NUPLEX 2014 ANNUAL REPORT

nuplex®

CREATING THE CHEMISTRY BEHIND EVERYDAY PRODUCTS EVERYWHERE

CONTENTS

OUR SIGHTS ARE FIRMLY SET ON OUR AMBITION TO BE

A WORLD LEADING, TRUSTED INDEPENDENT RESINS MANUFACTURER AND LEADING SPECIALTY CHEMICALS DISTRIBUTOR IN AUSTRALIA & NEW ZEALAND.

OUR STRATEGY IS TO ACHIEVE SUPERIOR SHAREHOLDER RETURNS BY DELIVERING HIGH QUALITY PRODUCTS TO OUR CUSTOMERS THROUGH PURSUING OPERATIONAL EXCELLENCE, INNOVATION AND BUILDING MARKET-LEADING POSITIONS.

STRENGTHENING THROUGH OPERATIONAL EXCELLENCE

- SAFETY
- PEOPLE
- NuLEAP

GROWING THROUGH BUILDING MARKET-LEADING POSITIONS

- STRATEGIC ACQUISITIONS
- R&D
- EMERGING MARKETS

Nuplex is a leading global manufacturer of resins used in paints, coatings and structural materials. The Company has an integrated sales, manufacturing and R&D network located across Australia, New Zealand, Asia, Europe and North America. Nuplex supplies resins used in a wide variety of paint and coating applications, including decorative and trim paint, automotive coatings, vehicle refinish, wood flooring and furniture coatings, metal furniture coatings, consumer electronics and whitegoods coatings, marine and protective coatings, and coatings for infrastructure and transport. Our products are sold in 80 countries around the world.

OVERVIEW

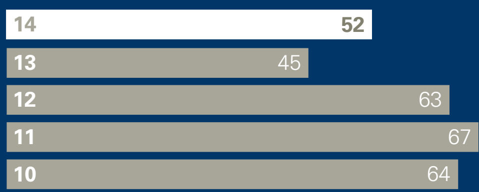
- Net profit after tax[1] $52.4 million, up 17.7%
- EBITDA[2] $125.7 million, in line with last year's $126.4 million
- Dividend maintained at 21 cents per share
- Gearing[3] was 31.1%, up from 26.0% and within target range of 20 to 35%
- Working capital to sales ratio averaged 15%
- Return on Funds Employed[4] steady at 11.0%
- Earnings growth in Europe, Asia and Americas was offset by lower earnings in ANZ due to weaker than expected conditions in Australia
- Achieved a world-class safety performance
  - Total reportable injury rate for employees per million hours worked of 4.4
- ANZ restructure almost complete
  - Manufacturing network restructure to be completed by the end of 2014
  - Reorganisation of business units completed
  - $5.1 million in cost savings realised in FY2014
  - Expected to deliver $6.4 million in incremental cost savings in FY2015
  - Returns expected to improve in FY2015
- Asian capacity expansion program on track
  - Capacity will be increased by 75% by the end of calendar year 2014 vs end FY2011
  - By the end of calendar 2014, new site in China and additional capacity in Indonesia to be commissioned
  - Expected to drive earnings and improved returns in FY2016
- NuLEAP II global procurement program delivered incremental benefits of $12.7 million

REVENUE (IN NZ$M)

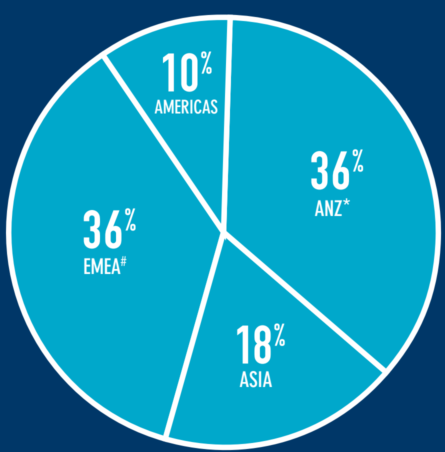
EBITDA (IN NZ$M)

OPERATING PROFIT (IN NZ$M)

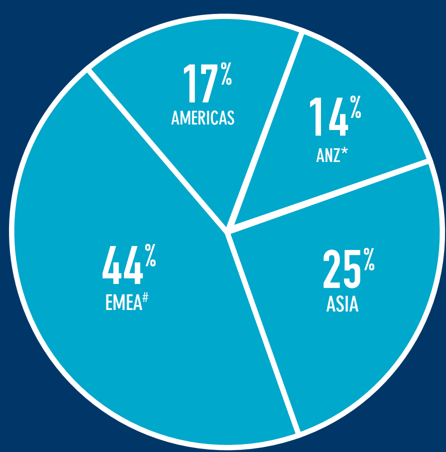
NET PROFIT AFTER TAX (IN NZ$M)



REGIONAL SALES (%)



REGIONAL EBITDA (%)



* Australia & New Zealand
\# Europe, Middle East & Africa

1 Profit available to equity holders of the parent company.
2 Earnings before interest, tax, depreciation, amortisation, significant items, associates and minority interests.
3 Net debt to net debt plus equity.
4 Defined as earnings before interest, tax and significant items. divided by average funds employed.

CHAIRMAN'S REPORT

THE BOARD REMAINS COMMITTED TO NUPLEX'S STRATEGY TO GROW EARNINGS AND IMPROVE RETURNS FOR SHAREHOLDERS THROUGH INITIATIVES THAT STRENGTHEN AND GROW NUPLEX.

PETER SPRINGFORD

Dear fellow Shareholders

I was pleased to accept the role as Chairman of Nuplex Industries, a company which is growing in emerging markets, has good customer relationships and unique intellectual property. After a period of investment and consolidation, these attributes position this now globally diversified company for growth in the future.

FINANCIAL PERFORMANCE

Operating earnings before interest, tax, depreciation and amortisation (EBITDA) was $125.7 million this financial year compared with $126.4 million in FY2013. Earnings growth in Europe and Asia, and steady earnings in the Americas was offset by a decline in earnings from Australia and New Zealand. Weaker than expected market conditions in Australia resulted in both lower volumes and lower margins.

The reported net profit available to shareholders for the 2014 Financial Year was $52.4 million, up 17.7% from $44.5 million in the 2013 Financial Year.

The result was negatively impacted by a net $2.6 million in significant items. This is the aggregate impact of a number of different entries, some positive and some negative. The two largest were the $7.5 million gain on the sale of Nuplex's equity investment in its operating joint venture with Quaker Chemical and an $8.8 million loss on the sale of the 'Fibrelogic' joint venture.

Net profit attributable to shareholders (but excluding significant items) was $55.0 million, down 3% from $56.8 million in the prior financial year.

DIVIDEND

A final dividend of 11 cents per share has been declared by the Board, which brings the total dividend paid for the 2014 Financial Year to 21 cents per share, in line with that paid last year. This represents a payout ratio of 80% of net profit attributable to shareholders, which is above the target range of 55 to 65%. The Board has previously committed to maintaining the level of dividends per share at prior year levels, if possible, while still maintaining a strong balance sheet. The increased payout ratio is consistent with the Board's confidence in the Company's current and expected performance and cash flow.

STRATEGY

The Board remains committed to Nuplex's strategy to grow earnings and improve returns for shareholders. This is being done through initiatives that strengthen and grow Nuplex, such as expanding our presence in emerging markets and utilising innovative research and development.

Although this year there was a significant fall in earnings in Australia, Nuplex was still able to maintain earnings, albeit at disappointing levels. This resulted from the success of the Company's strategy in Europe, Asia and the Americas which generated earnings growth and improving returns in the 2014 Financial Year.

The Nuplex I joined as a Director in 2009 is a very different one from your Company today. Over the past five years, Nuplex has transitioned from a New Zealand company with a strong regional position in Australia and New Zealand and some global operations into a global company proud of its New Zealand heritage but with a focus on growth in Asia and other emerging markets. Or put another way, in the 2010 Financial Year, 41% of earnings (as measured by EBITDA, net of corporate costs) were generated in Australia and New Zealand, with 59% generated from Asia, Europe and the Americas. This year, approximately 86% of EBITDA was generated from Asia, Europe and the Americas.

To achieve this, Nuplex has invested $172.6 million in capacity expansion projects in the faster growing Asian economies and a value-generating acquisition in Europe.

Looking ahead to the 2015 Financial Year, the Board expects capital invested to strengthen the core business, particularly in Australia and New Zealand, will start to improve returns. In the 2016 Financial Year, we expect returns to increase as a result of our investment in the growing emerging markets.

We continue to be confident that the actions taken to strengthen and grow the Company over the past few years will enable Nuplex to reach Returns on Funds Employed (ROFE) of greater than 16% between 2016 and 2018, depending on market conditions.

LIVING THE VALUES

Two of Nuplex's corporate values which drive our success as one global team are Safety and Integrity.

Safety

For the first time in the Company's history, Nuplex is now achieving a world-class safety performance. This is particularly pleasing as it is the culmination of many years of continual focus on improving safety procedures and processes. This level of performance was achieved a year earlier than the target timeframe set by the Board. Whilst world-class safety performance is an excellent result, the challenge now is for Nuplex to continue to improve and achieve our vision of Zero Harm.

Integrity

Integrity is another of our corporate values that unify our 1,900 employees. Although increasing operations in developing countries provides some challenges in terms of languages and local customs, for example, acting with integrity is fundamental to the way Nuplex employees conduct themselves wherever they are based.

Training in our Code of Conduct and Ethics is undertaken annually in all our operations either online or in workshops. The online training is, for example, currently being translated into Russian so those employees understand what is expected of them. Regardless of the delivery, there is an unwavering commitment throughout the organisation that all employees will behave with integrity.

The majority of our customers in the developing markets are existing regional and global coating companies. We will sell to them in the new markets just as we do in Europe and other developed countries.

BOARD CHANGES

At last year's Annual Meeting, Rob Aitken stepped down as Chairman of the Board, having held the role since 2008. He also indicated that this will be his last term as Non-Executive Director of Nuplex. I would like to thank Rob for his five years as Chairman, particularly guiding the Company through the unprecedented challenges of the Global Financial Crisis. Under his leadership, Nuplex commenced a disciplined strategy to improve returns and grow earnings through operational excellence and to build market-leading positions.

In August 2014, Jerry Maycock let me know that given an increase in his work commitments, he would be resigning as a Non-Executive Director of your Company at the 2014 Annual Meeting. I would like to thank Jerry for the valuable contribution he has made since joining the Board in 2011.

We have begun the search for two Non-Executive Directors. Given Nuplex's global operations we are focusing on identifying candidates who have a unique mix of industry and international experience.

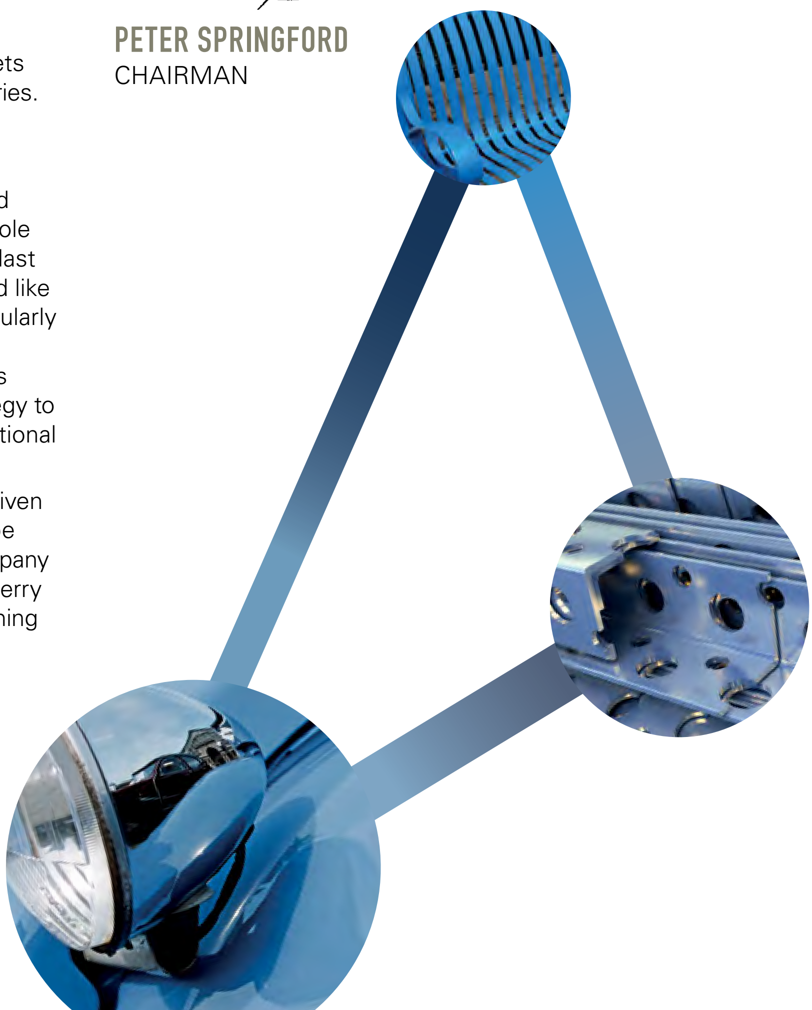
CONCLUSION

On behalf of the Board I wish to extend our thanks to Nuplex's 1,900 employees worldwide. It is their hard work, commitment, innovation and integrity that keep Nuplex competitive.

Nuplex has made good progress executing those strategic initiatives needed to position your Company to deliver above cost of capital returns by 2018 at the latest. Looking ahead, we are confident that the allocation of capital to high growth opportunities in Asia, value-creating opportunities in Europe and programs to deliver operational and asset efficiencies in Australia and New Zealand will drive the required improvement in returns. These will start to become evident in the 2015 Financial Year.

I also thank you, our shareholders, for your patience and support. The 2014 Financial Year presented a number of unexpected challenges, especially in Australia; however, we achieved a solid result and made good progress with the strategies to further strengthen and grow Nuplex. I look forward to updating you further at the Annual Meeting in November.

PETER SPRINGFORD
CHAIRMAN



CHIEF EXECUTIVE OFFICER'S REPORT

IN PARALLEL TO STRENGTHENING NUPLEX, WE ARE ALSO PURSUING INITIATIVES TO GROW THROUGH BUILDING MARKET- LEADING POSITIONS.

EMERY SEVERIN

Dear Shareholders

While we finished the 2014 Financial Year with a flat profit result, over the past 12 months we placed ourselves in a much better position to deliver improved returns to shareholders over the next few years by making significant progress in executing our strategy to both strengthen and grow Nuplex.

The uplift in profits in Europe and Asia again reflected the ongoing benefit of our initiatives to strengthen our global operations. This uplift enabled us to offset the impact of continued weakening market conditions in Australia, which has been an ongoing drag on our performance for some time.

RESULTS OVERVIEW

Strong earnings growth in the global Resins segment was offset by lower earnings from the ANZ focused Specialties segment, largely as a result of lower earnings in the agency & distribution business in Australia.

Resins segment

Pleasingly, Resins segment earnings were up 10.5% to $111.5 million, from $100.9 million in the prior year. Volume growth of 3.5% reflected the aggregate of volume growth of 7.9% in Asia, 4.4% in Europe, 7.0% in the Americas, moderated by a 4.7% decline in volumes in Australia & New Zealand (ANZ).

Overall earnings growth in the Resins segment reflected the continued growth in Asia over the year and the strong growth in Europe in the second half as demand picked up across southern and northern Europe, especially in the automotive sector. Earnings also benefited from the successful implementation of NuLEAP II, the global procurement program. Growth in the segment was tempered by the performance of ANZ where earnings were weighed on by one-off costs of restructuring, lower coating resins margins due to local pricing pressure and lower composite margins as a result of import competition.

Specialties segment

The Specialties segment, which comprises of the ANZ focused agency & distribution business, Nuplex Specialties, as well as the plastic additives business, Nuplex Masterbatch had a challenging year. EBITDA of $14.2 million was down 44.3% compared to the prior financial year, primarily due to lower margins in the agency & distribution business. This was a result of pricing pressures within the industry supply chains in which we operate and the impact of the stronger US dollar on our imported products (being the bulk of our distribution business). The second business within this segment, Nuplex Masterbatch, experienced lower volumes as a result of market declines and a loss of market share.

For more detail and insight regarding the performance of each of the regions, please see the Regional Presidents' updates in the coming pages.

2014 PROGRESS

As communicated previously, there are two parts to our strategy. Firstly, we are strengthening Nuplex through a focus on operational excellence. This is being achieved through a variety of initiatives focused on safety, engaging and empowering our people and pursuing operational efficiency via our NuLEAP programs.

In parallel to strengthening Nuplex, we are also pursuing initiatives to grow the Company through the building of market-leading positions. This is being achieved through initiatives focused on expanding our presence in emerging markets, undertaking research and development activities that deliver innovative products and taking a disciplined approach to portfolio management via mergers and acquisitions.

The strategy scorecard set out on pages 10 and 11 highlights our progress in these areas.

ANZ RESTRUCTURE

Importantly, during the year we completed the majority of the work associated with restructuring ANZ.

Following the past few years of structural decline in Australia's manufacturing sector, there has been a permanent reduction in demand for our products in this part of the world. In order to align ourselves with these reshaped markets and position the business for future success, we have streamlined the manufacturing network and reorganised the business units within ANZ.

We are on track to reduce the region's production capacity by 30%. In the first half of the 2014 Financial Year, the sites at Onehunga in New Zealand and Wangaratta in Victoria, Australia, as well as a reactor at our site in Penrose, New Zealand, were decommissioned. The final site to be decommissioned is Canning Vale in Western Australia following the upgrade of our site at Wacol in Queensland, Australia. This is expected to occur by the end of the 2014 calendar year.

As 2014 unfolded and the further permanent deterioration of market conditions became evident, we saw the need to do more in order to position the business for the long term. So between February and April 2014, we reorganised the ANZ businesses. By doing so we reduced the region's overhead cost structure, and simplified the organisation through the removal of a layer of management. Two business units were established:

- **Resins:** The management of the Coating Resins, Composites, Pulp & Paper and Construction Products businesses have been brought together into a single business unit.
- **Specialties:** The agency & distribution business, Nuplex Specialties, and the plastic additives business, Nuplex Masterbatch, are now being managed as one business unit.

In total the manufacturing, streamlining and business unit reorganisation incurred $5.8 million of one-off costs and generated approximately $5.1 million of incremental benefits during the year. Next year these initiatives will deliver incremental benefits of approximately $6.4 million and are expected to improve the returns generated from this region.

IMPROVING RETURNS IN THE 2015 FINANCIAL YEAR AND BEYOND

The 2015 Financial Year will be a critical year for Nuplex as we complete a number of key projects that we have been working on over the last few years. Importantly, we expect them to begin to deliver improved returns and earnings to shareholders in the next one to two years.

In ANZ, we will complete the restructuring. We are confident that the restructure undertaken will enable the region to be more productive and efficient, which will deliver improved returns to shareholders in the coming year.

In Asia, in what will be a major milestone for the Company, we will complete the program of work to increase the region's capacity by 75% when compared to the capacity at the beginning of the 2012 Financial Year.

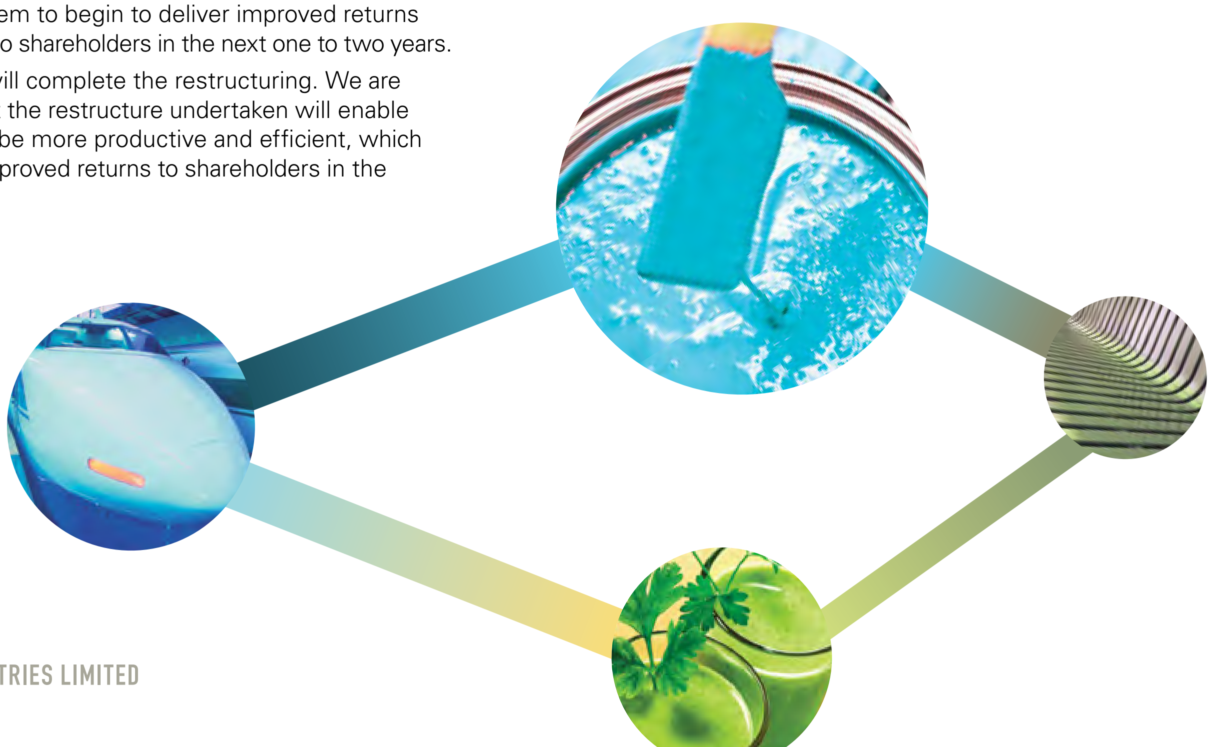
This will occur through the commissioning of the new site in China and the new capacity at our existing site in Indonesia. Whilst commissioning the new site will initially result in an increase in the operating costs, the region's return on funds employed is forecast to stay above our target 16% in the 2015 Financial Year. In the 2016 Financial Year we expect this five-year investment program to deliver a meaningful increase in the regions' profits and returns.

