5, 7, 8, 9, 12, 15	Netherlands	100%	100%
Nuplex Sino Chemicals BV	Non-operating holding company	2, 7	Netherlands	100%	100%
Nuplex Singapore Pte Ltd	Administration	1, 2, 13, 14	Singapore	100%	100%
Nuplex Resins (Thailand) Limited	Non-operating holding company	2, 7	Thailand	100%	100%
Synthese (Thailand) Co Limited*	Manufacture and distribution of synthetic resins	2, 5, 13	Thailand	47.5%	47.5%
Innospec Valvemaster Limited* (formerly Octel Valvemaster Limited)	Distributor of specialty products	1, 2	United Kingdom	50%	50%
Nuplex Industries UK Limited	Non-operating holding company	2, 7	United Kingdom	100%	100%
Nuplex Resins Limited	Manufacture and distribution of synthetic resins	2, 7	United Kingdom	100%	100%
Silvertown Land Holdings Limited	Property holding company	2, 7	United Kingdom	100%	100%
Nuplex Resins LLC	Manufacture and distribution of synthetic resins	2, 4, 7	United States	100%	100%
Nuplex Resins (Vietnam) Limited	Manufacture and distribution of synthetic resins	1, 2, 13, 18	Vietnam	100%	100%
Nuplex Resins LLC	Manufacture and distribution of synthetic resins	2, 5, 7, 17	Russia	100%	0%

'All the above companies have a balance date of 30 June, except companies marked "*" which are 31 December for statutory compliance purposes.

** - Nuplex executives acting as directors of the above companies are as follows:
1 Emery Severin. 2 Ian Davis. 3 Lai Wei Young. 4 Mike Kelly. 5 Paul Kieffer. 6 Robert Skarvan. 7 James Williams. 8 Pieter Geuze. 9 Norm Stallard. 10 Ivan Tottle.
11 Zel Medak. 12 Ardi van Wijk. 13 Ruben Mannien. 14 Clare Yong. 15 Steven van den Biggelaar. 16 Herbert Witossek. 17 Peter Ronald Dyer. 18 Stuart Barry.

26. Related parties

The Company has a related party relationship with its subsidiaries and associates (see note 25) and with its directors and executive officers.

Transactions with subsidiaries and associates
Transactions with subsidiaries and associates are carried out on an arms length basis.

The Group transacts in the normal course of business with its associates on commercial terms. In addition to dividends disclosed in note 12, the following amounts were received from associates during the year:

	2014	2013
Management fees	280	354
Toll manufacturing fees	1,526	1,876
Sale of goods and services	4,378	2,797

The following transactions are carried out between the Company and its subsidiaries:

	2014	2013
Sale of goods and services	11,386	5,943
Purchases of goods and services	(19,547)	(7,236)
Intra-group management charges	(5,195)	(5,804)

Dividends received from subsidiaries - refer note 3
Interest received and paid - refer note 7
Loans to subsidiaries and associates - refer note 11
Current receivables - refer note 11
Current payables - refer note 16

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Transactions with key management personnel

None of the key management personnel were members of the defined benefit retirement schemes referred to in note 18.

The key management personnel compensation was as follows:

(NZD in thousands)	2014	2013
Directors remuneration - short term benefits	851	953
Executive officers remuneration:		
Short term benefits	8,684	7,744
Post employment benefits	429	394
Long term incentives	374	(32)
Share based payments accrued	1,212	986
	10,699	9,092

Total cash remuneration for the 11 executives who have been part of the Nuplex Executive team for the entire 2014 financial year was NZD7,253,247 (2013: NZD8,167,212)

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27. Reconciliation of the Net Profit with the Net Cash Flows from Operating Activities:

	GROUP		COMPANY	
(NZD in thousands)	2014	2013	2014	2013
Profit for the period	54,650	46,847	5,454	3,588
Non-cash items:				
Depreciation	26,815	26,114	1,202	1,111
Tax	15,382	17,801	2,137	1,396
Amortisation	9,599	7,015	-	1
Impairment	-	13,362	-	-
Provisions	588	(604)	487	434
Doubtful debts provisions	(967)	289	(366)	(103)
Employee loan provision	-	-	-	-
Intercompany dividends and interest	-	-	(15,015)	53
Equity earnings of associate	(2,099)	(1,843)	-	-
	49,318	62,134	(11,555)	2,892
Classified as investing/financing:				
Loss/(profit) on sale of business, property, plant and equipment	(1,218)	753	(5)	410
	(1,218)	753	(5)	410
(Increase)/Decrease in working capital:				
Receivables	(12,402)	(3,599)	30,739	3,392
Inventories	(14,887)	(10,684)	1,630	(959)
Creditors	(5,518)	32,063	29,797	8,351
	(32,807)	17,780	62,166	10,784
Income tax (paid)/received	(20,592)	(16,941)	(1,307)	2,044
Dividend received from associate	1,738	1,215	-	-
Cash Flow from Operating Activities	51,089	111,788	54,753	19,718

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Reconciliation of statement of financial position working capital movements to operating cash-flow

	2014				2013			
	Receivables	Inventories	Creditors and current provisions	Total Working Capital	Receivables	Inventories	Creditors and current provisions	Total Working Capital
Balance as at 1 July	369,460	238,312	(351,394)	256,378	361,835	234,354	(316,680)	279,509
Balance as at 30 June	351,075	232,980	(332,141)	251,914	369,460	238,312	(351,394)	256,378
Statement of financial position movement	18,385	5,332	(19,253)	4,464	(7,625)	(3,958)	34,714	23,131
Retranslation of foreign currency balances	(31,599)	(20,070)	29,297	(22,372)	4,315	(5,206)	(1,159)	(2,050)
Business investment/divestment impacts	(155)	(400)	(189)	(744)	-	(563)	7,002	6,439
Movement in provision for doubtful debts	967	-	-	967	(289)	-	-	(289)
Movement in provision for obsolete stock	-	251	-	251	-	(957)	-	(957)
Movement in provisions	-	-	383	383	-	-	(432)	(432)
Movement in Hedges	-	-	(15,756)	(15,756)	-	-	(8,062)	(8,062)
Working capital cash-flow from operating activities	(12,402)	(14,887)	(5,518)	(32,807)	(3,599)	(10,684)	32,063	17,780