It will be an exciting year from an R&D perspective as we launch a new isocyanate free, fast-curing resins technology at the 2015 European Coatings Show in April. Given the initial customer feedback that this could potentially be a breakthrough development for the coatings industry, we are looking forward to launching this new technology.

This is a challenging yet rewarding time to be leading your Company. Over the past few years, markets, and particularly those in Australia, have weighed on our ability to deliver earnings growth. However the progress made towards strengthening Nuplex's operations and building market-leading positions, particularly in Europe and Asia, have provided Nuplex with a strong foundation to deliver growing earnings and improved returns in the next few years.

Finally, I would like to thank all our people, customers, suppliers and shareholders for their continued support over the past year. We could not progress our strategy without your support.

EMERY SEVERIN
CHIEF EXECUTIVE OFFICER



FINANCIAL REVIEW

NZ$ MILLIONS	FY2014	FY2013	CHANGE ACTUAL FX	CHANGE CONSTANT FX[6]
SALES REVENUE	1,639.9	1,664.9	(1.5)%	0.9%
EBITDA – REPORTED	125.7	126.4	(0.6)%	(0.3)%
– UNDERLYING[1,4,5]	131.5	132.7	(0.9)%	(0.2)%
NPAT ATTRIBUTABLE TO SHAREHOLDERS – REPORTED	52.4	44.5	17.7%	14.1%
– UNDERLYING[2,4,5]	55.0	56.8	(3.1)%	(5.3)%
EARNINGS PER SHARE (CENTS) – REPORTED	26.4	22.5	17.7%	14.1%
– UNDERLYING[4,5]	27.8	28.7	(3.1)%	(5.3)%
DIVIDEND PER SHARE (CENTS)	21.0	21.0		
OPERATING CASH FLOW	51.1	111.8		
WORKING CAPITAL TO SALES RATIO	15.3%	14.7%		
RETURN ON FUNDS EMPLOYED (ROFE)[3]	11.0%	11.1%		

FINANCIAL OVERVIEW

Group **sales revenue** of $1,639.9 million was down 1.5% when compared with the prior financial year of $1,664.9 million. Had the New Zealand dollar remained unchanged over the 12 months, sales revenue would have been up 0.9% to $1,679.6 million.

Nuplex's **earnings before interest, tax, depreciation, amortisation, significant items, associates and minority interests** (EBITDA[4,5]) of $125.7 million was down 0.6% when compared with $126.4 million in the prior financial year. Had foreign exchange rates remained unchanged from last year, EBITDA for the 2014 Financial Year would have been $126.0 million.

In comparison to the prior financial year, in constant currency terms, EBITDA reflected:

- Global Resins segment operating EBITDA up 9.8% as earnings growth in Europe and Asia offset the weaker performance in ANZ.
- Overall volumes were up 3.5%. Volumes increased by 7.9% in Asia, 7.0% in the Americas and 4.4% in EMEA, offsetting a 4.7% decline in ANZ.
- Constant currency unit margins were down 1.3% compared with the prior year reflecting:
  - lower ANZ Resins segment margins arising from pricing pressure due to overcapacity in the coating resins market and import competition in the composites market;
  - in the first half the business in EMEA deliberately pursued lower margin volume in spot markets to offset softer market demand;
  - the increased proportion of earnings from Asia where percentage EBITDA margins are comparable or better than the global average, but unit margins are lower.
- The ANZ focused Specialties segment operating EBITDA down 40.5% due to:
  - margin pressure in the agency & distribution business, Nuplex Specialties, as a result of pricing pressure arising from competitive forces within the supply chain and the impact of the strengthening US dollar on imported products;
  - lower volumes in the Masterbatch business arising from a loss of market share and an overall decline in market volumes.
- $5.1 million in cost savings from ANZ restructuring activities (approximately $4.2 million from the manufacturing network restructure and approximately $0.9 million from the reorganisation of the business units).
- $12.7 million in incremental benefits from NuLEAP II's global procurement program.

The income **tax rate** applicable to operating profit for the period was 23.1%, down from 25.4% in the prior financial year. The rate reflects the benefit of a settlement with the US Internal Revenue Service, a shift in the geographic mix of earnings towards the lower tax rate jurisdictions of Asia, and the impact of reduced earnings in Australia (with its relatively higher tax rate).

1 Before ANZ Restructure costs of $5.8 million (2013: $6.3 million).

2 Before significant items of $2.6 million (2013: $12.3 million).

3 Return on Funds Employed: earnings before interest, tax and unusual items divided by average funds employed.

4 Nuplex Industries Limited's statutory results are reported under International Financial Reporting Standards (IFRS). Throughout this document, non-IFRS profit measures including EBITDA and Underlying NPAT have been included as they are measures used by the Board and management in assessing the performance of the business and are presented to provide a greater understanding of underlying performance.

5 EBITDA and Underlying NPAT and EPS exclude the effects of significant income and expenses associated with asset impairments, acquisitions, divestments and legal cases where the income or expense is the result of an isolated non-recurring event.

6 Constant currency comparisons are presented on the basis of translating FY2014 results at the exchange rates in force for the FY2013 financial year.

FINANCIAL REVIEW

Nuplex reported **net profit after tax attributable to shareholders** (NPAT) **after significant items** for the 12 months ended 30 June 2014 of $52.4 million, up 17.7% from $44.5 million[7] in the prior financial year.

Significant items[8] after tax were $2.6 million, down from $12.3 million in the prior financial year. Significant items included a gain on sale of $7.5 million associated with the sale of Nuplex's equity investment in the Quaker Chemical (Australasia) Pty Ltd joint venture, and an $8.8 million loss on disposal related to Nuplex's investment in the RPC Pipe Systems ('Fibrelogic') joint venture.

NPAT before significant items for the 2014 Financial Year was $55.0 million, down 3.1% year on year compared to NPAT before significant items in the prior financial year of $56.8 million.

As a result of increased NPAT, **earnings per share** (EPS) was 26.4 cents, up 17.7% from 22.5 cents in the prior financial year.

Nuplex's **return on funds employed** (ROFE) for the 12 months ended 30 June 2014 was 11.0% compared to 11.1% for the prior corresponding year. Nuplex continues to work towards achieving its return on funds employed target of over 16% within the two-year period between the 2016 and 2018 Financial Years and expects ROFE to increase in the coming financial year.

In absolute and per unit terms, **operating and fixed-costs** were down year on year as a result of rationalisation activities, the procurement program as part of NuLEAP II and foreign exchange movements.

Nuplex's average **funding cost** over the year was 5.2%, down from 6.0% in the prior corresponding year, due to the renegotiation of Nuplex's banking facilities in December 2013 and an increasing proportion of debt being held in low interest rate jurisdictions. The average drawn debt for the period was $297.2 million compared with $289 million in the prior year.

KEY BALANCE SHEET MOVEMENTS

Nuplex's **working capital** to sales ratio[9] was 15.3% as at 30 June 2014. The ratio was up from 14.6% as at 31 December 2013. The 12-month average was 15.0%, at the bottom end of the target range of 15 to 17%.

The higher ratio was driven by an increase in the value of inventory in Australia due to the impact of the weaker AUD, a temporary increase in holdings as a result of the reconfiguration of the ANZ manufacturing network and changes in customer payment patterns around the Group which increased the value of debtors outstanding.

As at 30 June 2014, net debt was $231.7 million. **Gearing**[10] was 31.1% up from 28.5% as at 31 December 2013, and up from 26.0% as at 30 June 2013 due to the investment in new capacity in Asia and the $10 million (€6.5 million) acquisition in Russia. Gearing remains within the Board's target range of between 20 to 35%.

CASH FLOW PERFORMANCE

Operating cash flow of $51.1 million was down 54% on the prior financial year. This reflected an increase in working capital.

Cash used in investing activities of $58 million included net divestment cash inflows of $5.4 million and capital expenditure of $63.2 million. Divestment cash flows included proceeds from sale of the Plaster Systems NZ land and buildings, proceeds from the sale of Nuplex's investment in Quaker Chemical (Australasia) Pty Limited and outflows associated with the divestment of Nuplex's holding in RPC Pipe Systems Pty Limited.

Stay-in-business (SIB) capital expenditure for the year was $21.1 million, equivalent to 78% of depreciation. SIB expenditure included costs associated with the refurbishment of the Botany offices in Australia for the first time in almost 40 years; the aggregation of all the Auckland-based sales teams into a single location; and the completion of the rollout of the ERP system.

Capital expenditure for growth was $42.1 million for the 2014 Financial Year. Major items included the costs associated with the new site at Changshu in China ($18.8 million), the site expansion in Suzhou ($2.0 million), the upgrading of the Wacol site in Queensland, Australia ($12.0 million), the fixed assets relating to the Russian investment ($4.9 million) and the initial costs of constructing the new capacity in Indonesia ($1.4 million).

Cash used in financing activities of $3.7 million included dividend payments of $43.4 million and net proceeds from borrowings of $39.7 million. Dividend payments increased from the prior year's $39.6 million due to the operation of the dividend reinvestment plan for the FY2012 final dividend.

DIVIDEND

A final **dividend** of 11 cents per share has been declared by the Board, bringing the total dividend paid for the 2014 Financial Year to 21 cents per share and consistent with the total dividend paid per annum over the past three years.

The final dividend will be paid on 13 October 2014 to all shareholders on the register on 29 September 2014 and it will carry no imputation credits for New Zealand shareholders or franking credits for Australian shareholders. The Dividend Reinvestment Plan will not be active.

The total dividend of 21 cents per share represents an 80% payout ratio of net profit available to shareholders. Whilst exceeding Nuplex's target dividend payout ratio range of between 55 and 65% of earnings for the period, the dividend policy allows the Board to determine the dividend in the context of the Company's current and expected performance, cash flow and gearing.

7 2013 Financial Year NPAT has been restated from $42.9 million. This change has been made following a change in the accounting standard NZIAS 19. For more information, please refer to the Accounting Policy Note in the Financial Statements.

8 The complete list of significant items is included in note 2 in the Financials Statements.

9 Inventories plus trade and other receivables less trade and other payables divided by sales for the 12 months to balance date.

10 As measured by net debt to net debt plus equity.

SEGMENT RESULTS

Volumes in the global Resins segment were up 3.5%. Volumes increased by 7.9% in Asia, 7.0% in the Americas and 4.4% in EMEA, offsetting a 4.7% decline in ANZ.

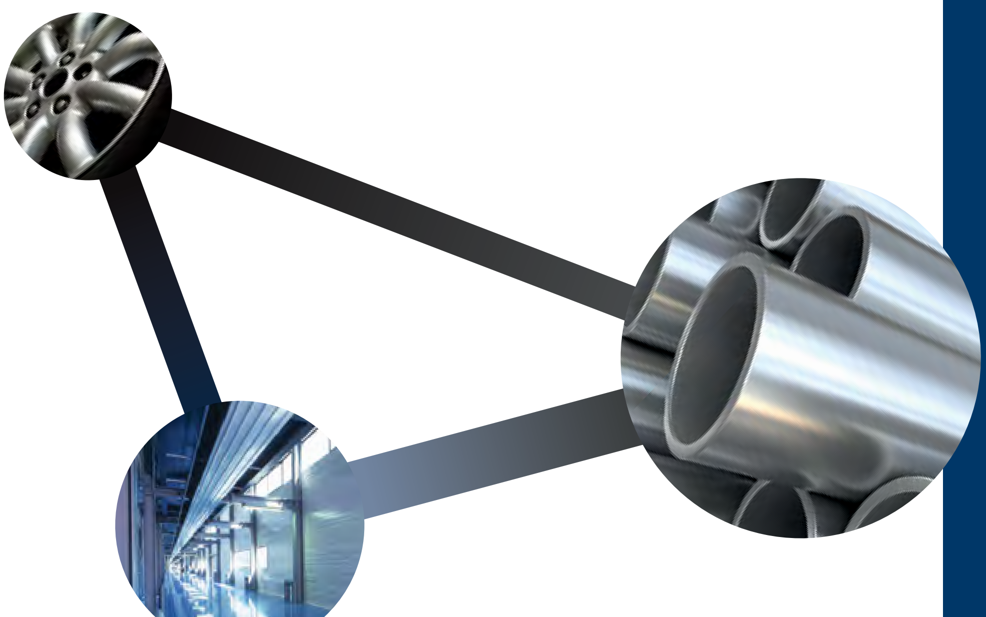
On a constant currency basis, unit margins were down 1.3%. This was due to pricing pressure in ANZ in the Coating Resins and Composites businesses and lower margin business in EMEA in the first half. The increased proportion of earnings from Asia also impacted unit margins because whilst the percentage EBITDA margins generated in this region are comparable or better than the global average due to lower operating and overhead costs, unit margins are lower.

Resins segment EBITDA was $111.5 million, up 10.5% year on year (up 9.8% in constant currency) as earnings growth in Europe and Asia offset the weaker performance in ANZ.

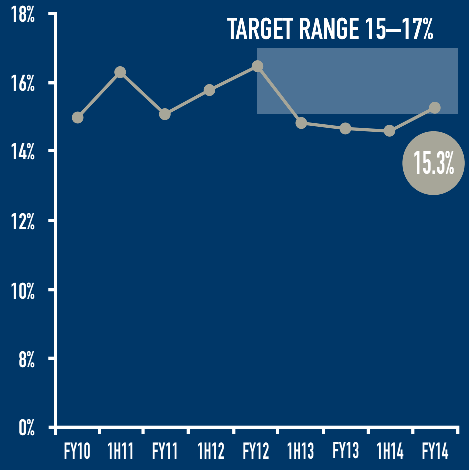
Raw material costs over the six-month period were stable in Asia, EMEA and the Americas. In ANZ, raw material costs increased over the period, driven by the appreciation of the US dollar against the Australian dollar.

Specialties segment sales were down 7.1% to $289.7 million (up 1.3% in constant currency). Operating EBITDA was down 44.3% (down 40.5% in constant currency). Agency & distribution EBITDA was down year on year as margins were pressured due to the challenge of recovering the impact of the strengthening US dollar on the cost of imported products and the pressure from increased competition, particularly from the Food & Nutrition and Personal Healthcare segments where customers were looking to manage their margins in the face of pressure along the supply chain.

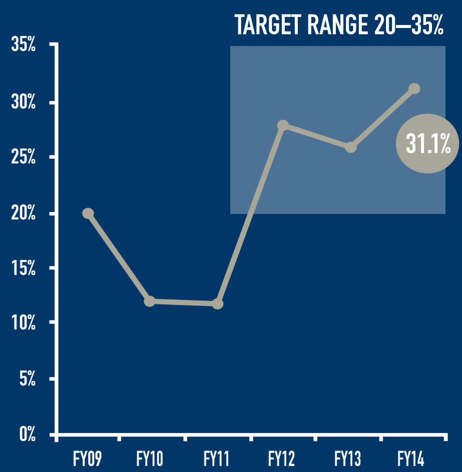
Masterbatch sales, volumes and operating EBITDA were down year on year as market share has been lost due to a focus on improving margins and the overall market has declined as a result of the structural change occurring in the Australian manufacturing sector. Over the second half, the new Management team has been successful in stabilising and refocusing the business and the business is starting to see an improvement in volumes.



WORKING CAPITAL TO SALES RATIO (%) AT PERIOD END



NET DEBT TO NET DEBT PLUS EQUITY RATIO



BUSINESS STRATEGY

STRENGTHENING THROUGH OPERATIONAL EXCELLENCE

SAFETY

Build a culture of Zero Harm

- Achieved world-class safety performance one year ahead of plan
- Nuplex SHE Manual compiled and published
- 30 common global operating procedures rolled out
- Established global Process Safety Council

PEOPLE

Engage and leverage One Global Team

- Gender Diversity within senior management increased from 18.8% to 24.7%
- Launched Mentoring Program to nurture emerging leadership
- Established common processes for talent identification and succession planning

NuLEAP

Improve the way we work through rigorous improvement programs

- Global Procurement program delivered $12.7 million in benefits
- Initiated a NuLEAP program at Nuplex Germany
- ANZ restructure almost complete
  - on track to reduce overall manufacturing capacity by 30%
  - ceased operating at Wangaratta in Australia, and Onehunga in New Zealand
  - closed the high temperature plant at Penrose, New Zealand
  - completed reorganisation of businesses into leaner, more responsive structure

GROWING THROUGH BUILDING MARKET-LEADING POSITIONS

STRATEGIC ACQUISITIONS

Consider acquisitions that:

– Strengthen leading market and technology positions
– Leverage capabilities
– Meet disciplined criteria

- Divested 49% investment in operating JV with Quaker Chemical (Australasia) Pty Limited
  - sold for A$8 million and entered into agreement to continue being Quakers Australian manufacturer for five years

R&D

Grow market share through innovative products

Pursue market development opportunities

Leverage technologies across global platforms

- Opened Asian R&D Centre in Suzhou, enabling better servicing of customers across the region
- Trialled new isocyanate-free technology with customers. Feedback indicates breakthrough technology for the industry
- Launched new products

EMERGING MARKETS

Profitably expand capacity and presence in emerging markets

- Russia: Acquired coating resins factory in Shebekino, near Belgorod. Total investment expected to be €7.5 million (spent €6.5 million in FY2014)
- Asia: Program of work to increase capacity by 75% by end of 2014 on track
  - China: New US$35 million site in Changshu on track for commissioning by end of 2014
  - Indonesia: US$5.1 million project to increase capacity and introduce ability to produce new technologies on track for commissioning by end of 2014
  - Thailand: New reactor commissioned in October 2013, increasing the site's capacity by 40%

OVER 1,900 EMPLOYEES

MANUFACTURING IN 12 COUNTRIES

SPREAD OVER 4 CONTINENTS

AMERICAS

U.S.A.

Kentucky

- Regional Head Office
- Production Site
- Sales Office
- R&D Centre
- Technical Service Centre

Illinois

- Production Site

BRAZIL

- Sales Office

EMEA

THE NETHERLANDS
- Regional Head Office
- Sales Office
- Production Site
- R&D Centre
- Innovation Centre

FRANCE
- Sales Office

GERMANY
- Production Site
- Sales Office

ITALY
- Sales Office

POLAND
- Sales Office

SPAIN
- Sales Office

UNITED KINGDOM
- Production Site
- Technical Service Centre

RUSSIA
- Production Site

ASIA

SINGAPORE
- Regional Head Office

CHINA
- Production Sites
- Sales Office
- R&D Centre

INDIA
- Sales Office

INDONESIA
- Production Site
- Sales Office

MALAYSIA
- Production Site
- Sales Office
- Technical Service Centre

TAIWAN
- Sales Office

THAILAND
- Production Site
- Sales Office

VIETNAM
- Production Sites
- Sales Office
- Technical Service Centre

ANZ

AUSTRALIA
- Corporate Office
- Regional Head Office
- Production Sites
- Sales Offices
- R&D Centre
- Technical Service Centre

NEW ZEALAND
- Registered Office
- Production Site
- Sales Office
- Technical Service Centre

OPERATING & FINANCIAL REVIEW

AUSTRALIA & NEW ZEALAND UPDATE

VICE PRESIDENT & GENERAL MANAGER, ANZ RESINS

ZEL MEDAK

Performance was steady in New Zealand, whilst in Australia market conditions were more challenging than anticipated and resulted in a weaker than expected performance. We continued to take action in order to meet these challenges and through our restructuring activities we were able to reduce costs and increase the efficiency of the region.

RESULTS

Resins segment

The ANZ Resins segment is unique compared to Nuplex's other three regions; in addition to encompassing the Coating Resins operations, it also includes the Composites, Pulp & Paper and Construction Products businesses.

Volumes were down 4.7%, due to lower demand in both the Coating Resins and Pulp & Paper businesses. Volumes in our Composites business were steady as growth in the Leisure segment, and in particular the Pool and Spa market, was offset by steady volumes in the Marine segment and lower volumes in the Transport and General Laminators segments.

Margins were impacted by a range of factors. In the Coating Resins business, margins were down year on year as customers leveraged their buying power in a market with excess production capacity. Also, this business continued to be impacted by the ongoing decline in the domestic ink, adhesives and textiles industries in Australia, which has reduced the demand for the premium resins we supply into these markets.

In the Composites business, import competition weighed on margins, particularly in the more commoditised product segments such as Construction and Transport.

Specialties segment

The Specialties segment comprises of two businesses in ANZ, Nuplex Specialties, the agency & distribution business, accounting for approximately 80% of the segment's sales; and Nuplex Masterbatch, the plastic additives business. EBITDA for the segment was $14.2 million, down 44.3% when compared to the prior financial year.

In Nuplex Specialties, sales were weighed on by the loss of two important Principals we represented in ANZ, due to a change in their parent company ownership. In Australia, sales related to manufacturing were also subdued.

Margins were compressed due to the challenge of recovering the impact of the strengthening US dollar on the cost of the imported products we onsell. In addition, increased competition, particularly in the Food & Nutrition and Personal Healthcare segments had a negative impact on margins.

The other business within this segment, Nuplex Masterbatch, experienced lower volumes due to market declines and a loss of market share. However, in the second half of the year, the new Management team has been successful in stabilising and refocusing the business.

RESINS – ANZ

DOWN
14.8%
$297.6M SALES

DOWN
37.3%
$3.7M EBITDA

Volumes down 4.7%.

Lower volumes in Coating Resins and Pulp & Paper.

EDITDA margin was 1.2%, down from 1.7%.

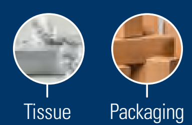
Margins were down in Coating Resins and Composites.

Results in NZ$

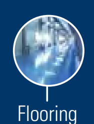
COATING & OTHER RESINS

COMPOSITES

PAPER



CONSTRUCTION PRODUCTS



VICE PRESIDENT & GENERAL MANAGER, ANZ SPECIALTIES

IVAN TOTTLE

WORKING TO IMPROVE RETURNS

There is still a place for Nuplex to be competitive and profitable in the Australian and New Zealand markets.

We expect the region will recover returns over the next few years as we continue our unrelenting focus on improving our margins, increasing our productivity and reducing the cost base. This will be achieved through a range of initiatives including the restructure that has been undertaken over the past few years.

As detailed in the Chief Executive's Report on pages 5 and 6, these activities can be grouped into two parts, namely the:

1) streamlining the manufacturing network so it is more productive and efficient; and
2) reorganising the business units so that strategic and operational leadership are closer to customers.

Whilst the restructuring activities mentioned above will drive a significant improvement in the returns generated, we still need to do more to meet the region's 16% target return on funds employed between the 2016 and 2018 Financial Years. Accordingly, we are doing more through improving our supply chain and driving further efficiencies within the region.

Looking out into the months ahead, we expect market conditions in New Zealand to remain steady. In Australia, we are not counting on market conditions improving in the near term. However, we expect the restructuring to help turn around the earnings performance and drive an improvement in returns.

USING OUR R&D CAPABILITIES TO CAPTURE GROWTH OPPORTUNITIES

As markets change, opportunities arise and this is exactly how Nuplex's recently launched range of GeoBind products came to market.

Two years ago, the ANZ Coating Resins team identified the opportunity to develop an environmentally friendly solution for the dust control market. Dust control products improve the air quality in a range of environments, such as around infrastructure projects, mine sites and unsealed roads.

By leveraging their leading waterborne polymer resin knowledge and technical capability, the R&D team in Botany, Australia, developed a range of dust control products that met our customers' needs for an environmentally friendly alternative. Being water-based and solvent free, the GeoBind range offers customers products that have no impact on the surrounding water table – a solution that benefits not just the customer, but mother nature as well.

SPECIALTIES SEGMENT

DOWN
7.1%
$289.7M
SALES

DOWN
44.3%
$14.2M
EBITDA

Sales down 7.1%.

Impacted by loss of two Principals.

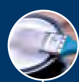
EDITDA margin was 4.9%, down from 8.2%.

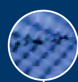
Margins impacted by pricing pressure and impact of higher US dollar on products imported and on-sold by Nuplex.

Results in NZ$

AGENCY & DISTRIBUTION

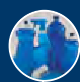

Food & Nutrition


Surface Coatings


Plastics Rubber & Foam


Healthcare & Pharmaceuticals

MASTERBATCH


Colour Additives

OPERATING & FINANCIAL REVIEW

ASIA UPDATE

REGIONAL PRESIDENT: ASIA

RUBEN MANNIEN

The 2014 Financial Year was another productive year for Nuplex in Asia. Pleasingly, we delivered volume and earnings growth whilst progressing the construction of new capacity in China and Indonesia as well as commissioning new capacity in Thailand.

EBITDA was US$26.4 million, up 8.9% when compared with EBITDA in the prior financial year, following volume growth and an improvement in margins. Margins were up year on year as a result of the realisation of benefits from the NuLEAP II global procurement program and active price management to compensate for inflationary pressures, which remain high across the region. Cost control across the business further supported EBITDA growth.

Regional volumes were up 7.9%. In China, volume growth was driven by increased sales to the Automotive OEM, Vehicle Refinish and Marine & Protective markets. In Vietnam, volumes in the Decorative and Adhesives markets were up year on year. In Indonesia, against a backdrop of subdued economic conditions as a result of the strength of the US dollar and a slowdown in activity ahead of the Presidential elections, volumes were steady. In Malaysia, volumes were flat year on year.

Over the past 12 months, we completed the majority of the construction at our new site in China. The site in Changshu is the largest project within the program to increase Nuplex's regional capacity by 75% when compared to our regional capacity at the end of FY2011, and it is central to us growing our presence in both China and the region.

We began construction at Changshu in September 2013, and it is on track for commissioning by the end of the 2014 calendar year. The US$35 million project remains within budget.

Also in September 2013, we commenced a project to increase capacity at our site in Indonesia. Through the investment of US$5.1 million, capacity at the Surabaya site will almost be doubled. Production capabilities will also be added, allowing Nuplex Indonesia to offer more technically advanced products into the Automotive OEM, Vehicle Refinish, Marine and High-End Metal segments.

In Thailand in October 2013, following the commissioning of a new reactor, new powder capacity was added to our joint venture. The US$1.5 million investment was funded from cash within the joint venture company and has increased the site's capacity by 40%. The capacity is filling ahead of plan.

An exciting development for the region was the opening of our new regional R&D Centre at the Suzhou site in China. We are now able to better service our customers across the region because we can offer faster turnaround times on our technical support activities, as previously these were services typically provided by the R&D Centre in The Netherlands. Additionally, we are in a stronger strategic position with our customers as we are now better able to develop products that address their specific needs and greatly increase the speed with which we can deliver these innovative region specific solutions.

As we enter the 2015 Financial Year, we know we have an important year ahead and we are maintaining our focus on execution. The region as a whole is expected to grow at a steady pace and we expect to be able to deliver earnings growth even though our cost base will increase once we start operating the Changshu site. Following pre-commissioning sales and marketing activities undertaken over the past year, we expect the new capacity will start to be filled as soon as it is commissioned, yet it will be in the 2016 Financial Year that it will deliver meaningful earnings growth and increased returns to shareholders.

Our skilled technical service managers and experienced sales teams set our customer offering apart from many of our local competitors. When combined with our market leading positions and the most extensive geographic coverage in the region, we are placed to continue to grow into the future.

Researchers at the new R&D Centre, Suzhou, China

SETALUX 1276 SS-60, AN AWARD-WINNING, MARKET-LEADING RESIN

Across Asia, we are establishing ourselves as a leader in the Vehicle Refinish resins market. Already a leader in this market in Europe and North America, we are leveraging our experience and technology to build our position across China and South East Asia.

As a leader in this market, we are continually developing innovative products that offer customers solutions to their coatings challenges. In the Vehicle Refinish market, we are increasing the productivity of car-smash repair shops (body-shops) through the introduction of a new generation of fast-dry systems; because faster drying times mean that repairers can have higher throughput and customers can have their cars back sooner.

In 2014, in recognition of the contribution that these fast-dry systems have had on improving the coatings industry in China, Nuplex was awarded the Ringier Award for Innovation. The award was made particularly for our Setalux 1276 SS-60, a fast-drying acrylic resin, developed by the team in China.

The Ringier awards are given annually to a selection of innovative products, technologies or processes. Regarded as one of the most prestigious awards in China's coatings industry, they recognise companies for their contribution to technical innovation, improved productivity, economic efficiency and market opportunity creation in the Chinese industry.

Ruben Mannien, Regional President of Asia, said; 'it's an honour to be recognised for the contribution we are making to the industry, especially given the award was made in relation to a product locally developed. I am proud to say that Setalux 1276 SS-60 is being considered for introduction in other regions'.

We are committed to continuously develop and bring value-added products to our customers in this region and now with our dedicated R&D Centre in Suzhou, China, we are in an even stronger position to do this into the future.

RESINS – ASIA

UP
5.0%
$293.3M SALES

UP
8.2%
$31.8M EBITDA

Volumes up 7.9%.

Volumes grew in China and Vietnam.

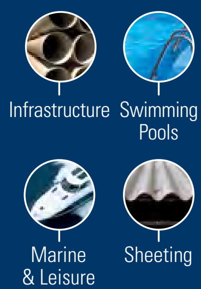
EDITDA margin was 10.8%, up from 10.5%.

Margins were up in Indonesia, China and Malaysia.

Results in NZ$

COATING RESINS

COMPOSITES



OPERATING & FINANCIAL REVIEW

EUROPE, MIDDLE EAST & AFRICA UPDATE

REGIONAL PRESIDENT: EMEA

PAUL KIEFFER

It was pleasing to see an improvement in market conditions in the second half of the 2014 Financial Year, especially after the initially challenging start to the year we had. These improved conditions supported the delivery of strong earnings growth over the period.

EBITDA of €33.8 million was up 18.2% from €28.6 million in the 2013 Financial Year, driven by volume growth and improved margins.

Volumes were up 4.4%, mainly due to the improvement in the second half market conditions in western Europe, as well as a modest improvement in conditions in southern Europe. Automotive OEM volumes grew in the second half due to strong demand in Germany and an improvement in demand from customers in southern Europe. Volumes also grew in the Industrial and Vehicle Refinish markets and Nuplex grew market share in the Protective and Flooring & Construction markets.

Margins were up compared with the prior financial year, reflecting the fixed-cost leverage within the business which was driven by the higher volumes, and the successful execution of a number of NuLEAP operational efficiency programs over the past few years.

We are particularly proud of the success of the NuLEAP II global procurement program as the global team was based in EMEA. The global procurement team has successfully transformed Nuplex's local and regional approach to procurement into a global one that maximises Nuplex's buying power. Pleasingly, the program delivered ahead of expectations, globally realising approximately $18 million in total benefits, ahead of the initial estimate of $12 million.

Having integrated Nuplex Germany into our business during the prior financial year, over the past few months we reviewed the site's cost structure. Through the application of our NuLEAP framework, over 100 ideas were generated and approximately 60 will be implemented. Combined these initiatives are expected to deliver approximately €3 million in cost savings in the 2016 Financial Year and increase efficiency, particularly in the areas of production and supply chain.

After a number of years of research, planning and negotiation, in May 2014 we completed the acquisition of the operating assets in Russia. Through the purchase of the fixed assets, the investment in upgrading the technical capability and safety standards of the site, we have invested €6.5 million of the total expected investment of €7.5 million. The balance will be spent in the coming months, completing the upgrade of the site in Belgorod, south of Moscow.

Having exported into Russia from our site in The Netherlands for many years, moving to being a local producer means we can supply our multi-national and regional customers more effectively. Importantly, feedback from our customers has been supportive as they want to be able to source our high-quality resins locally.

Over the past few years we've made particular progress in establishing ourselves as an innovative supplier of powder resins. This has been done through our willingness to work closely with customers and the speed with which we can bring our innovative products to market. Recently we've been gaining new customers after a number of years of taking the time to understand their needs, which has enabled us to provide them with the right products that meet their coating challenges. Our ability to leverage our expertise and knowledge in additives enables us to fine-tune existing products and respond to our customer specifications – a key success factor in the powder resins market.

An example of this is the development of Setapoll SP341: a super durable 'matt pair' polyester resin. Super durable resins are designed to perform under severe outdoor conditions and are the highest quality level of polyesters used for powder coatings. This super durable resin is a valuable addition to our new and successful 'matt pair' product range and demonstrates our technical capabilities.

Looking ahead to the new financial year, the team and I will be focusing on driving sales from new liquid resin products and technologies, continuing to grow product sales from our German acquisition, as well as increasing sales in our powder resins business. Also, we will continue to focus on growing in the emerging markets of central and eastern Europe, particularly Russia.

We expect the improved market conditions we experienced in the second half of the 2014 Financial Year to continue into the 2015 Financial Year. After the past few years of driving efficiency programs through the region and establishing our extensive European production network, we are well placed to capture the benefits of these more buoyant markets.

Production plant at the site in Shebekino, Russia

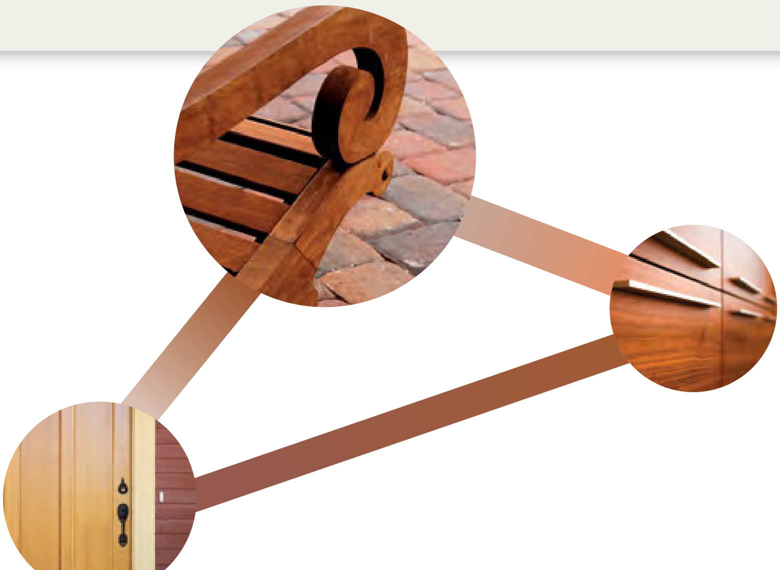
ECO-FRIENDLY INNOVATIVE RESINS FOR ENHANCING THE PERFORMANCE OF WOOD PRODUCTS

Wood is a wonderful and sustainable raw material that is used in the construction industry worldwide. When sourced from ecologically managed forests, fast-growing softwoods have a low carbon footprint that helps to reduce the impact on the environment.

Wood, however, needs to be protected as the lignin, one of the main components of wood, is readily degraded by sunlight and the ingress of water.

To improve the durability of wooden construction products, Nuplex has developed new waterborne resins that allow producers of wooden window frames, doors, sidings and all other wooden construction materials to extend the life of their products. Setaqua ECO 6791, for example, is a state-of-the-art full acrylic polymer dispersion that can be formulated both into clear and pigmented topcoats for exterior joinery. It provides extremely good protection of the wood combined with superior blocking resistance and does not pick up dirt. Also Setaqua ECO 6791 is APEO and formaldehyde free and complies with all of the most recent environmental standards.

For interior applications such as high-quality furniture and kitchen cabinets, traditionally solventborne two-component urethane coatings have been used. In order to comply with current environmental standards, more environmental solutions were required. Nuplex has developed a new technology package, consisting of a dispersing resin, combined with a new waterborne polymer dispersion, that allow formulators to achieve solventborne 2K performance in a waterborne 1K system. Either in clear or pigmented coatings, chemical resistant properties can be achieved that comply with the most stringent requirements of furniture manufacturers across the globe.



RESINS – EMEA

UP
4.8%
$594.9M SALES

UP
22.9%
$55.3M EBITDA

Volumes up 4.4%.

Volumes were up strongly in the second half, particularly in the Automotive OEM, Industrial and Vehicle Refinish segments.

EBITDA margin was 9.3%, up from 7.9%.

Improved margins reflected the realisation of benefits from the global procurement program.

Results in NZ$

COATING RESINS

AMERICAS UPDATE

REGIONAL PRESIDENT: AMERICAS

MIKE KELLY

Over the past 12 months, we continued to strengthen our position as a leading provider of performance coating resins in North America.

Some of the key market segments we serve include Vehicle Refinish, Automotive Plastics, High End Metal as well as Marine & Protective. In serving these markets our products are used in coatings applied on automobiles, agricultural equipment such as bull-dozers, oil rigs and industrial plant and equipment.

EBITDA of US$17.2 million was of a similar level to the prior period's earnings of US$16.9 million, and follows six years of improved profit growth. Volumes were up 7% on the prior financial year, due to increased sales in the Decorative, High End Metal and General Metal resins segments.

We were able to deliver stable earnings when compared to the prior period as the volume growth offset the impact of the loss of a tolling contract. This loss occurred following recent industry consolidation which enabled the customer to undertake production in their own facility.

In the Americas we continue to win our customers, trust with proven performance and customer service. Our technical responsiveness and expertise allows Nuplex to be a solution provider for our customers. Nuplex stability and experience in delivering on time product assures our customers the security required to grow their business.

Building on the establishment of a leadership position in performance coatings, we now look to future expansion into new market segments. During the year, we grew our market share in the Decorative market and we increased market penetration in the Flooring market through market development initiatives to promote bio-based waterborne flooring products.

In April 2014, we presented new and innovative products to the industry at the bi-annual American Coatings Show. We introduced new products developed in the Louisville R&D Centre during four well attended technical presentations. While each presentation focused on a different market segment, they all showcased innovative solutions we developed as part of our ongoing commitment to providing customers with resins that solve their specific coatings challenges, such as offering faster drying times, enhanced appearance characteristics and increased ease of application of the coating.

Looking ahead, we expect the moderate market growth experienced over the past year to continue into the 2015 Financial Year. After the past few years of delivering strong EBITDA performance, we are focusing on driving earnings growth through disciplined volume growth.

As a region, we are delivering shareholder returns of greater than 18% per annum and expect to continue to do so in the years ahead. My confidence in Nuplex Americas ability to do this stems from the strength of our product portfolio, reputation in the marketplace, experienced team and efficient operations.

RESINS – AMERICAS

UP
4.8%
$164.3M SALES

UP
0.5%
$20.7M EBITDA

Volumes up 7.0%.

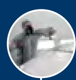
Volumes grew in Decorative and Industrial segments.

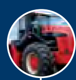
EBITDA margin was 12.6%, down from 13.1%.

Margins reflected product mix shift as management utilised available capacity.

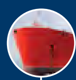
Results in NZ$

COATING RESINS


Vehicle Refinish


Metal


Wood


Marine & Protective


Decorative

DELIVERING A NEW GENERATION OF WATER-BASED ALKYDS

At the heart of the Americas R&D team is a commitment to developing innovative products that offer superior performance and excellent application properties. This allows our customers to create higher value products – giving both Nuplex and our customers an advantage in the marketplace.

Delivering this in 2014, the team in the Louisville, Kentucky R&D Centre recently launched a new class of water-reducible alkyds. These offer the environmental benefits of a water-based resin while providing enhanced corrosion resistance compared with what's currently available in the market. Our water reducible alkyd resins enable coatings to be formulated with a lower level of solvents while maintaining the higher performance properties expected in traditional solventborne systems.

These resins are used to formulate low volatile organic compound industrial coatings used as primers, topcoats and direct-to-metal coatings. Critical performance characteristics of these types of coatings are protection against corrosion and weathering, thus providing excellent colour and gloss retention.

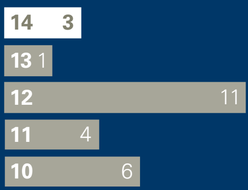
In addition to providing these performance characteristics, our new generation of water reducible alkyds provide improved durability. This was seen in accelerated weathering studies plus best-in-class salt-spray performance. This allows our customers to design coatings that offer better protection, very fast dry times and improved coating stability.

SAFETY, HEALTH & ENVIRONMENT

This year we continued to progress towards our safety vision of Zero Harm to our employees, communities and the environment in which we operate.

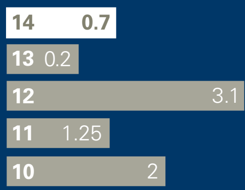
LOST TIME INJURIES (LTI)

A lost time injury is a work-related injury that results in an employee being unable to work for at least one shift.



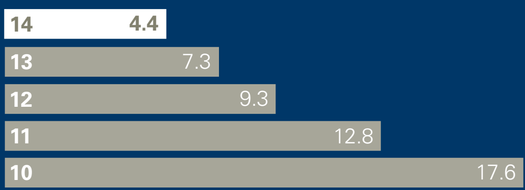
LOST TIME INJURY FREQUENCY RATE (LTIFR)

This is the number of lost time injuries per million hours worked.



TOTAL REPORTABLE INJURY RATE (TRIR)

This is the sum of LTIs, medical treatment injuries and restricted work cases per million man hours worked.



INJURY SEVERITY RATE (ISR)

This is the number of days lost due to LTIs per million hours worked and gives the measure of the seriousness of work injuries and the impact of the return-to-work program.

ENERGY CONSUMPTION RATE (GJ/T)

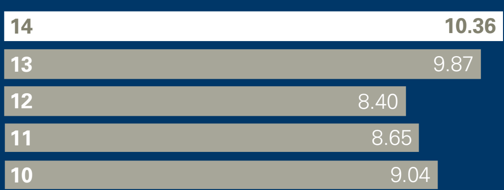
This is the total consumption of energy from natural gas, petroleum fuel oils and electrical power supply per tonne of product produced.

WATER CONSUMPTION RATE (M^3/T)

This is the total water used in the process which is not harvested and/or recycled per tonne of product produced.

WASTE GENERATION RATE (KG/T)

This is the total waste arising from the operations and which leaves the sites for further treatment and disposal, per tonne of product produced.



GREENHOUSE GAS EMISSION RATES (TONNES OF CO_2e/PRODUCTION TONNE)

This is the total emissions mass produced by the operations, expressed in CO_2 equivalents, per tonne of product produced.

Teamwork, planning and a commitment to our safety vision of Zero Harm has underpinned Nuplex's significantly improved safety performance over the past four years and resulted in a world-class safety performance in the 2014 Financial Year.

A WORLD-CLASS PERFORMANCE

The achievement of this world-class performance has been through the progressive implementation of our Safety, Health & Environment (SHE) strategy embarked upon at the beginning of the 2011 Financial Year. Centred on creating a culture where safe behaviour is embedded in every action, every day, it has three core elements to it:

- **Procedures:** A SHE management system with systems of work that ensures the integrity of plant and people-based control measures are sustained.
- **People:** Well communicated principles and behaviours that promote continuous SHE performance improvement through leadership and personal responsibility.
- **Plant and Products:** Raw materials, finished products, plant, equipment and processes that are selected and designed for safe use and operation, and are handled and maintained fit for purpose.

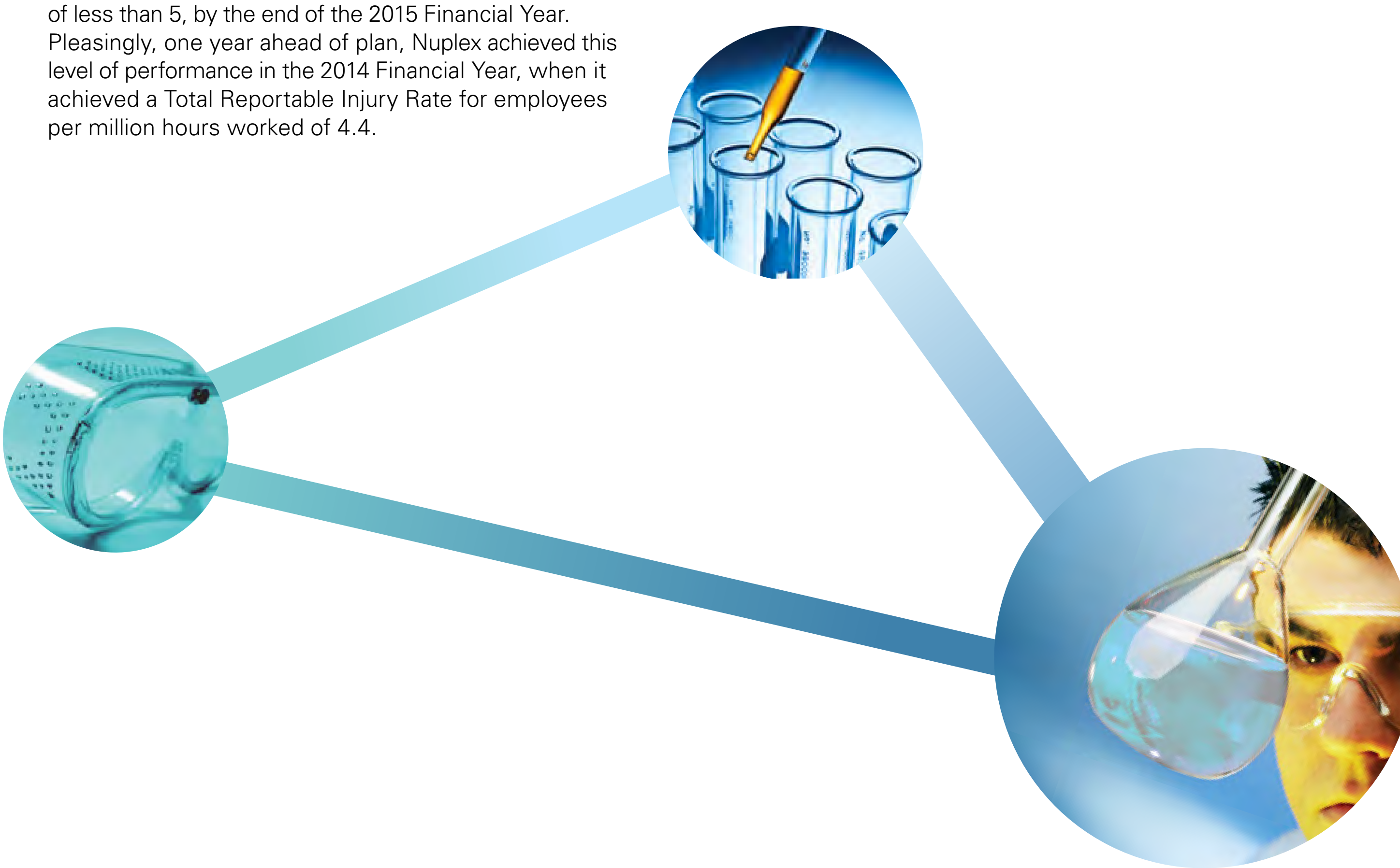
As part of implementing our SHE strategy four years ago, the Nuplex Management Team undertook a commitment to achieve a world-class safety performance, as measured by a Total Reportable Injury Frequency Rate of less than 5, by the end of the 2015 Financial Year. Pleasingly, one year ahead of plan, Nuplex achieved this level of performance in the 2014 Financial Year, when it achieved a Total Reportable Injury Rate for employees per million hours worked of 4.4.

Positively, the region that has seen the greatest improvement in its safety performance is ANZ. When we started this journey, ANZ had the most concerning safety record.

Pleasingly, the region's performance has significantly improved over the past four years and for the first time in its history, during the 2014 Financial Year, ANZ passed 12 months without a Lost Time Injury. Also, their reportable injury rate declined from 12.7 to 6.0, further reflecting the success of the ongoing focus on driving a risk reduction and behavioural-based safety program and the increased focus on injury management and prevention programs.

We are also pleased to report that there were no injuries on our major construction projects at Changshu in China, Surabaya in Indonesia and Wacol and Botany in Australia during the year.

Alongside the safety of our people, we are equally focused on causing Zero Harm to the environments and communities in which we operate. We were able to do this over the past 12 months through having no significant loss of containments, fires, or other incidents.



SAFETY, HEALTH & ENVIRONMENT

CONTINUED FOCUS

Over the past 12 months, we continued to make significant progress in all three core elements of our SHE strategy.

Procedures

- For the first time ever we comprehensively documented our global management system that defines our SHE values, strategy, organisation and responsibilities, our Group SHE Standards and Group Model Procedures, and how we manage and report SHE performance.
- Across all sites we started to upgrade SHE processes to the new global requirements. During the year, 30 global model procedures were introduced across all sites. An analysis between the model and existing procedures was undertaken and action is currently being taken to address any identified gaps.
- We further improved our process safety management program with the establishment of a global Process Safety Council responsible for defining the key process safety risks in our operations and specifying the controls that are required to be in place to control and manage these risks.

People

- We continued to hold Management accountable and all managers have SHE outcomes as a significant part of their short-term incentives.
- Through our SHE Committees at Board, Management and site level we continue to lead SHE performance through maintaining and correcting performance and driving targeted activities and training.
- Our Safety Observation program continues to be central to our approach of embedding a safety culture within our workforce. The program provides the opportunity to identify good practices and improvement opportunities on the job, and enables daily discussion of SHE issues with all of our employees and contractors.

Plants and Products

We continued to upgrade our plants to improve productivity and safety. During the year these activities included:

- upgrading the electrical standards in a number of plants;
- implementing a new global policy on regulated chemicals which strictly controls their use in development of new products, and closely manages the processes using these materials.

ENVIRONMENT

During the year, actions taken to reduce Nuplex's impact on the environment included:

- the installation and commissioning of new odour emission systems at
  - Penrose, New Zealand;
  - Louisville, Kentucky, America;
- a review and upgrade of the emission system at Wacol, Queensland, Australia;
- a significant upgrade to the waste water treatment plant in Surabaya; and
- a water usage reduction program was completed at Silvertown in the United Kingdom, reducing daily water usage by 60%.

CONTAMINATION

Over the 2014 Financial Year, there were no major Loss of Containment incidents.

In ANZ, remediation at the Seven Hills site, located in western Sydney, Australia, was completed and signed off as compliant by an Environmental Protection Authority approved environmental auditor. This work was undertaken and completed in 16 months. The site has been released for sale.

The Wangaratta site, in regional Victoria, Australia, was decommissioned in late 2013. An external environmental consultant has commenced work to review the environmental aspects of the site in compliance with local legislation.

In Asia, at the Suzhou site in China, a fire-water containment pit was installed. The pit will capture and temporarily store any contaminated water resulting from any potential fire-water runoff or chemical spill. This ensures that any liquid chemicals which accidently go into the stormwater system in the event of a fire or spill are contained on the site.

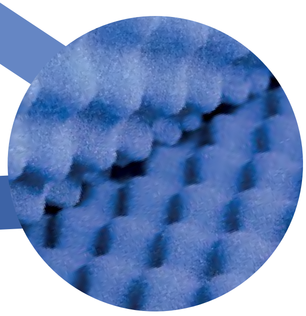
COMPLIANCE

During the year, Nuplex did not incur any major fines or penalties. A fine for US$375 was incurred in Louisville, Kentucky, for an alleged odour release.

Both the American sites were certified OHSAS 18001, an internationally-applied standard for occupational health and safety management systems.

In ANZ, the Botany site in New South Wales, Australia, completed a major audit hosted by a combination of the Department of Sustainability and Infrastructure, EPA NSW and the Botany Bay City Council. There were no directives issued following the audit. The Springvale site in Victoria, Australia, was recertified AS4801 (the Australian equivalent to the global OHSAS 18801 certification). In New Zealand, the Penrose site successfully passed a Workplace Safety Management Practices audit which is conducted on behalf of the Accident Compensation Corporation.

The two European sites, Bergen op Zoom in The Netherlands and Bitterfeld in Germany, successfully passed the intensive Seveso II audits undertaken by regulatory authorities. The Seveso II directive is part of the regulatory environment employed by the European Commission. It is aimed at the prevention of major accidents and limiting the consequences thereof.



RISK REPORT

SIGNIFICANT RISKS

Nuplex has adopted a risk management framework which sets out the processes for the identification, management and reporting of risks throughout the Nuplex Group. Further details of the framework are set out in section 10 of the Corporate Governance Report on page 37.

As a result of the implementation of the risk management framework, risks affecting the business and operations of the Group have been identified and recorded. Risks are monitored on a continuous basis and formal reporting is undertaken on a quarterly basis at site, management and executive level, and to the Board.

Risks are categorised as operational, strategic, financial or compliance. Taking into account existing controls and risk treatment plans, each risk has been assessed in terms of its likelihood and impact/consequence on the Group and a risk profile matrix has been produced which assists in the prioritising, management and monitoring of risks. The risk profile is reviewed on a quarterly basis.

Material risks faced by the Group which are likely to have an impact on the financial prospects of the Group, and how the Group manages these risks, include:

- **Market risk –** the risk arising from adverse economic conditions and cycles in the geographical markets in which the Group operates which may have the ability to impact the achievement of financial and budgetary objectives and targets. The Group manages this risk through controls on operational and capital expenditure and by controlling working capital levels. In addition, as part of the Group's strategy development process, key economic and environmental drivers that impact, or are likely to impact, the Group's business are identified so as to enable the formulation of appropriate response strategies. Other risk management controls include the implementation of global procurement reporting processes and treasury policies for the hedging of raw material purchases and sales contracts.
- **Strategy and execution –** the risk of not having effective strategies in place to drive and guide the Group's growth and development as well as the Group's performance across a range of areas including sales and profit growth, innovation and safety improvement. This is an ongoing risk which has the ability to impact the achievement of business planning, financial and growth objectives.

  The Group has addressed this risk in a number of ways including:
  - the development and implementation of overlay structures in key areas spanning the Group's operations including procurement, global accounts, technology and across product groupings;
  - the ongoing review of the Group's growth strategy including by way of organic growth, market acquisition and divestiture as well as a focus on portfolio performance and development; and
  - the development of a structured and rigorous M&A process – including M&A strategy, target monitoring, pre-merger integration planning and post-acquisition integration.
- **Treasury risk –** this refers to certain ongoing financial risks associated with liquidity management; foreign exchange and interest rate fluctuation; the effective management of capital; and securing access to debt finance at competitive rates. Nuplex has in place a Treasury Management Policy which details the objectives and approach that the Nuplex Group adopts in the treasury management process. The role of the Treasury function within Nuplex is to reduce exposure to financial and pricing risks; to ensure that the Group has sufficient financial resources to meet its commitments; and that the capital structure is appropriate for the Group. Key areas of focus in the management of treasury risk are:
  - Funding risk management which aims at ensuring that Nuplex has available the appropriate level of funding to meet overall business objectives;
  - Liquidity risk management to ensure that Nuplex has sufficient funds available to meet its financial obligations in a timely manner;
  - Foreign exchange risk management which is conducted with the aim of protecting Nuplex's financial performance from adverse currency movements relating to the day-to-day operations of the business. Nuplex does not actively pursue a hedging policy in relation to the translation into New Zealand dollars of earnings generated outside New Zealand; and

– **Counterpart risk management** which requires that all treasury transactions are undertaken with an approved counterparty of appropriate credit rating and quality.

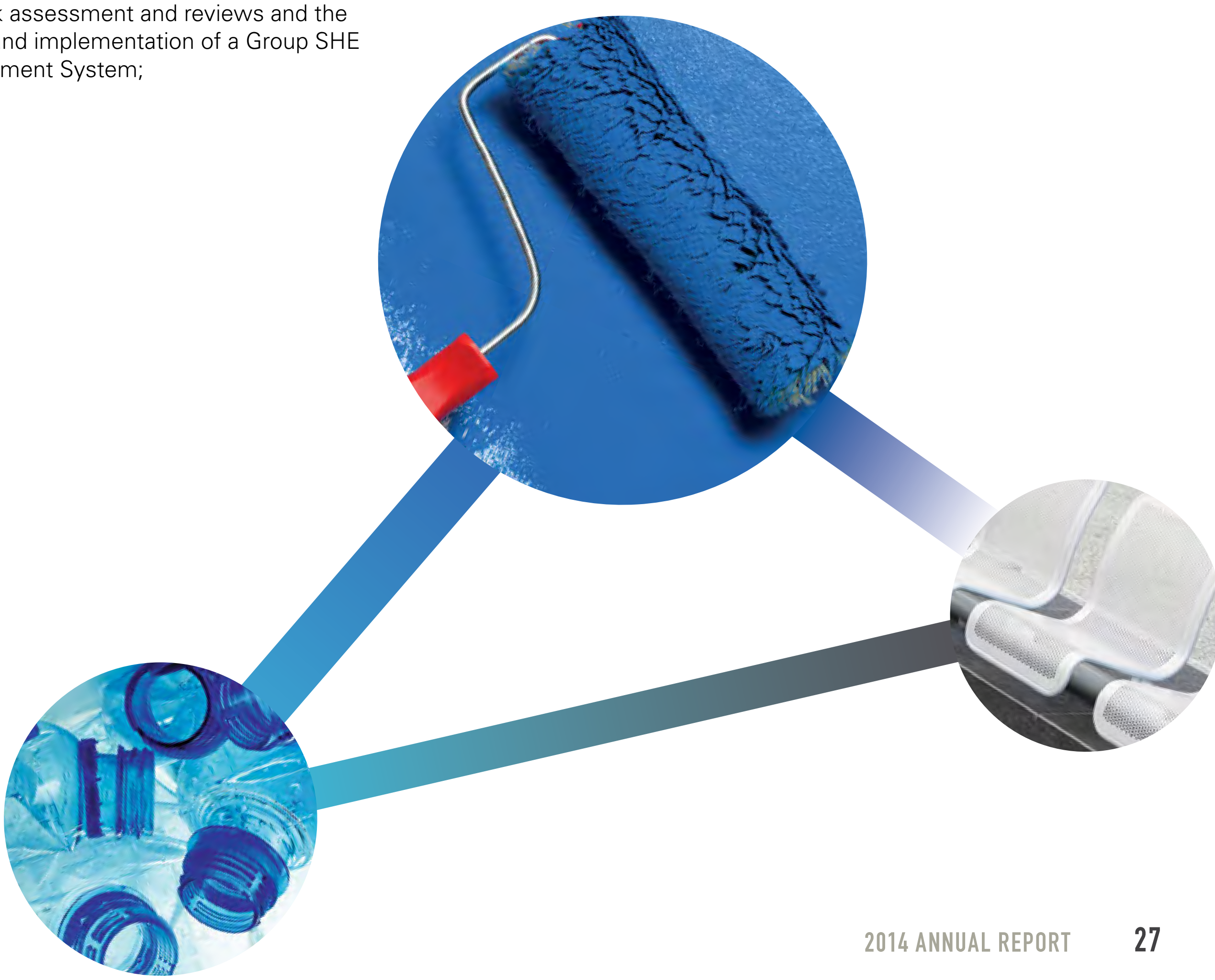
- **Safety –** the risk of life threatening or serious injury at a Nuplex site. Initiatives aimed at controlling this risk include such things as:
  - the implementation of a Group SHE Management System;
  - the development and implementation of safety related performance indicators and evaluation tools;
  - the introduction of enhanced policies relating to the use of Personal Protective Equipment; and
  - the development and implementation of new site traffic safety rules.

This risk is expected to decline gradually as Nuplex continues its focus on achieving and maintaining its goal of Zero Harm.

- **Environmental –** the risk arising from significant loss of containment, emissions and waste management which may impact Nuplex's ability to continue operating at a particular site and therefore affect operating results. The Group has in place a number of controls and risk treatment plans which operate across the Group and at individual site level. These include such controls and initiatives as:
  - the development and continuous review of SHE policies and procedures incorporating SHE risk assessment and reviews and the design and implementation of a Group SHE Management System;
  - process safety management including HAZOP and Change Management processes;
  - the development of process control standards and Safety Observation programs;
  - the use of licensed waste treatment facilities and contractors; and
  - the development of asset integrity testing programs to identify assets at risk of potential failure and plans for timely replacement.

This risk may decline to a gradual degree as Nuplex's controls and initiatives continue to be implemented and embedded across the Group.

- **People capability –** Nuplex is subject to the risk of not attracting, developing and retaining high-performance individuals and of ensuring that succession planning is managed effectively so that talented and promising individuals are able to be developed and promoted within the Group. This could result in Nuplex not having the highest calibre of people to meet its business and growth objectives. To manage this risk, actions have been taken which include the formulation and implementation of a Group HR strategy incorporating policies and procedures covering talent management, succession planning, diversity, remuneration and performance management. This risk is ongoing and is not expected to decline to any significant degree.



BOARD OF DIRECTORS

PETER SPRINGFORD

CHAIRMAN AND INDEPENDENT DIRECTOR,
BASED IN AUCKLAND, NEW ZEALAND.

Peter joined the Nuplex Board in 2009 and became Chairman in December 2013. Peter is a member of the Human Resources, Safety, Health & Environment, Audit and Nominations Committees.

Peter has extensive experience in managing companies in Australia, New Zealand and Asia. For five years, Peter was the Hong Kong-based President of IP Asia, a subsidiary of major US-listed forestry company, International Paper. During this time, Peter built a US$500 million business for IP through the development of three greenfield plants in China, joint ventures in Japan, Korea, India, Taiwan and the Philippines and acquisitions within the region.

On returning to New Zealand in 2002, Peter was Chief Executive Officer of listed forest products company, Carter Holt Harvey (CHH). Following the acquisition of CHH by Rank Group in 2006, Peter co-invested with CVC Capital Partners, an international private equity firm, in the purchase of Carter Holt Harvey's Chinese panels business. He has also chaired, co-invested and successfully sold for CVC two other Asia-based businesses, one of which was listed on the HK Stock Exchange. He has since invested in and is involved in the running of three entrepreneurial New Zealand-based companies – New Zealand Frost Fans, New Zealand Wood Products and Creating Tracks New Zealand.

Peter is a non-executive director of The New Zealand Refining Company Ltd, Chairman of the board of private industrial company, McKechnie Aluminium Solutions Ltd and is a trustee of The Graeme Dingle Foundation.

EMERY SEVERIN

CEO AND EXECUTIVE DIRECTOR,
BASED IN SYDNEY, AUSTRALIA.

Emery joined the Board following his appointment as Managing Director and Chief Executive Officer in April 2010. He is a member of the Nominations Committee.

With over 25 years in senior management roles in the steel, and building and construction industries, Emery brings his strong leadership experience to Nuplex. During his career, Emery has managed business located in Australia, SE Asia and America and has developed expertise in a broad range of areas including sales, operations, strategic planning, safety and general management. Emery has extensive experience in executing business improvement programs, developing new geographic and product markets, as well as managing significant capital expansion projects and acquisitions.

Prior to joining Nuplex, Emery spent 14 years with Australia's leading international building materials company, Boral Limited, during which time he ran the Australian construction materials and American building materials operations. Before joining Boral, Emery spent 10 years working for BHP Steel in a range of line management roles including the management of their SE Asian operations and their Steel Making & Casting operations in Newcastle, Australia. Between 1977 and 1986 Emery was an Australian Army officer, and pursued his studies in chemistry, winning a Rhodes Scholarship to obtain his D. Phil in physical chemistry at Oxford University. In 2007, Emery completed Harvard Business School's Advanced Management Program and is a member of the Australian Institute of Company Directors.

ROB AITKEN

INDEPENDENT DIRECTOR,
BASED IN SYDNEY, AUSTRALIA.

An experienced non-executive director of ASX and NZX listed and private equity funded companies, Rob joined the Nuplex Board in July 2006, and was Chairman between November 2008 and November 2013. Rob is a member of the Audit, Human Resources, Safety and Nominations Committees.

An analytical chemist and chemical process engineer, Rob has over 25 years' experience in senior management roles with international firms in the manufacturing and industrial marketing sectors. Having managed businesses located throughout Australia and New Zealand, America, Europe and Asia, Rob brings to the Nuplex Board his extensive experience in managing technology-based businesses, overseeing business improvement programs and managing significant capital projects and capital raisings. With a strong background in developing market-driven strategies for growth and business management, Rob is also experienced in divestments and acquisitions.

Most recently, he was an Executive General Manager at Southcorp Water Heaters and Southcorp Appliances, accountable for manufacturing-based businesses in the U.S.A., Australia, New Zealand, Italy and China. Prior to that, Rob was President Formica Corporation in North America and Europe with responsibility for businesses in the U.S.A., Canada, France, Spain and the UK. In these roles, he also chaired joint ventures in China, Germany and the Philippines.

Rob is also a non-executive Director of SAI Global Limited, an international information services and solutions business also listed on the ASX.

BARBARA GIBSON

INDEPENDENT DIRECTOR,
BASED IN MELBOURNE, AUSTRALIA.

Barbara joined the Nuplex Board in September 2008 and is Chairman of Nuplex's Human Resources Committee and a member of the Safety, Health and Environment and Nominations Committees.

A former senior executive with Orica Limited (previously ICI Australia), she was previously Group General Manager, Chemicals Group. She has extensive experience in the chemicals sector and the development of technology-based businesses in Australia and overseas, including substantial experience in mergers and acquisitions. Barbara has managed large operational business units in diverse geographies including Australia and New Zealand, Asia, Europe, Americas and Latin America. She has strong experience in leading and managing organisational change, asset optimisation programs and developing global technology businesses from patented technology.

Barbara is a non-executive director of GrainCorp Limited, and Chairman of Warakirri Asset Management Pty Ltd. She is a previous Director of the Plastics and Chemicals Industry Association of Australia, the national body representing the industries. A clinical biochemist, in 2003 Barbara received the Centenary Medal for services to Australian Society in Medical Technology. She is a member of the Australian Academy of Technological Sciences and Engineering.

JEREMY (JERRY) MAYCOCK

INDEPENDENT DIRECTOR,
BASED IN BRISBANE, AUSTRALIA.

With over 35 years' management experience in the building and construction industries in Australia and New Zealand as well as throughout Asia, Jerry joined the Nuplex Board in September 2011. He is Chairman of the Safety, Health & Environment Committee and a member of the Human Resources and Nominations Committee.

Having begun his career with Shell Oil in the UK and New Zealand, Jerry held a number of senior management positions, principally with Swiss-based multinational, Holcim Ltd, one of the world's largest construction and building materials companies. Over his 20-year career with Holcim, Jerry has held country CEO roles in New Zealand and Australia before becoming Senior Vice President for the southern ASEAN countries and Australasia. During this time, he developed his extensive experience in business leadership, strategy development, project management, B2B marketing, greenfield site development, mergers and acquisitions and capital markets.

Before becoming a professional director, Jerry was most recently CEO and Managing Director at CSR Limited. Here, Jerry oversaw the reshaping of CSR into a focused building materials company through the demerger and subsequent trade sale of CSR's sugar business.

Jerry is also Chairman of AGL Energy Limited, Chairman of Arrium Limited, and Chairman of the Port of Brisbane Pty Limited. He is also a director of Australian educational charity The Smith Family. He holds a Bachelor of Engineering (First Class Hons) in Mechanical Engineering, and has completed Stanford University's senior executive and finance management programs. Jerry is a Fellow of the Institute of Professional Engineers New Zealand, and a Fellow of the Australian Institute of Company Directors.

DAVID JACKSON

INDEPENDENT DIRECTOR,
BASED IN AUCKLAND, NEW ZEALAND.

David is a former New Zealand Chairman and Audit Partner of international accounting firm Ernst & Young. Having joined Nuplex in November 2006, he brings his strong financial and corporate governance skills to the Board. David is the Chairman of the Audit Committee and a member of the Nominations Committee.

During his professional career with Ernst and Young, David gained experience in Asia, the UK, U.S.A. and South America. Working with major national and international clients for over 30 years, David has developed his extensive experience in corporate governance, capital structures, reporting requirements, audit and risk management.

David is Chairman of The New Zealand Refining Company Limited, and an Independent Director of the Fonterra Cooperative Group Limited. He has been a member of the New Zealand Institute of Chartered Accountants since 1975 and was awarded an Institute Fellowship in 1994. He is also Chairman of The Dame Malvina Major Foundation.

EXECUTIVE TEAM

EMERY SEVERIN

CEO AND EXECUTIVE DIRECTOR, BASED IN SYDNEY, AUSTRALIA.

See previous page for details.

IAN DAVIS

CHIEF FINANCIAL OFFICER, BASED IN SYDNEY, AUSTRALIA.

Ian joined Nuplex in 2009 as Chief Financial Officer.

A Chartered Accountant, Ian has over 30 years' experience in public accounting and senior financial roles in commerce.

The commercial roles have predominantly been in manufacturing and include experience in Australia, New Zealand, China and the United States.

Prior to joining Nuplex, Ian was CFO of Tenix Pty Ltd and before that General Manager Finance of Rheem Australia Pty Ltd.

PAUL DAVEY

VICE PRESIDENT, HUMAN RESOURCES, BASED IN SYDNEY, AUSTRALIA.

Paul joined Nuplex in 2010.

Previously Paul has held HR leadership positions in multinationals such as Nestlé, Glaxo Wellcome, and senior consulting roles within Ernst & Young and Mercer.

These roles have all had regional accountability – based in Australia, Switzerland, the UK and South Africa.

Paul has a BA and Post Graduate Honours Degree in Business Administration.

CLIVE DEETLEFS

VICE PRESIDENT OPERATIONS, BASED IN MELBOURNE, AUSTRALIA.

Clive joined Nuplex in 2010.

He is a Chartered Professional Chemical Engineer and also has a Bachelor's Degree in Business/ Accounting Economics.

In addition he is a Certified Six Sigma Master Black Belt.

Clive has over 25 years' experience in senior manufacturing roles including process and project engineering, multi-plant operational management, and regional supply chain operations.

He has global experience, having worked in South Africa, the UK, The Netherlands, the United States, Asia, as well as Australia.

Prior to joining Nuplex, Clive was the Global Six Sigma and Lean Manufacturing Lead for Monsanto, based in the United States.

MIKE KELLY

REGIONAL PRESIDENT – AMERICAS, BASED IN LOUISVILLE, U.S.A.

Mike joined Nuplex through the acquisition of Akzo Nobel's Coating Resins operation in 2005 and has over 30 years' experience in the coatings industry.

Before being appointed to Regional President, Americas, in 2011, Mike had been running Nuplex's North and South American resins operations since 2002.

Mike holds a Bachelor in Business Administration from the University of Illinois, and graduate MBA studies from Northwestern University.

PAUL KIEFFER

REGIONAL PRESIDENT – EUROPE, MIDDLE EAST & AFRICA, BASED IN BERGEN OP ZOOM, THE NETHERLANDS.

Paul joined Nuplex through the acquisition of Akzo Nobel's Coating Resins in 2005.

Paul joined Akzo Nobel in 1987 and was appointed General Manager of the European Resins operations in 2002, and held this role until his appointment to Regional President in 2011.

Throughout his career he has held a number of roles in production, sales and marketing as well as senior management.

Paul completed his degree in Mineral Processing and Metallurgy at Technical University, Delft in The Netherlands.

RUBEN MANNIEN

REGIONAL PRESIDENT – ASIA, BASED IN SINGAPORE.

Having joined Akzo Nobel as a member of their graduate recruitment program in 1997, Ruben joined Nuplex following the acquisition of their coating resins operations in 2005.

Prior to being appointed Regional President for Asia in 2011, Ruben was General Director for China for three years, and before that, Director General in Vietnam for three years.

Before moving into senior management roles in Asia, Ruben held a number of global raw material procurement roles.

Ruben has a Master of Science in Industrial Engineering and Management Science from Eindhoven University of Technology, in The Netherlands.

IVAN TOTTLE

VICE PRESIDENT & GENERAL MANAGER, ANZ SPECIALTIES.

Prior to being appointed to the role of Vice President and General Manager of Specialties, Ivan was the General Manager of the Australasian distribution business. He is based in Auckland, New Zealand.

Ivan started his career as a development chemist in the surface coatings industry. He joined Nuplex in 2005 through the acquisition of Polychem. Having worked in the distribution of specialty and commodity chemicals for over 20 years, he brings his experience and passion for people and customers to the role.

Ivan holds a B Sc. in Chemistry from Auckland University.

ZEL MEDAK

VICE PRESIDENT & GENERAL MANAGER, ANZ RESINS.

With over 25 years' experience in the coatings sector, Zel joined Nuplex from Akzo Nobel, where he held the position of General Manager Powder Coatings, ANZ and South East Asia. Prior to being appointed to Vice President & General Manager, ANZ Resins in 2014, Zel was the General Manager for Composites and Construction Products ANZ.

Zel started his career as a development chemist and progressively worked through a series of different commercial roles in the packaging, protective and specialty coatings markets before moving into senior management positions.

He holds a Bachelor of Applied Science in Chemistry from Victoria University and has also completed a Business Management course with INSEAD Business School Fontainebleau. Zel has also participated in advanced management programs.

WILLIAM WEAVER

VICE PRESIDENT, TECHNOLOGY & STRATEGY, BASED IN BERGEN OP ZOOM, THE NETHERLANDS.

William has been overseeing Nuplex's global R&D activities since 2008, having previously been Nuplex Resins' European R&D manager. He holds a B Sc. (Hons) Chemistry from the University of Lancaster and a MSc. in Polymer Science and Technology from the London School of Polymer Technology.

During his career, William's areas of focus have spanned several of Nuplex's key product areas including powder coatings, automotive in-mould and industrial coatings, as well as composite resins.

William joined Nuplex following its acquisition of Akzo Nobel's Coating Resins operations in 2005, having joined Akzo Nobel in 1994.

JAMES WILLIAMS

VICE PRESIDENT, GENERAL COUNSEL AND COMPANY SECRETARY, BASED IN SYDNEY, AUSTRALIA.

James joined Nuplex in 2009 in the role of General Counsel and Company Secretary. He has over 25 years' experience in commercial law and corporate administration, and has worked as legal counsel and company secretary in a number of large publicly listed companies and major corporates.

James was previously a partner in a medium-sized law firm in Sydney before leaving private practice to work in-house.

James holds degrees in Commerce and Law and is a Fellow of the Institute of Chartered Secretaries in Australia.

JOSIE ASHTON

DIRECTOR, CORPORATE COMMUNICATIONS, BASED IN SYDNEY, AUSTRALIA.

Josie was appointed Director, Corporate Communications in 2012, having joined Nuplex in 2010 as Investor Relations and Communications Manager.

Josie has experience in investor and media relations, employee communication and engagement, public affairs and reputation management, having held a range of communication roles with Challenger Financial Services, Macquarie Bank and the Westpac Group.

She began her career with JPMorgan in institutional sales of Australian equities.

Josie has a Bachelor of Commerce from Sydney University, a Graduate Diploma in Applied Finance and has completed FINSIA's Graduate Diploma in Applied Finance and Investment.

CONTENTS
2014 FINANCIAL STATEMENTS

CORPORATE GOVERNANCE REPORT

1. INTRODUCTION

Nuplex Industries Limited (Nuplex) is listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX).

Nuplex has adopted the following governance principles as the benchmark against which it will implement its governance principles and practices:

- The NZX Corporate Governance Best Practice Code;
- The New Zealand Financial Markets Authority's Governance Principles and Guidelines; and
- The ASX Corporate Governance Principles and Recommendations (2nd Edition).

This report contains details of Nuplex's corporate governance practices.

2. ROLE AND FUNCTION OF BOARD OF DIRECTORS

The Board of Directors (the Board) of Nuplex is elected by shareholders to direct and supervise the management of the Company.

The Board establishes the strategic direction and objectives of the Company and sets the policy framework within which the Company will operate. The Board appoints the Chief Executive Officer, delegates appropriate authority for the management of the Company, and monitors management's performance on a regular basis.

Nuplex has formally established the functions reserved for the Board. These are contained in the Board of Directors Charter which is available in the Investor Relations section of the Company's website (www.nuplex.com).

3. ROLE AND FUNCTION OF SENIOR MANAGEMENT

The Board has delegated to the Chief Executive Officer, responsibility for the conduct of the affairs and day-to-day management of the Company. Delegation is subject to matters reserved for Board approval as detailed in the Board of Directors Charter.

In addition, there are 11 Senior Executives reporting to the Chief Executive Officer who have been delegated the responsibility for managing key areas of the business including: operations and production facilities, raw material purchasing, sales, marketing, distribution, technology, research & development, financial and treasury management, strategic planning, human resources, legal and compliance, investor relations, regulatory affairs and corporate governance.

The performance of the Chief Executive Officer and Senior Executives is reviewed periodically by the Board, and by the Chief Executive Officer in respect of executives against appropriate measures set by the Board, the Chief Executive Officer and the Human Resources Committee relative to the executive's role. The Human Resources Committee has oversight in relation to the setting of goals to be achieved by Senior Executives in connection with both short-term and long-term incentive schemes and monitors the performance of Senior Executives in relation to the achievement of those goals. In accordance with this process, a performance evaluation for Senior Executives has taken place during the reporting period.

During the year under review, the executive management structure of the Group was as follows:

Executive management structure of the Group

Emery Severin
Managing Director & Chief Executive Officer

Regional Presidents	Group Heads
Sam Bastounas* – Australia & New Zealand Also responsible for • Global composites development	Josie Ashton – Director Corporate Communications
Mike Kelly – Americas Also responsible for • Global performance coatings development • Global key accounts	Paul Davey – Vice President, Human Resources
Paul Kieffer – Europe, the Middle East & Africa Also responsible for • Global powder coatings development • Global Procurement Council Chairman	Ian Davis – Chief Financial Officer
Ruben Mannien – Asia Also responsible for • Global waterborne products development	Clive Deetlefs – Vice President, Operations
	Hasan Shafi** – Vice President, Corporate Development & Planning
	William Weaver – Vice President, Technology & Strategy
	James Williams – Vice President, General Counsel & Company Secretary

* In March 2014 Mr Bastounas ceased employment with the Company and responsibility for the management of the ANZ business was allocated as follows:

Zel Medak – Vice President & General Manager, ANZ Resins

Ivan Tottle – Vice President and General Manager, ANZ Specialties

** Mr Shafi ceased employment with the Company effective 30 June 2014.

4. BOARD STRUCTURE

The Board is comprised of a majority of five Non-Executive Directors, all of whom are independent Directors. The Chief Executive Officer, Emery Severin, is the only Executive Director. Non-Executive Directors are selected to ensure that a broad range of skills and experience is available. Mr Peter Springford is the current Chairman. There was no change in Directors during the period under review.

The Board meets in accordance with a schedule prepared well in advance of the start of each calendar year, rotating between the Auckland Office and other overseas facilities. This enables Directors to become familiar with the Group's market environment and manufacturing operations and to meet employees. Board meetings follow procedures that ensure that all Directors have the necessary information to participate in an informed discussion on all agenda items. Senior managers make direct presentations to the Board on a regular basis to give the Directors a broad exposure to management philosophies, capabilities and the key issues facing the business and actions taken to address them.

Any Director is entitled to obtain professional advice relating to the affairs of the Company or to his or her other responsibilities as a Director. The full provisions in this regard are set out in the Board of Directors Charter and other Board Committee Charters.

The Board has established that all Non-Executive Directors are independent after taking into consideration their associations as Directors and shareholders of the Company and as Directors, officers or shareholders of other organisations. Details of the Directors' skills and experience, period of appointment and their interests are disclosed on pages 98 of this report.

The Board has instituted a system to review annually the performance of the Board, its Committees and individual Directors. This process involves peer review and one-on-one consultation between the Chairman and individual directors. In accordance with this process, an evaluation of the Board, its Committees and the performance of Directors took place within the reporting period.

The Board has held 11 meetings during the year ended 30 June 2014 with attendances recorded as follows:

Name of Director	No. of Meetings Attended
R M Aitken	11/11
B J Gibson	11/11
D A Jackson	10/11
J C R Maycock	11/11
E S Severin	11/11
P M Springford	11/11

(Denominator indicates the number of meetings which took place in the period during which the Director held office.)

5. BOARD COMMITTEES

The Board has the following standing committees. The Chairman, Mr Peter Springford, is an ex-officio member of all Board committees. Non-members of Board committees have a standing invitation to attend meetings of all Board committees.

Nomination Committee

The Board's practice has been that the full Board constitutes the Nomination Committee. From time to time the Board establishes a sub-committee to carry out the responsibilities of the Nomination Committee.

The responsibilities of the Nomination Committee include the identification and nomination of suitable candidates to fill board vacancies as they arise. The policy and selection process for the appointment of Directors includes an evaluation of the skills, knowledge and experience of current Directors, an evaluation of the competencies required of prospective Directors and the evaluation of prospective candidates against these requirements. A similar evaluation occurs in connection with the re-election of Directors to ensure that the Board has the requisite range of skills and experience. In determining the mix of skills, the Nomination Committee and the Board will have regard to the objectives sought to be achieved in accordance with the Company's Diversity Policy.

A description of the procedure for the selection and appointment of new Directors, including the policy for the nomination and appointment of Directors is set out in the Nomination Committee Charter which is available in the Investor Relations section of the Company's website (www.nuplex.com).

The Nomination Committee met on two occasions to conduct an externally facilitated review of the desired skills matrix of the Board and the skills and experience of each of the Directors, mapping each Director's skills against the desired skill set for the Board. All Directors were in attendance at both meetings.

Audit Committee

The Audit Committee is comprised of three independent, Non-Executive Directors, of whom one is the Company Chairman, ex officio. The Chief Executive Officer, the Chief Financial Officer, the internal auditor and the external auditors attend meetings by invitation.

The composition of the Audit Committee during the last financial year was David Jackson (Committee Chair), Rob Aitken and Peter Springford. The qualifications of the members of the Audit Committee are disclosed on pages 28 and 29 of this report.

The Audit Committee met on four occasions during the year ended 30 June 2014 with attendances recorded as follows:

Name of Director	No. of Meetings Attended
R M Aitken	4/4
D A Jackson	4/4
P M Springford	4/4

The Committee has direct communication with and unrestricted access to the Group's external auditors, the internal auditor and internal accounting staff.

The Committee's responsibilities include:

- Reviewing the half yearly and annual financial statements and reports and advising all Directors whether they comply with the relevant and appropriate laws, regulations and recognised accounting policies;
- Obtaining formal sign-off from the Chief Executive Officer and the Chief Financial Officer that the Company's financial reports present a true and fair view in all material respects and are in accordance with applicable accounting standards;

- Oversight of compliance with statutory responsibilities relating to financial and stock exchange regulations and guidelines;
- Approval of other advisory services from the external auditor;
- Monitoring of corporate financial risk;
- Reviewing the Company's accounting policies and reporting requirements to ensure accuracy and timeliness and the inclusion of appropriate disclosures;
- Reviewing and approving Treasury Policy for recommendation to the Board and monitoring to ensure compliance;
- Oversight and monitoring in connection with the Group's financing and debt-funding facilities;
- Oversight and monitoring of the tax planning and tax management activities of the Group including the review, approval and monitoring of the Group's Tax Management Policy;
- To review the scope and outcome of the external audit; and
- To review the scope and outcome of internal audit activities.

The Committee reports the proceedings of each meeting to the Board.

The Audit Committee has the responsibility for making recommendations to the Board in connection with the appointment of the external auditor. The Audit Committee Charter requires the Audit Committee to ensure that the external audit lead partner's term is limited to five years.

The Audit Committee has a formal charter which is available in the Investor Relations section of the Company's website (www.nuplex.com).

Human Resources Committee

In March 2012, the Committee's name was changed from Remuneration Committee to Human Resources Committee and its responsibilities were expanded to encompass the following:

- Assisting the Board in the establishment of effective remuneration policies and practices including the setting, and reviewing the effectiveness of, the remuneration, recruitment, retention and termination policies and procedures for Senior Executives;
- Making recommendations to the Board on all components of the remuneration of the Non-Executive Directors; and
- Reviewing and making recommendations to the Board in connection with the human resources policies and practices in the following areas:
  - Succession planning for executive and senior management roles;
  - Talent management including plans for appropriate development opportunities and training; and
  - Diversity.

The Human Resources Committee is comprised of four independent, Non-Executive Directors, of whom one is the Company Chairman, ex officio. The Chief Executive Officer is not a member of the Committee.

With regard to the setting of remuneration, the Human Resources Committee meets as required to review the remuneration of the Directors, the Chief Executive Officer and the Senior Executives reporting directly to the Chief Executive Officer, before making recommendations to the Board.

Remuneration packages are reviewed annually with the benefit of independent external advice to ensure that remuneration is competitive with like organisations within the jurisdiction in which an employee resides. The Human Resources Committee has taken steps to ensure that its approach to the appointment and use of remuneration advisers accords with legislative requirements in Australia.

During the last financial year, the Human Resources Committee was comprised of Barbara Gibson (Committee Chair), Rob Aitken, Jeremy Maycock and, with effect from his appointment as Company Chairman in November 2013, Peter Springford.

The Committee has met on four occasions during the year ended 30 June 2014 with attendances recorded as follows:

Name of Director	No. of Meetings Attended
R M Aitken	4/4
B J Gibson	4/4
J C R Maycock	4/4
P M Springford	3/3

(Denominator indicates the number of meetings which took place in the period during which the Director was a member of the committee.)

The Charter of the HR Committee is available in the Investor Relations section of the Company's website (www.nuplex.com).

Safety, Health and Environment Committee

The Safety, Health and Environment (SHE) Board sub-committee is comprised of three independent, Non-Executive Directors of whom one is the Company Chairman, ex officio.

The purpose of the Committee is to assist the Board in discharging its responsibilities by assessing and monitoring the effectiveness of the Company's safety, health and environment programs, initiatives and policies with a view to ensuring compliance with all legislative and regulatory requirements.

The composition of the SHE Committee during the last financial year was Peter Springford (Committee Chair until November 2013), Rob Aitken (until November 2013), Barbara Gibson and Jeremy Maycock (from November 2013 when he joined the Committee as its Chair).

The Committee has met on four occasions during the year ended 30 June 2014 with attendances recorded as follows:

Name of Director	No. of Meetings Attended
R M Aitken	1/1
B J Gibson	4/4
J C R Maycock	3/3
P M Springford	4/4

The Charter of the SHE Committee is available in the Investor Relations section of the Company's website (www.nuplex.com).

Special Board Sub-Committee

A Special Board Sub-Committee comprised of the Chairman, the Chairman of the Audit Committee and the Chief Executive Officer was formed on one occasion, coinciding with the finalisation of the half-year accounts. The purpose of the Special Board Sub-Committee was to approve adjustments made to the accounts and results release documentation, following meetings of the Audit Committee and Board, and to approve the release of the final accounts and related documentation at the half-year.

6. CODE OF CONDUCT

The Board has established a policy (Code of Conduct and Ethics Policy) to give guidance to its employees and Directors on how it expects them to conduct themselves when undertaking business on behalf of the Company.

The Board has also established a Whistleblower Policy to provide guidance and assistance to employees who may wish to disclose information that relates to wrongdoing in the workplace and related work environment.

The Code of Conduct and Ethics Policy is available in the Investor Relations section of the Company's website (www.nuplex.com).

7. DIVERSITY REPORT

Nuplex has over 1,900 employees across four regions spanning 13 countries around the world. The geographic diversity of our people is indicated below.

Region	% of Employees
ANZ	34%
Asia	30%
EMEA	30%
Americas	6%

Nuplex appreciates the value inherent in a diverse workforce. Our diversity is represented in various ways including gender, age, origin, race, cultural heritage and language. Based upon the Nuplex 2012 Employee Survey, 57% of employees speak a home language other than English. The range of languages spoken is as follows:

First Language	%
English	43%
Dutch	16.3%
Mandarin	10.7%
Vietnamese	10.6%
German	8.6%
Bahasa Indonesia	4.8%
Bahasa Malaysia	3.7%
Russian	2.3%

Nuplex acknowledges that promoting diversity across the Nuplex Group ensures that the talents of all our people are maximised to the fullest extent to enable us to reach our corporate goals.

To this end, diversity has also been established as one of Nuplex's Core Values:

"We value diversity in culture, age, gender, thinking styles and preferences."

In 2011, a Diversity Policy was adopted by the Board and specific goals were identified for the Company. The goals are in two areas:

1. Targets aimed at increasing the percentage of women in management roles across Nuplex; and
2. Undertaking specific actions to promote and nurture all forms of diversity across Nuplex.

1. Gender Diversity Targets

In FY2011, the percentage of females in the Company was 20% globally and the percentage of females in management roles was 16.5%. At the end of FY2013, the overall percentage of females in the Company had increased to 21.75%, while the percentage in management rose to 18.8%.

Further progress has been made in FY2014 with the overall percentage of females in the Company rising to 22.9% and the percentage in management rising to 24.76%.

Gender Diversity – Annual % Progression

Financial Year	% Females in Company	% Females in Senior Management*
2011	20.0%	16.5%
2012	20.0%	17.4%
2013	21.8%	18.8%
2014	22.9%	24.8%

* Senior Management defined exclusively as the Nuplex Executive Team (NET), a direct report to a NET member, a member of the top management team of a region or country.

The following table shows a quantitative breakdown of the gender composition of Directors and Officers at 30 June 2014.

	% female				% male			
	2014		2013		2014		2013	
Directors	1	16.6%	1	16.6%	5	83.4%	5	83.4%
Management (Officers)	487	24.8%	365	18.8%	1,478	75.2%	1,579	81.2%
Total Workforce	450	22.9%	424	21.8%	1,515	77.1%	1,520	78.2%

2. Diversity Promotion

To promote diversity globally across all our sites, a number of activities have been undertaken:

- Recruitment: An internal target was set whereby the Company aimed at ensuring that 50% of all short-listed candidates for management level roles would be female. This is currently being exceeded. This has delivered an outcome whereby in FY2014, nine of the twelve (i.e. 75%) of all new senior management recruits globally were female.
- Nuplex Mentoring Program: A global mentoring program was introduced whereby more experienced employees across the Group were invited to be trained as Mentors. These Mentors have now begun to mentor new and developing employees (Mentees) who are identified to have leadership potential. In FY2014, 42% of these Mentees were female.
- Promotion of Diversity and other Core Values: A Program has been initiated to bring the value of diversity (and the other five Core Values) to life through behavioural and awareness programs on-site. Values are explained and promoted during the on-boarding process for new employees.
- Core Values now assessed during Performance Reviews: From FY2014, the Core Values were included as a core Competency in ReNu, Nuplex's online performance management system. Every employee is therefore rated at least annually against these Values.
- A Nuplex Leadership Academy was launched in FY2012 aimed at our future leaders. This is an individually tailored program supporting our future leaders through a series of online learning opportunities, 360-degree assessments and coaching. Over half of the participants on this program are female. This will now be included under the Mentoring Program.
- Talent Management: A number of psychometric tools including HBDI, MBTI, 360-degree feedback as well as individual executive coaching have been initiated across Nuplex. This has been aimed at our leadership group and also our emerging female leadership irrespective of their seniority.
- Development Plans: The Development Plans of all employees who are identified as high potential at the annual executive talent review discussions are to be reviewed by the CEO and Vice President, Human Resources.
- Policies: Global and local policies have been reviewed to ensure that they are discrimination-free and that flexible employment practices specifically sympathetic to working women are in place.

  Specifically, a new policy addressing flexible work arrangements has been introduced to allow employees greater flexibility in their work arrangements to best serve their work-life balance whilst ensuring that the business is not compromised. All Nuplex sites globally comply with and usually exceed the minimum statutory entitlements for maternity/paternity leave.
- Nuplex Global Employee Survey: The latest biennial Nuplex Employee Survey completed by 65% of employees, globally, indicated that 95% of respondents agreed that Nuplex respected "employee diversity in culture, religion, language and gender". This was the highest scoring answer of all the survey questions posed. This is a biennial survey and will be undertaken again during FY2015.

8. TRADING IN THE COMPANY'S SHARES

The Board has established a policy and procedure for the guidance and direction of Directors, senior managers and employees on the laws governing share trading (Securities Trading Policy and Guidelines).

Under the policy Directors, senior managers and employees are advised that it is illegal to buy or sell ordinary shares or other listed securities if they have material information that is not generally available to the market and, if it were generally available to the market, a reasonable person would expect it to have a material effect on the price of the Company's listed securities. The policy contains provisions prohibiting entry into transactions in relation to products which operate to limit the economic risk of security holdings in Nuplex.

The policy also covers the notification procedures that must be adopted by Directors and senior managers before they buy or sell the Company's listed securities.

The Securities Trading Policy and Guidelines has been lodged with the ASX in accordance with ASX listing rule requirements, and a copy is available in the Investor Relations section of the Company's website (www.nuplex.com).

To comply with changes to the ASX Listing Rules in FY2011, the Securities Trading Policy and Guidelines was amended to provide for the introduction of "closed periods" during which trading in securities may not take place.

9. COMMUNICATIONS AND DISCLOSURE

Nuplex has established a Communications and Disclosure Policy to ensure compliance with NZX and ASX disclosure requirements and to ensure accountability for compliance at a senior executive level.

The Communications and Disclosure Policy is available in the Investor Relations section of the Company's website (www.nuplex.com).

Nuplex has established a separate Shareholder Communications Policy designed to promote effective communication with shareholders, and to encourage shareholder participation at the annual general meeting. Nuplex ensures that its Auditor attends the Annual Meeting and is in a position to answer questions about the audit of Nuplex's financial information.

The Shareholder Communications Policy is available in the Investor Relations section of the Company's website (www.nuplex.com).

10. RISK MANAGEMENT

Nuplex recognises that in order to achieve its business plans and strategic goals, there must be a thorough understanding across the Group of the risks that may affect the ability of the Group to achieve those plans and goals.

At the direction of the Board, Nuplex's management has developed an enterprise risk management framework for the oversight and management of material business risks which has been implemented and is being continually embedded across the Group.

Nuplex's Risk Management Framework incorporates key principles covering risk governance, risk infrastructure and oversight, and risk ownership to provide a structured and transparent approach to managing risk across the Group.

Through the development and implementation of this framework, the Board ensures that there are appropriate risk management and internal control systems to manage Nuplex's material business risks.

Throughout all of its business operations the Company has in place policies, processes and systems designed to identify, assess, monitor and manage material business risk.

Accordingly, the Company's policies are aimed at managing risk in the following ways:

- The Board of Directors has oversight of risk management initiatives aimed at identifying risks that may have a material impact on the Company's business.
- The Chief Executive Officer and Senior Executives of the Company are responsible for designing and implementing risk management and internal control systems to identify material risks that the Company faces as well as managing risk across the Group, and are required to report to the Board through the Chief Executive Officer. This includes formulation of policies and procedures that cover the identification, assessment, reduction, management and monitoring of risk, as well as identifying any material changes to the Group's risk profile. These are required to be reported to the Board at regular intervals.
- There is regular assessment by the Board and Senior Executives of strategic risks affecting the Company's operations and the establishment of controls to reduce their impact. This includes policies and procedures directed at maintaining all relevant registrations and approvals in relation to operating plant, processes and the handling of materials that are hazardous or require traceability. On a regular basis the Board also reviews the Company's internal controls and risk management practices to ensure that they are adequate and reflect the Company's risk profile.
- Nuplex's risk management policies require that risk assessments are conducted for all major work initiatives, where new projects are undertaken and for new product introductions.
- Nuplex's risk management policies require that there is periodic verification of risk controls at various levels across the Company's operations.
- The Company has established a range of policies and procedures aimed at assisting in the management of risk across the Company's operations.
- The Board satisfies itself that adequate external insurance cover is in place appropriate for the Company's size and risk profile.
- The Board satisfies itself that adequate Safety, Health and Environmental Protection Policies and hazard assessments are in place and monitors performance. The SHE Board Sub-Committee assists the Board in this process.
- The Chief Executive Officer and Chief Financial Officer also provide a declaration that the financial statements of the Group present a true and fair view, in all material respects, of the Group's financial position and operating results. The Chief Executive Officer and Chief Financial Officer are able to make this declaration having regard to the Company's sound system of risk management and control.
- The Company has established an internal audit function within the Group to assist the Company in carrying out the analysis and independent appraisal of the adequacy and effectiveness of the Group's financial risk management and internal control systems. The internal audit function is independent of the external auditor.

The Board requires management to report to it on whether risks are being managed effectively, and management has reported to the Board periodically during the financial year under review as to the effectiveness of the management of material business risks in accordance with the risk management framework.

11. INTERNAL FINANCIAL CONTROL AND RISK MANAGEMENT

The Board, assisted and advised by the Audit Committee, monitors and approves the Company's system of internal financial control which includes clearly defined policies controlling treasury operations, capital expenditure authorisation and risk management. The Board participates in the development of strategic plans, approves budgets and monitors performance monthly.

The Chief Financial Officer is responsible to the Chief Executive Officer for ensuring that all operations within the Company adhere to the board-approved financial control policies.

The Chief Executive Officer and Chief Financial Officer have signed a declaration stating:

1. That the Financial Statements for year ended 30 June 2014 present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with NZIFRS;
2. That the statement referred to in the preceding paragraph 1 is founded on a sound system of risk management and internal control which implements policies adopted by the Board of Directors; and
3. That the Group's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

12. REMUNERATION

12.1 REMUNERATION POLICY – AIMS AND OBJECTIVES

Nuplex's remuneration policy aims to:

- Attract, motivate and retain employees who will make a contribution to Nuplex's business success;
- Provide Total Fixed Remuneration (TFR) which is sufficiently market competitive;
- Align executives' performance to shareholders' interests through the design of appropriate "At Risk" incentive plans; and
- Design a remuneration framework with a balance between fixed and "At Risk" components and which provides a clear line of sight between executive performance and executive reward.

12.2 REMUNERATION GOVERNANCE

The Board has delegated certain responsibilities to the Human Resources Committee. The Human Resources Committee (the Committee) consists of the following Non-Executive Directors:

- Barbara Gibson (Committee Chair)
- Rob Aitken
- Jerry Maycock
- Peter Springford (Board Chair)

The objective of the Committee is outlined in the Committee's Charter as follows:

"To assist the Board in the establishment of effective remuneration policies and practices that support the organisation structure and management development and in discharging the Board's responsibilities relative to remuneration.

The Committee shall also have the objective of assisting the Board in reviewing and making recommendations to the Board in connection with the Company's human resources policies and practices in the following areas:

Succession planning for executive roles and other significant senior Non-Executive roles;

Talent management focusing on high potential employees at all levels of the Company and the implementation of appropriate development opportunities and training; and

Diversity, having regard in particular to the requirements of the Australian Securities Exchange's Corporate Governance Principles."

Objective	Attract and Retain Employees	Motivate and Reward Performance to Increase Shareholder Value	Align Executives and Shareholders Interests
	Fixed Remuneration	'At Risk' Remuneration	
Remuneration Components	Guaranteed Salary, Superannuation & Benefits	Short Term Incentive Plan Annual Cash	Long Term Incentive Plan Performance / Cash Rights with 3 year performance hurdles
Focus on	Pay for role size and contribution	Pay for performance against STI Targets	Pay for performance against relative TSR and ROFE
Eligibility	All Employees	Executives & Managers	Executives & Senior Management

12.3 REMUNERATION FRAMEWORK

Nuplex's remuneration framework aims to attract, motivate and reward employee performance that increases shareholder value through a mix of fixed remuneration, short-term incentives and long-term incentives.

The mix of remuneration components ensures a balanced focus between the achievement of short-term operational earnings and longer-term value creation.

Total Fixed Remuneration (TFR)

Fixed remuneration levels for executives are benchmarked against roles in organisations of similar size and geographic diversity. This is reviewed annually based upon a structured review of competitor salary movements and the executive's contribution over the year.

"At Risk" remuneration is delivered through a short-term and a long-term incentive plan.

Short-Term Incentive Plan (STI Plan)

The short-term incentive plan is designed as follows:

- 70% of potential incentive earnings are determined by financial targets which, for the 2014 financial year were EBITDA, Gross Margin/Sales and Working Capital;
- 5% to 10% of potential incentive earnings are determined by Safety, Health and Environment (SHE) targets; and
- 20% to 25% of potential earnings are determined by targets specific to each executive's area of responsibility.

Participants in the STI Plan are Nuplex executives and managers. Each participant's targets have a number of agreed measures against achievement levels of Threshold, Target and Stretch against which an employee's achievement level can be assessed at year-end.

This assessment forms part of a formal bi-annual Performance Review undertaken between the employee and their manager which addresses their achievement against business targets, their demonstrated behaviours against company values and competencies and their career development plans.

Executive Performance Reviews and any resulting salary adjustment or STI payment are presented to the HR Committee for review in line with the mandate of the Committee.

Long-Term Incentive Plan (LTI Plan)

A Long-Term Incentive Plan provides payment in the form of ordinary shares or cash, subject to the achievement of specific company performance criteria aligned to the objectives of shareholders. Participants in the LTI Plan are executives and senior management.

The design of the plan is as follows:

- For executives, the plan aims to deliver 30% of a participant's TFR at Target achievement level and for senior management Target achievement yields 15% of TFR.
- There are two equally-weighted Targets being:
  - Return on Funds Employed (ROFE); and
  - Total Shareholder Return (TSR).
- Achievement against these Targets is assessed at the end of a three-year measurement period.
- At the start of each measurement period, the participant is granted a number of Rights determined by their management level and their TFR. The ANZ-domiciled executives are granted Performance Rights while non-ANZ-domiciled executives are granted Cash Rights.
- In the event of any vesting at the end of the three-year measurement period, holders of Performance Rights have their resultant benefit delivered in Nuplex shares. Holders of Cash Rights which vest, have their benefit delivered in cash.

12.4 KEY MANAGEMENT PERSONNEL (KMP)

Key Management Personnel comprise the Chief Executive Officer (CEO) of the Company and the CEO's direct reports.

Name	Position Title (most recent)	Location	Comments
Emery Severin	Chief Executive Officer	Australia	
Mike Kelly	Regional President, Americas	USA	
Paul Kieffer	Regional President, EMEA	Netherlands	
Ruben Mannien	Regional President, Americas	Singapore	
Sam Bastounas	Regional President, Americas	Australia	To 7 March 2014
Zel Medak	Vice President, Resins ANZ	Australia	From 1 March 2014
Ivan Tottle	Vice President, Nuplex Specialties	New Zealand	From 1 March 2014
Ian Davis	Chief Financial Officer	Australia	
Clive Deetlefs	Vice President, Operations	Australia	
James Williams	Vice President, Company Secretary & Legal Counsel	Australia	
William Weaver	Vice President, Technology & Strategy	UK	From 1 July 2014
Paul Davey	Vice President, Human Resources	Australia	
Hasan Shafi	Vice President, Strategy & Planning	Australia	To 30 June 2014
Josie Ashton	Director, Investor Relations & Comms	Australia	

During FY2014, the following changes in KMP occurred:

- Sam Bastounas, ANZ Region President, left Nuplex at the end of February 2014.
- The ANZ Region was divided between Zel Medak and Ivan Tottle who assumed responsibility for ANZ Resins and Specialties respectively.
- Hasan Shafi, Vice President, Strategy & Planning, left Nuplex at the end of June 2014.
- The Strategy and Planning role has been rearranged such that William Weaver, previously VP Technology, now assumes the role of VP, Technology & Strategy. The Planning function will be managed by the respective Planning Managers who are now in place within each region.

12.5 KMP REMUNERATION

The table below sets out executives' remuneration for the 2014 financial year. In line with the remuneration framework outlined above, the executive remuneration comprises:

- A Total Fixed Remuneration (TFR) amount;
- A Short-Term Incentive (STI) amount dependent upon the achievement against financial and operational performance hurdles; and
- A Long-Term Incentive (LTI) amount in the form of cash or performance share rights in the Company which are subject to the achievement of financial performance criteria aligned to the objectives of shareholders.

  The performance criteria for the issue of Rights made in FY2011, FY2012 and FY2013 were based on relative Total Shareholder Return (TSR) and growth in Earnings Per Share (EPS).

  For FY2014, the EPS hurdle was replaced by a Return on Funds Employed (ROFE) hurdle as the Board has determined that such a hurdle provides better alignment to the objectives of shareholders.

  At the 2010 annual meeting shareholders approved the Company's Performance Rights Plan and the grant of up to 1,800,000 Performance Rights to the Chief Executive Officer under the terms of that plan, such grant to be made over a three-year period. At the annual meeting of shareholders held in November 2013, a refresh of the approval for the LTI Plan was obtained from shareholders to cover the period from July 2013 through to June 2016. Approval was also obtained for the grant of up to 2,000,000 Performance Rights to the Chief Executive Officer under the terms of that plan, such grant to be made over a three-year period.

Executive TFR and Short- and Long-Term Incentives

The remuneration of the Senior Executives of the Company for year ended 30 June 2014 was as follows:

Name	Position	Curr.	TFR less Super	Super	FY14 STI[1]	FY14 STI Achievement[2]	Cash LTI	Other[3]	Share-based LTI[1]	Total 2014	FY13 STI Received[4]	Total Cash Received 2014	Total Cash Received 2013
Emery Severin	CEO	AUD	1,132,123	25,000	558,128	48.0%	–	–	555,002	2,270,252	514,778	1,671,901	1,757,485
Sam Bastounas	Regional President ANZ	AUD	356,511	17,187	–		–	785,745	–	1,159,443	70,272	1,229,714	695,596
Paul Kieffer	Regional President EMEA	EUR	235,467	47,141	121,546	71.3%	65,987	–	–	470,142	37,773	320,381	435,513
Mike Kelly	Regional President Americas	USD	299,747	46,356	110,250	52.8%	86,685	–	–	543,038	110,078	456,181	524,491
Ruben Mannien	Regional President Asia	EUR	207,354	25,942	90,809	60.0%	55,994	276,935	–	657,034	66,352	576,583	456,663
Ian Davis	Chief Financial Officer	AUD	452,770	25,000	111,864	38.8%	–	–	144,135	733,769	111,402	589,173	793,033
James Williams	VP General Counsel & Co Sec	AUD	350,528	25,000	97,689	42.0%	–	–	109,955	583,172	89,785	465,313	481,193
Clive Deetlefs	VP Operations	AUD	361,695	25,000	102,197	43.8%	–	–	116,659	605,550	99,597	486,292	455,375
Paul Davey	VP Human Resources	AUD	340,871	25,000	98,164	44.5%	–	–	110,259	574,295	89,594	455,465	428,564
Hasan Shafi	VP Planning & Strategy	AUD	346,820	25,000	79,457	35.3%	–	1,135	–	452,412	87,809	460,764	429,583
Josie Ashton	Director Corporate Comms	AUD	200,177	23,423	49,425	36.3%	–	–	59,098	332,123	53,040	276,640	245,067
William Weaver	VP Technology & Strategy	GBP	137,725	12,081	36,129	40.0%	35,562	–	–	221,497	34,492	184,298	204,683
Zel Medak	VP ANZ Resins	AUD	105,456	8,333	38,916	19.0%	–	–	–	152,704		113,789	–
Ivan Tottle	VP Specialties	NZD	99,337	9,490	70,846	36.2%	–	–	–	179,673		108,827	–

1. Amounts provisioned in FY2014 based upon STI Plan performance and, for the share-based LTI, actuarial valuation of share-based payments at grant date.
2. Percentage of total possible STI Plan earnings achieved.
3. Expatriate and termination costs.
4. Cash payments received in FY2014 based upon actual performance for FY2013 STI Plan.

Interest in Performance Share Rights

The table below shows details of Performance Share Rights over Nuplex Industries Limited ordinary shares held by Senior Executives of the Company. Performance Share Rights have been issued in accordance with the rules of the Performance Rights Plan approved by shareholders at the 2010 Annual Meeting and the Performance Rights Plan approved by shareholders at the 2013 Annual Meeting.

Name	Balance at the start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year*
E Severin	1,800,000	608,780	–	–	2,408,780	–
I Davis	464,664	150,818	–	–	615,482	–
C Deetlefs	376,086	122,068	–	–	498,154	–
P Davey	353,786	115,494	–	–	469,280	–
J Williams	351,739	115,494	–	–	467,233	–
J Ashton	82,105	71,222	–	–	153,327	–

* There has been no vesting of any Performance Share Rights during the year as performance hurdles have not been met.

Total Fixed Remuneration (TFR) may include the following components:

(i) Cash salary.

(ii) The cost of the provision of a motor vehicle to a standard nominated by the executive and approved by the Board.

(iii) Superannuation including compulsory and voluntary contributions.

(iv) Other non-cash benefits nominated by the executive and approved by the Board.

(v) Fringe benefits tax payable in respect to any component of TFR.

Executive and management salaries were reviewed with effect from 1 September 2013. In most cases, increases were in line with cost of living increases, except in cases of promotion or similar special circumstances.

Chief Executive Officer's Remuneration

The Chief Executive Officer's remuneration consists of "Total Fixed Remuneration" (TFR) as defined above, plus the short-term and long-term incentives referred to in the above tables.

Total Fixed Remuneration (TFR)

For the year under review, the Chief Executive Officer's TFR was AUD1,157,123 per annum.

Incentives

Under the terms of the employment agreement with the Chief Executive Officer, he is entitled to receive incentive awards as set out below calculated by reference to his TFR.

1. Short-Term Incentive (STI)

The amount of the STI payment in any year will be determined by the Board through assessment of the Chief Executive Officer's performance against financial and non-financial targets set by the Board at the start of each financial year. For performance outcomes at target level, the Chief Executive Officer would receive 50% of his TFR and for performance outcomes at stretch level, he would receive a maximum of 100% of his TFR.

2. Long-Term Incentive (LTI)

The LTI Plan is designed to drive behaviour that grows shareholder value over the longer term and to complement the shorter term focus of the STI Plan.

The Chief Executive Officer is entitled to an annual LTI grant up to an amount of 100% of TFR subject to achievement of performance hurdles.

At the 2010 Annual Meeting shareholders approved the Company's Performance Rights Plan and the grant of up to 1,800,000 Performance Rights to the Chief Executive Officer under the terms of that plan, such grant to be made over a three-year period. At the 2013 Annual Meeting shareholders approved the refresh of the Company's Performance Rights Plan and the grant of up to 2,000,000 Performance Rights to the Chief Executive Officer under the terms of that plan. The following table sets out the number of Performance Rights which have been granted to the Chief Executive Officer:

Financial Year	No. of PSRs
FY2011	526,316
FY2012	575,676
FY2013	698,008*
Total (under 2010 PSR Plan)	1,800,000
FY2014	608,780
Total (both plans)	2,408,780

* In FY2013 the Chief Executive Officer was also issued 44,689 Cash Rights under the Cash Rights Plan.

Vesting of performance rights under the Performance Rights Plan issued in 2010, 2011 and 2012 is subject to performance hurdles based on Earnings per Share (EPS) growth and Nuplex's Total Shareholder Return (TSR) performance relative to companies within the NZX50 Index over a measurement period of three to four years. Vesting of Performance Rights under the Performance Rights Plan issue in 2013 is subject to performance hurdles based on Return on Funds Employed (ROFE) and Nuplex's Total Shareholder Return (TSR) performance relative to companies within the NZX50 Index over a measurement period of three years.

Performance Rights Plan (2010 issue)

In 2010, Performance Rights were issued to Senior Executives in accordance with the terms of the plan as follows:

Participant	PR Issue
Emery Severin	526,316
Ian Davis	135,310
Rob Harmsen*	146,312
Sam Bastounas*	146,312
Clive Deetlefs	109,516
Hasan Shafi* & **	102,632
Paul Davey**	102,632
James Williams	102,038
Total	1,371,065

* No longer a senior executive with Nuplex.
** Issue to be pro-rated to 11/12ths for one month delayed entry to plan.

Vesting of performance rights issued under the Performance Rights Plan in 2010 is subject to the following performance hurdles:

Performance Hurdle: Total Shareholder Return (TSR)

The vesting scale for the TSR Tranche (50%) is as follows and is measured against the performance of companies in the NZX50 Index.

Performance Level	Relative TSR Percentile (P) Ranking	Vesting %
Threshold	<= P40	0%
> Threshold & < Target	> P40 & < P50	Pro rata
Target	P50	50%
> Target & < Stretch	> P50 & < P75	Pro rata
Stretch	≥ P75	100%

Performance Hurdle: EPS Growth

The vesting scale for the EPS Tranche (50%) is as follows:

Performance Level	Compound Annual Growth Rate (CAGR) in EPS	Vesting %
Threshold	<= 6%	0%
> Threshold & < Target	> 6% & < 10%	Pro rata
Target	10%	50%
> Target & < Stretch	> 10% & < 16%	Pro rata
Stretch	≥ 16%	100%

Measurement to determine the extent of vesting of Performance Rights issued under the Performance Rights Plan in 2010 occurred at the conclusion of the 2013 financial year as a result of which, no Performance Rights vested. In accordance with the Plan rules, a further retest was conducted at the conclusion of the 2014 financial year as a result of which, no performance rights vested. These performance rights have now lapsed.

The following tables set out the measurement of performance under the Performance Rights Plan (2010 issue). As at 30 June 2014, the performance scorecards below show that the LTI Performance Rights Plan (2010 issue) is below Threshold for both TSR and EPS targets and hence no rights have vested.

TABLE: PR PLAN (2010 ISSUE) – PERFORMANCE SCORECARD (Relative TSR Percentile)

2010-11 LTI Performance Rights Plan	FY10 Actual	Base	Performance Level	Payment Potential	Year 1 FY11	Year 2 FY11-FY12	Year 3 FY11-FY13	Year 4 FY11-FY14
TSR vs NZX50 Index								
Actual TSR					P39	P37	P22	P31
Performance Required for Payment			Threshold = P40 Target = P50 Stretch => P75	0% 50% 100%			> P40 P50 ≥ P75	> P40 P50 ≥ P75

TABLE: PR PLAN (2010 ISSUE) – PERFORMANCE SCORECARD (EPS CAGR*)
(*Compound Annual Growth Rate)

2010-11 LTI Performance Rights Plan	FY10 Actual	Base	Performance Level	Payment Potential	Year 1 FY11	Year 2 FY12	Year 3 FY13	Year 4 FY14
EPS								
Actual EPS (cents)	33.7	33.7			34.2	31.8	22.1	26.4
Performance Required for Payment			Threshold = 6% Target = 10% Stretch >= 16%	0% 50% 100%			40.2 44.9 52.6	42.5 49.3 61.0

Performance Rights Plan (2011 issue)

In 2011, Performance Rights were issued to Senior Executives in accordance with the terms of the plan as follows:

Participant	PR Issue
Emery Severin	575,676
Ian Davis	145,360
Sam Bastounas	157,178
Clive Deetlefs	117,650
Hasan Shafi	110,254
Paul Davey	110,254
James Williams	109,616
Total	1,325,988

For the Performance Rights issued during the 2011-12 financial year (2011 Performance Rights) the TSR and EPS growth hurdles were set as follows:

Performance Hurdle: Total Shareholder Return (TSR)

The vesting scale for the TSR Tranche (50%) is as follows and is measured against the performance of companies in the NZX50 Index:

Performance Level	Relative TSR Percentile (P) Ranking	Vesting %
< Threshold	< P50	0%
Threshold	P50	50%
> Threshold & < Stretch	> P50 & < P75	Pro rata
Stretch	≥ P75	100%

Performance Hurdle: EPS Growth

The vesting scale for the EPS Tranche (50%) is as follows:

Performance Level	Compound Annual Growth Rate (CAGR) in EPS	Vesting %
Threshold	<= 6%	0%
> Threshold & < Target	> 6% & < 10%	Pro rata
Target	10%	50%
> Target & < Stretch	> 10% & < 14%	Pro rata
Stretch	≥ 14%	100%

Measurement to determine the extent of vesting of Performance Rights issued under the Performance Rights Plan in 2011 occurred at the conclusion of the 2014 financial year.

The following tables set out the measurement of performance under the Performance Rights Plan (2011 issue). As at 30 June 2014, the performance scorecards below show that the LTI Performance Rights Plan (2011 issue) is below Threshold for both TSR and EPS targets and hence no rights have vested. In accordance with the plan rules, a retest will be conducted at the end of 2015 financial year.

TABLE: PR PLAN (2011 ISSUE) – PERFORMANCE SCORECARD (Relative TSR Percentile)

2011-12 LTI Performance Rights Plan	FY11 Actual	Base	Performance Level	Payment Potential	Year 1 FY12	Year 2 FY12-FY13	Year 3 FY12-FY14	Year 4 FY12-FY15
TSR vs NZX50 Index								
Actual TSR	n/a	n/a			P35	P20	P29	(tbd)
Performance			Threshold <= P50	0%				
Required for			Target = P50	50%			P50	P50
Payment			Stretch => P75	100%			P75	P75

TABLE: PR PLAN (2011 ISSUE) – PERFORMANCE SCORECARD (EPS CAGR*)
(*Compound Annual Growth Rate)

2011-12 LTI Performance Rights Plan	FY11 Actual	Base	Performance Level	Payment Potential	Year 1 FY12	Year 2 FY13	Year 3 FY14	Year 4 FY15
EPS								
Actual EPS (cents)	34.2	34.2			31.8	22.1	26.4	(tbd)
Performance			Threshold = 6%	0%			40.7	43.2
Required for			Target = 10%	50%			45.5	50.1
Payment			Stretch = 14%	100%			50.7	57.8

Performance Rights Plan (2012 issue)

In 2012, Performance Rights were issued to Senior Executives in accordance with the terms of the plan as follows:

Participant	PR Issue
Emery Severin*	698,008
Ian Davis	183,994
Sam Bastounas	198,955
Clive Deetlefs	148,920
Hasan Shafi	140,900
Paul Davey	140,900
James Williams	140,085
Josie Ashton	82,105
Total	1,733,867

* 742,697 Performance Rights were issued to Emery Severin of which 44,689 Performance Rights were cancelled to bring the total Performance Rights issued to Emery Severin to 1,800,000, being the amount approved by shareholders in 2010.

For the Performance Rights issued during the 2012-13 financial year (2012 Performance Rights) the TSR and EPS growth hurdles were set as follows:

Performance Hurdle: Total Shareholder Return (TSR)

The vesting scale for the TSR Tranche (50%) is as follows and is measured against the performance of companies in the NZX50 Index:

Performance Level	Relative TSR Percentile (P) Ranking	Vesting %
< Threshold	< P50	0%
Threshold	P50	50%
> Threshold & < Stretch	> P50 & < P75	Pro rata
Stretch	≥ P75	100%

Performance Hurdle: EPS Growth

The vesting scale for the EPS Tranche (50%) is as follows:

Performance Level	Compound Annual Growth Rate (CAGR) in EPS	Vesting %
Threshold	<= 5%	0%
> Threshold & < Target	> 5% & < 9%	Pro rata
Target	9%	50%
> Target & < Stretch	> 9% & < 13%	Pro rata
Stretch	≥ 13%	100%

The following tables set out the current measurement of performance under the Performance Rights Plan (2012 issue).

TABLE: PR PLAN (2012 ISSUE) – PERFORMANCE SCORECARD (Relative TSR Percentile)

2012-13 LTI Performance Rights Plan	FY12 Actual	Base	Performance Level	Payment Potential	Year 1 FY13	Year 2 FY13-FY14	Year 3 FY13-FY15	Year 4 FY13-FY16
TSR vs NZX50 Index								
Actual TSR	n/a	n/a			P41	P51	(tbd)	(tbd)
Performance Required for Payment			Threshold <= P50 Target = P50 Stretch => P75	0% 50% 100%			P50 P75	P50 P75

TABLE: PR PLAN (2012 ISSUE) – PERFORMANCE SCORECARD (EPS CAGR*)
(*Compound Annual Growth Rate)

2012-13 LTI Performance Rights Plan	FY12 Actual	Base	Performance Level	Payment Potential	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16
EPS								
Actual EPS (cents)	31.8	31.8			22.1	26.4	(tbd)	(tbd)
Performance Required for Payment			Threshold = 5% Target = 9% Stretch = 13%	0% 50% 100%			36.8 41.2 45.9	38.7 44.9 51.8

As at 30 June 2014, the performance scorecards above show that the LTI Performance Rights Plan (2012 issue) is tracking at the Threshold level for TSR but below Threshold EPS targets.

Performance Rights Plan (2013 Issue)

In 2013, Performance Rights were issued to Senior Executives in accordance with the terms of the plan approved by shareholders at the 2013 Annual Meeting as follows:

Participant	PR Issue
Emery Severin	608,780
Ian Davis	150,818
Sam Bastounas*	160,614
Clive Deetlefs	122,068
Hasan Shafi	115,494
Paul Davey	115,494
James Williams	115,494
Josie Ashton	71,222
Total	1,459,984

* Mr Bastounas ceased employment with the Company in March 2014.

For the Performance Rights issued during the 2013-14 financial year (2013 Performance Rights) the TSR and ROFE hurdles were set as follows:

Performance Hurdle: Total Shareholder Return (TSR)

The vesting scale for the TSR Tranche (50%) is as follows and is measured against the performance of companies in the NZX50 Index.

Performance Level	Relative TSR Percentile (P) Ranking	Vesting %
< Threshold	< P50	0%
Threshold	P50	50%
> Threshold & < Stretch	> P50 & < P75	Pro Rata
Stretch	≥ P75	100%

Performance Hurdle: Return on Funds Employed (ROFE)

The vesting scale for the ROFE Tranche (50%) is as follows:

Performance Level	ROFE	Vesting %
Threshold	≤ 13.0%	0%
> Threshold & < Target	> 13% & < 14.5%	Pro rata
Target	14.5%	50%
> Target & < Stretch	> 14.5% & < 16.0%	Pro rata
Stretch	≥ 16.0%	100%

The following tables set out the current measurement of performance under the Performance Rights Plan (2013 issue).

TABLE: PR PLAN (2013 ISSUE) – PERFORMANCE SCORECARD (Relative TSR Percentile)

2013-14 LTI Performance Rights Plan	Performance Level	Payment Potential	Year 1 FY14	Year 2 FY14-FY15	Year 3 FY14-FY16
TSR vs NZX50 Index					
Actual TSR			P55	(tbd)	(tbd)
Performance Required for Payment	Threshold <= P50 Target = P50 Stretch => P75	0% 50% 100%			

TABLE: PR PLAN (2013 ISSUE) – PERFORMANCE SCORECARD (ROFE)

2013-14 LTI Performance Rights Plan	Performance Level	Payment Potential	Year 1 FY14	Year 2 FY15	Year 3 FY16
ROFE					
Actual ROFE			11%	(tbd)	(tbd)
Performance Required for Payment	Threshold <= 13% Target = 14.5% Stretch => 16%	0% 50% 100%			

Performance Rights Plan (2014 issue)

In 2014, Performance Rights have been issued to Senior Executives in accordance with the terms of the plan as follows:

Participant	PR Issue
Emery Severin	521,223
Zel Medak	91,813
Clive Deetlefs	104,511
Paul Davey	98,833
James Williams	104,263
Josie Ashton	60,978
Total	981,621

For the Performance Rights issued during the 2014-15 financial year (2014 Performance Rights) the TSR and ROFE hurdles were set as follows:

Performance Hurdle: Total Shareholder Return (TSR)

The vesting scale for the TSR Tranche (50%) is as follows and is measured against the performance of companies in the NZX50 Index.

Performance Level	Relative TSR Percentile (P) Ranking	Vesting %
< Threshold	< P50	0%
Threshold	P50	50%
> Threshold & < Stretch	> P50 & < P75	Pro rata
Stretch	≥ P75	100%

Performance Hurdle: Return on Funds Employed (ROFE)

The vesting scale for the ROFE Tranche (50%) has been set as follows:

Performance Level	ROFE	Vesting %
Threshold	≤ 13.0%	0%
> Threshold & < Target	> 13% & < 14.5%	Pro rata
Target	14.5%	50%
> Target & < Stretch	> 14.5% & < 16.0%	Pro rata
Stretch	≥ 16.0%	100%

Cash Rights Plan

Having regard to the cost and the complexities of the laws associated with the issue of securities, including Performance Rights, in countries other than New Zealand and Australia, in 2011 the Board adopted a Cash Rights Plan to provide for the issue of a long-term incentive to the four Senior Executives of Nuplex who reside outside Australia and New Zealand.

Under the terms of the Cash Rights Plan, participants are issued rights (Cash Rights), similar to rights issued under the Performance Rights Plan, except that on vesting, the rights issued under the Cash Rights Plan convert into cash, rather than an issue of shares.

For the Cash Rights issued during the 2011-12 financial year (2011 Cash Rights) the TSR and EPS growth hurdles were the same as for the 2011 Performance Rights, details of which are set out in the preceding section of this report.

For the Cash Rights issued during the 2012-13 financial year (2012 Cash Rights) the TSR and EPS growth hurdles were the same as for the 2012 Performance Rights, details of which are set out in the preceding section of this report.

For the Cash Rights issued during the 2013-14 financial year (2013 Cash Rights) the TSR and ROFE hurdles were the same as for the 2013 Performance Rights, details of which are set out in the preceding section of this report.

For the Cash Rights issued for the 2014-2015 financial year (2014 Cash Rights) the TSR and ROFE hurdles were the same as for the 2014 Performance Rights, details of which are set out in the preceding section of this report.

The following table sets out the details of the Cash Rights that have been issued under the Cash Rights Plan:

	Cash Rights Issue			
Participant	2011	2012	2013	2014
Paul Kieffer	101,988	128,877	126,039	110,034
Mike Kelly	98,869	130,637	118,183	98,496
Ruben Mannien	81,254	112,799	104,683	93,164
William Weaver	73,671	88,515	77,997	84,850
Total	355,782	460,828	426,902	386,544

The current measurement of performance for issues made under the Cash Rights Plan is the same as for the Performance Rights Plan as shown in the above tables. There has been no vesting of Cash Rights under the 2011 Cash Rights Plan as performance hurdles were not met.

12.6 DIRECTORS' REMUNERATION

Annual Fees

Fees paid to Non-Executive Directors are fixed, based on service during the year and do not include any Short-Term or Long-Term Incentives.

The maximum aggregate fees payable to Non-Executive Directors was set at AUD1,000,000 by Ordinary Resolution of Shareholders at the Annual Meeting held on 1 November 2012.

During the year ended 30 June 2014, there was no increase in Directors' fees.

Remuneration paid to Directors during the year ended 30 June 2014 is disclosed in the Statutory Information section of this report on page 98 of this report.

13. SUMMARY OF WAIVERS GRANTED BY NZX

The waivers from the NZX Main Board Listing Rules described below were granted and published by NZX in the year ended 30 June 2014. Each of these waivers was granted in connection with the Performance Rights Plan that was approved by shareholders at the Company's 2013 annual meeting of shareholders.

- Waivers from NZX Main Board Listing Rules 7.3.2(a) and 7.6.6(a). NZX Main Board Listing Rule 7.3.2(a) provides that an issue of equity securities made solely to employees must be completed within 36 months after the date on which shareholders approve the resolution to authorise the issue under NZX Main Board Listing Rule 7.3.1(a). NZX Main Board Listing Rule 7.6.6(a) imposes an equivalent time period for the provision of financial assistance to employees which has been approved by shareholder resolution. Nuplex sought these waivers because Restricted Shares may be issued under the Performance Rights Plan more than three years after the date of the 2013 annual meeting of shareholders.
- A waiver from NZX Main Board Listing Rule 6.2.1(h) to the extent that it required disclosure in the notice of the 2013 annual meeting of shareholders of the amount of the financial assistance to be given by Nuplex to Participants in the Performance Rights Plan. Nuplex sought this waiver because the amount of the financial assistance is dependent on certain variables, which could not be determined as at the date of preparation of the notice of the 2013 annual meeting.

14. STATEMENT ON GOVERNANCE PRACTICES

The Board has reviewed its governance practices against:

- the best practice recommendations set by the ASX Corporate Governance Council as set out in the ASX Corporate Governance Principles and Recommendations (2nd Edition);
- the NZX Corporate Governance Best Practice Code; and
- the NZ Financial Markets Authority's Principles and Guidelines of Corporate Governance;

and is of the view that Nuplex is compliant with these codes.

FINANCIAL REPORT

“THROUGHOUT THE 2014 FINANCIAL YEAR, DESPITE THE CHALLENGING MARKET CONDITONS WE STAYED THE COURSE AND TOOK ACTIONS THAT DELIVERED VALUE IN THE CURRENT YEAR AND WILL CREATE VALUE IN THE FUTURE.”

EMERY SEVERIN / CEO

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

PETER SPRINGFORD
CHAIRMAN

14 AUGUST 2014

DAVID JACKSON
DIRECTOR

14 AUGUST 2014

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF NUPLEX INDUSTRIES LIMITED

pwc

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Nuplex Industries Limited ("the Company") on pages 50 to 94, 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.

Opinion

In our opinion, the financial statements on pages 50 to 94:

(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
Sydney, 14 August 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
DX 77 Sydney, Australia
T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

(NZD in thousands)	Note	Group 2014	Group 2013 Restated	Company 2014	Company 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
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 54 to 94.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

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

		Group								Company				
		Attributable to equity holders of the parent												
(NZD in thousands)	Note	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

		Group								Company				
		Attributable to equity holders of the parent												
(NZD in thousands)	Note	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 54 to 94.

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 54 to 94.

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 54 to 94.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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	30 June 2016
NZ IFRS 15	Revenue from Contracts with Customers	30 June 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 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 a 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

Intra-group balances and any unrealised gains or losses or income and expenses arising from intra-group 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.

1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(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.

(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 costs 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

(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.

1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(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.

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 remeasurement 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.

(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.

(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.

1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

(NZD in thousands)	2014 Resins	2014 Specialties	2014 Total Group	2013 Resins	2013 Specialties	2013 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

2. SEGMENT ANALYSIS – CONTINUED

Information about reportable segments – continued

(NZD in thousands)	Resins	2014 Specialties	Total Group	Resins	2013 Specialties	Total Group
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 2014	Sales by destination 2013	Non-current assets 2014	Non-current assets 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

(NZD in thousands)	Group 2014	Group 2013	Company 2014	Company 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

(NZD in thousands)	Group 2014	Group 2013	Company 2014	Company 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.

5. PERSONNEL EXPENSES

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

		Group		Company	
(NZD in thousands)	Note	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

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)

8. INCOME TAX EXPENSE

Recognised in profit and loss

	Group		Company	
(NZD in thousands)	2014	2013	2014	2013
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

	Group		Company	
(NZD in thousands)	2014	2013	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	Group 2013	Company 2014	Company 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

The calculation of basic earnings per share is based on:	Group 2014	Group 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

(NZD in thousands)	Group 2014	Group 2013	Company 2014	Company 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

(NZD in thousands)	Group 2014	Group 2013	Company 2014	Company 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	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 associates' 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 associates' 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	–	–

13. DEFERRED TAX ASSETS AND LIABILITIES – CONTINUED

Movement in temporary differences during the year

(NZD in thousands)	Group 2014	Group 2013	Company 2014	Company 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

(NZD in thousands)	Group 2014	Group 2013	Company 2014	Company 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

	Group					Company			
(NZD in thousands)	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
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**
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	Group Agencies	Group Intellectual property	Group Other	Group Total	Company Goodwill	Company Other	Company 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:

(NZD in thousands)	Group 2014	Group 2013	Company 2014	Company 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.

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

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.

(NZD in thousands)	Group 2014	Group 2013	Company 2014	Company 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:

(NZD in thousands)	Currency	Nominal interest rate (excluding fees) 2014	2013	Maturity	2014 Face value	2014 Carrying amount	2013 Face value	2013 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 multi-currency 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 USD105 million 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 Minimum lease payments	Group Principal	Group Interest	Company Minimum lease payments	Company Principal	Company Interest
2014						
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						
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

18. EMPLOYEE PROVISIONS

(NZD in thousands)	Group 2014	Group 2013	Company 2014	Company 2013
Current				
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				
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:

(NZD in thousands)	Group 2014	Group 2013	Company 2014	Company 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	**–**	–

Movements in the net liability for defined benefit obligations:

(NZD in thousands)	Group 2014	Group 2013	Company 2014	Company 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)**	(919)	–	–
Administration expenses	**(638)**	(329)	–	–
	(1,741)	(1,248)	–	–

It is expected that the Group will make contributions to plans of NZD0.8 million and pay benefits from the plans of NZD0.6 million 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.

18. EMPLOYEE PROVISIONS – CONTINUED

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)

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 government bonds)	**3.36%**	2.56%
Dividend yield	**6.7%**	8.1%
Volatility	**24%**	26%

(Income)/Expense recognised in the income statement (NZD in thousands)	Group 2014	Group 2013	Company 2014	Company 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

19. PROVISIONS

(NZD in thousands)	Group Site restoration	Group Other	Group Total	Company Site restoration	Company 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**

	Company				
	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)	
	2014	2013	2014	2013
Fully paid ordinary shares				
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.

Dividends

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

(NZD in thousands)	2014 Cents per share	2014 Total amount	2014 Imputation cents per share	2014 Date of payment	2013 Cents per share	2013 Total amount	2013 Imputation cents per share	2013 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

Imputation credits

(NZD in thousands)	Group 2014	Group 2013
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

(AUD in thousands)	Group 2014	Group 2013
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

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 THB100 million (2013: THB205 million).

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

	Group		Company	
(NZD in thousands)	2014	2013	2014	2013
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

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

	Group		Company	
(NZD in thousands)	2014	2013	2014	2013
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			
(NZD in thousands)	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013
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	
(NZD in thousands)	2014	2013	2014	2013
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

21. FINANCIAL RISK MANAGEMENT – CONTINUED

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				
(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
2014							
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

(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
2013							
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

(NZD in thousands)	Carrying amount	Contractual cash flows	6 months or less	Company 6-12 months	1-2 years	2-5 years	5 years or more
2014							
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**	**–**

(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
2013							
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	–

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

(NZD in thousands)	Carrying amount	Contractual cash flows	6 months or less	Group 6-12 months	1-2 years	2-5 years	5 years or more
2014							
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)**

(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
2013							
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)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014

21. FINANCIAL RISK MANAGEMENT – CONTINUED

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

(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
2013							
Forward exchange contracts							
Assets	–	3,952	3,952	–	–	–	–
Liabilities	(298)	(3,654)	(3,654)	–	–	–	–
	(298)	298	298	–	–	–	–

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:

(NZD in thousands)	Carrying amount	Contractual cash flows	6 months or less	Company 6-12 months	1-2 years	2-5 years	5 years or more
2014							
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)

(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
2013							
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)

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

(NZD in thousands)	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
2013						
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:

(NZD in thousands)	Group 2014	Group 2013	Company 2014	Company 2013
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)

21. FINANCIAL RISK MANAGEMENT – CONTINUED

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			
(Impact NZD in thousands)	Equity 2014	Profit 2014	Equity 2013	Profit 2013	Equity 2014	Profit 2014	Equity 2013	Profit 2013
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)

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							
(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
2014								
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)

(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
2013								
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)

(NZD in thousands)	Effective interest rate	Amount hedged	Company Total	6 months or less	6-12 months	1-2 years
2014						
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)**

(NZD in thousands)	Effective interest rate	Amount hedged	Total	6 months or less	6-12 months	1-2 years
2013						
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 three-month forecast net currency exposure, up to 50% of its four to six-month net exposure and up to 25% of its seven to twelve-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 (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 one to 12 months depending upon the timing of the anticipated foreign currency cash flows that the contracts hedge.

21. FINANCIAL RISK MANAGEMENT – CONTINUED

Exposure to currency risk

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

(NZD in thousands)	Group AUD 2014	USD 2014	EUR 2014	AUD 2013	USD 2013	EUR 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

(NZD in thousands)	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 2014	Average rate 2013	Reporting date mid-spot rate 2014	Reporting date mid-spot rate 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.

Increase/(Decrease) (NZD in thousands)	Group Equity 2014	Group Profit 2014	Group Equity 2013	Group Profit 2013	Company Equity 2014	Company Profit 2014	Company Equity 2013	Company Profit 2013
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

Fair values

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

(NZD in thousands)	Note	At fair value	Loans and receivables	Group Other amortised cost	Carrying amount	Fair value
2014						
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

(NZD in thousands)	Note	At fair value	Loans and receivables	Other amortised cost	Carrying amount	Fair value
2013						
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

21. FINANCIAL RISK MANAGEMENT – CONTINUED

(NZD in thousands)	Note	At fair value	Loans and receivables	Company Other amortised cost	Carrying amount	Fair value
2014						
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	At fair value	Loans and receivables	Other amortised cost	Carrying amount	Fair value
2013						
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).

NZIFRS 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 three to five 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 THB100 million (2013: THB205 million), equivalent to NZD3.7 million (2013: NZD8.1 million). 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 $2.25 million (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.

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%
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 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 arm's 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

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).

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

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

	2014				2013			
(NZD in thousands)	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

FIVE-YEAR STATISTICAL SUMMARY
FOR THE YEAR ENDED 30 JUNE 2014

(NZD in thousands)	2014	2013	2012	2011	2010
EARNINGS					
Sales	**1,639,945**	1,664,911	1,615,897	1,575,014	1,459,933
EBITDA	**125,671**	126,418	131,038	130,905	139,436
EBITDA as % of Sales	**7.7%**	7.6%	8.1%	8.3%	9.6%
Depreciation and amortisation	**36,414**	33,129	27,796	22,365	22,849
Interest (net)	**17,494**	16,609	13,983	16,577	20,706
Share of profits of associates	**(2,099)**	(1,843)	1,829	(1,907)	(2,131)
Minority Interests	**2,291**	2,367	1,974	2,728	2,772
Tax on operating profits	**16,566**	19,377	19,289	23,174	23,796
Operating profit	**55,005**	**56,779**	**66,167**	**67,968**	**71,444**
Unusual items after tax	**2,646**	12,299	3,634	1,425	7,234
Net profit	**52,359**	44,480	62,533	66,543	64,210
SHAREHOLDER RETURNS					
Equity	**514,223**	562,460	563,560	560,732	523,330
Operating profit as % of average equity	**10.2%**	10.1%	11.8%	12.5%	13.7%
EBITDA as % of average total funds employed	**15.2%**	15.0%	17.1%	19.3%	19.5%
Return on Funds Employed[1]	**11.0%**	11.1%	13.0%	15.8%	16.2%
Shares on issue at 30 June ('000)	**198,126**	198,126	196,748	196,748	192,233
Dividend per share (cents)	**21.0**	21.0	21.0	21.0	21.0
Dividend % of operating profit	**76%**	73%	62%	61%	56%
NZ imputation per share (cents)	**0.0**	1.4	0.0	0.0	0.0
Australian imputation	**0%**	0%	24%	55%	59%
ASSET BACKING					
Total assets	**1,200,296**	1,257,422	1,223,062	1,032,053	1,004,294
Tangible assets	**1,004,311**	1,038,144	1,007,276	879,662	844,196
Net tangible assets (NTA)	**318,238**	343,182	347,774	408,341	363,232
NTA as % of tangible assets	**31.7%**	33.1%	34.5%	46.4%	43.0%
NTA per share	**$1.61**	$1.73	$1.77	$2.08	$1.89
Interest-bearing debt (net of all cash)	**231,749**	197,808	220,084	73,921	72,360
Net Debt as % of tangible assets	**23.1%**	19.1%	21.8%	8.4%	8.6%
Debt as % of total funds employed	**29%**	23%	26%	11%	11%

1. Earnings before interest, tax and unusual items divided by average funds employed.

SHAREHOLDER INFORMATION
FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' SHAREHOLDINGS	2014	2013
Robert M Aitken – beneficial	152,424	152,424
Emery S Severin – beneficial	240,000	240,000
David A Jackson – beneficial	58,371	58,371
Jeremy C R Maycock – beneficial	30,000	30,000
Peter M Springford – beneficial	20,461	20,461

TWENTY LARGEST SHAREHOLDERS AS AT 19 AUGUST 2014	Number of Shares	Percent of Issued Capital
Accident Compensation Corporation	18,290,472	9.23
National Nominees New Zealand Limited	17,228,421	8.67
JPMorgan Chase Bank NA NZ Branch – Segregated Clients Acct	10,332,815	5.22
JP Morgan Nominees Australia Limited	9,626,214	4.86
HSBC Nominees (New Zealand) Limited	8,933,574	4.51
HSBC Nominees (New Zealand) Limited A/C State Street	7,504,154	3.79
Citibank Nominees (New Zealand) Limited	7,496,629	3.78
Citicorp Nominees Pty Limited	7,076,329	3.57
New Zealand Superannuation Fund Nominees Limited	6,059,923	3.06
BNP Paribas Nominees (NZ) Limited	5,554,632	2.80
Masfen Securities Limited	4,757,039	2.40
Tea Custodians Limited	4,454,582	2.25
National Nominees Limited	2,723,664	1.38
HSBC Custody Nominees (Australia) Limited	2,718,864	1.37
FNZ Custodians Limited	1,862,301	0.94
Superlife Trustee Nominees Limited	1,444,238	0.73
Investment Custodial Services Limited	1,275,022	0.64
BNP Paribas Nominees (NZ) Limited	1,173,614	0.59
Custodial Services Limited	1,062,236	0.54
Forsyth Barr Custodians Limited	1,011,514	0.51
Total:	120,586,237	60.87

SUBSTANTIAL SECURITY HOLDERS AS AT 19 AUGUST 2014

The following persons are deemed to be substantial security holders in accordance with section 26 of the Securities Markets Act 1988 (as recorded in the Company's Register of Substantial Shareholders):

	Number of Shares	Percent of Issued Capital
Accident Compensation Corporation	17,382,304	8.77%
Allan Gray Australia Pty Limited	14,832,927	7.49%
Delta Lloyd Asset Management NV	12,092,683	6.10%

DISTRIBUTION OF SHAREHOLDERS AND SHAREHOLDINGS (19 AUGUST 2014)

Holding Range	Holder Count	Shares	Percentage
1 to 1,000	1,506	717,817	0
1,001 to 5,000	3,348	9,397,334	5
5,001 to 10,000	1,698	12,477,764	6
10,001 to 100,000	1,662	38,632,853	20
100,001 to 1,000,000	62	16,313,822	8
>1,000,000	20	120,586,237	61
Total	8,296	198,125,827	100

There are 210 shareholders, holding a total of 6,754 shares, holding between 1 and 99 ordinary shares (a non-marketable parcel of shares under the NZSX Listing Rules).

There are 336 shareholders, holding a total of 24,071 shares, holding less than a marketable parcel of shares under the Listing Rules of the Australian Securities Exchange.

CLASSES OF SHARES AND VOTING RIGHTS

The Company has fully paid ordinary shares on issue. At a general meeting every ordinary shareholder present in person or by proxy, attorney or authorised representative has one vote on a show of hands, and on a poll, one vote for every fully paid share held.

STATUTORY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS

The following Directors held office during the year ended 30 June 2014:

Robert M. Aitken	Human Resources Committee and Audit Committee; Company Chairman and member ex-officio of all Board Sub-Committees until 6 November 2013;
Emery S Severin	Managing Director & Chief Executive Officer
Barbara J Gibson	Human Resources Committee, Chair; member of the Safety Health and Environment Committee
David A. Jackson	Audit Committee, Chairman
Jeremy C R Maycock	Human Resources Committee
Peter M Springford	Company Chairman and member ex-officio of all Board Sub-Committees since 6 November 2013; previously Safety Health and Environment Committee, Chairman; member of the Audit Committee

In accordance with Regulation 10.6 of the Company's constitution, David Jackson and Peter Springford retire by rotation and, being eligible, offer themselves for re-election.

MEETINGS

During year ending 30 June 2014 Directors meeting were held and attended by Directors as per the following table:

	Board Meetings	Audit Committee	Human Resources Committee	SHE Committee	Nomination Commmittee	Special Board Sub-Committee
Rob Aitken	11/11	4/4	4/4	1/1	2/2	1/1
Emery S Severin	11/11	–	–	–	2/2	1/1
Barbara Gibson	11/11	–	4/4	4/4	2/2	–
David Jackson	10/11	4/4	–	–	2/2	1/1
Jeremy Maycock	11/11	–	4/4	3/3	2/2	–
Peter M Springford	11/11	4/4	3/3	4/4	2/2	–

Board meetings were held at the registered office of the company and at subsidiary company locations. The Audit Committee met to discharge its responsibilities as outlined in the Audit Committee Charter. The Human Resources Committee met to discharge its responsibilities as outilned in the Human Resources Committee Charter. The SHE Committee met to discharge its responsibilities as outlined in the SHE Committee Charter. The Nomination Committee met to discharge its responsibilities as outlined in the Nomination Committee Charter. The Special Board Sub-Committee was an ad hoc committee of the Board established on one occasion to approve the release of financial statements at the half-year reporting.

DIRECTORS' REMUNERATION

The following amounts were paid to each director in the form of remuneration and benefits:

Rob Aitken	$187,581	Fees for the 2014 financial year
Barbara Gibson	$150,627	Fees for the 2014 financial year
David A Jackson	$166,853	Fees for the 2014 financial year
Jeremy C R Maycock	$142,318	Fees for the 2014 financial year
Emery S Severin	$2,270,252	(AUD) Total remuneration for the 2014 financial year*
Peter M Springford	$259,074	Fees for the 2014 financial year

* Includes provisioned items

SHARE DEALINGS

The were no disclosures of dealings by Directors in the Company's ordinary shares.

DISCLOSURES OF INTEREST

Robert M Aitken	Director	SAI Global Limited
Barbara J Gibson	Chairman	Warakirri Asset Management Pty Limited
	Director	GrainCorp Limited
David A Jackson	Chairman	The New Zealand Refining Company Limited
	Director	Fonterra Co-Operative Group Limited
	Chairman	The Dame Malvina Major Foundation
Jeremy C R Maycock	Chairman	AGL Energy Limited
	Chairman	Port of Brisbane Pty Limited
	Chairman	Arrium Limited
	Director	The Smith Family
Peter Springford	Chairman	McKechnie Aluminium Solutions Limited
	Director	The New Zealand Refining Company Limited
	Director	NZ Wood Products Ltd
	Director	NZ Frost Fans Ltd
	Director	Creating Tracks New Zealand Limited
	Trustee	The Graeme Dingle Foundation

DIRECTORS' INDEMNITY INSURANCE

As permitted by Regulation 13.4 of the Company's Constitution, directors and employees have been insured against liability for any act or omission in their capacity as directors and employees. Insurance has also been obtained to indemnify directors and employees for costs incurred in defending or settling claims in such liability. The insurance does not cover liabilities arising from criminal actions.

To comply with s162(8) of the Companies Act 1993, directors have certified that the cost of the insurance is fair to the Company.

STATUTORY INFORMATION CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014

EMPLOYEE REMUNERATION

During the year the following numbers of current and former employees not being Directors of the Company received remuneration of at least NZ$100,000.

	NZ Employees	Overseas Employees
100,000 – 110,000	13	99
110,000 – 120,000	6	71
120,000 – 130,000	7	53
130,000 – 140,000	9	57
140,000 – 150,000	2	40
150,000 – 160,000	3	25
160,000 – 170,000	3	26
170,000 – 180,000	3	18
180,000 – 190,000	0	12
190,000 – 200,000	3	12
200,000 – 210,000	1	13
210,000 – 220,000	1	12
220,000 – 230,000	1	9
230,000 – 240,000		4
240,000 – 250,000		8
250,000 – 260,000		7
260,000 – 270,000		5
270,000 – 280,000		1
280,000 – 290,000		8
290,000 – 300,000	2	3
300,000 – 310,000	1	1
310,000 – 320,000		3
320,000 – 330,000		3
340,000 – 350,000		2
360,000 – 370,000		3
370,000 – 380,000		4
400,000 – 410,000		2
480,000 – 490,000		2
490,000 – 500,000		2
500,000 – 510,000		1
520,000 – 530,000		3
580,000 – 590,000		1
630,000 – 640,000		1
710,000 – 720,000		1
1,200,000 – 1,300,000		1
1,700,000 – 1,800,000		1
	56	514

CORPORATE DIRECTORY

DIRECTORS

Peter Springford, Chairman

Emery Severin, Managing Director

Robert Aitken

Barbara Gibson

David Jackson

Jeremy Maycock

AUDITORS

PricewaterhouseCoopers

SOLICITORS

Allens Linklaters

Bell Gully

INSURANCE BROKERS

Marsh Limited

SHARE REGISTRARS

Computershare Investor Services Limited
Private Bag 92119
Auckland

BANKERS

Commonwealth Bank of Australia

Westpac Banking Corporation

Australia and New Zealand Banking Group Limited

Hong Kong Shanghai Banking Corporation

REGISTERED OFFICE

Level 3, Milennium Centre
602C Great South Road
Ellerslie, Auckland 1051, New Zealand

P O Box 12-841, Penrose,
Auckland 1642, New Zealand

Phone +64 9 583 6500
Fax +64 9 571 0542

nuplex@nuplex.com

www.nuplex.com

CORPORATE OFFICE

Level 5, 182 Blues Point Road
North Sydney NSW 2060, Australia

Locked Bag No. 6
Botany 1455, NSW, Australia

Phone +61 2 8036 0901
Fax +61 2 8036 0916

EXECUTIVE MANAGEMENT

Emery Severin
Managing Director & Chief Executive Officer

Josie Ashton
Director, Corporate Communications

Paul Davey
Vice President, Human Resources

Ian Davis
Chief Financial Officer

Clive Deetlefs
Vice President, Operations

Mike Kelly
Regional President, The Americas

Paul Kieffer
Regional President, Europe, Middle East & Africa

Ruben Mannien
Regional President, Asia

Zel Medak
Vice President & General Manager, ANZ Resins

Ivan Tottle
Vice President & General Manager, ANZ Specialties

William Weaver
Vice President, Technology & Strategy

James Williams
Vice President, General Counsel & Company Secretary

Designed and produced by 3C

www.nuplex.com