Appendix 4E Preliminary Final Report

Nuplex Industries Limited (NPX)

1. Reporting period
- Year ended 30 June, 2009 (June '09)
Previous corresponding period
- Year ended 30 June, 2008 (June '08)

2. Results for announcement to the market

		June '09 NZ$,000	% change	June '08 NZ$,000
2.1	Revenue from ordinary activities	1,493,693	down 2.5%	1,532,065
2.2	Profit from ordinary activities after tax attributable to members	23,586	down 55.8%	53,385
2.3	Net profit for the period attributable to members	16,729	down 65.4%	48,304
2.4	Final Dividend	5.0 cps		23.0cps
	Special Dividend	3.5 cps		
2.5	Record Date	2 October 2009		
2.6	See attached Chairman's Report			

3. Income Statement
- see attached Financial Statements

4. Balance Sheet
- see attached Financial Statements

5. Statement of Cash Flows
- see attached Financial Statements

6. Dividends

- Final Dividend	5.0 cps
- Special Dividend	3.5 cps
- Payable in cash	
- Supplementary dividend to non-resident shareholders	Nil
- New Zealand imputation credit	Nil
- Australian franking credit	Fully Franked
- Record date	2 October 2009
- Payment date	16 October 2009

7. Dividend Reinvestment Plan
Nuplex will not be offering a dividend reinvestment plan for the Final or Special dividends.

8. Statement of Retained Earnings
- see attached Financial Statements

9. Net tangible assets per share — $1.94 — $2.63

10. Entities acquired during the period: NONE

11. Associates

	Percentage Holding		Contribution to Net Profit	
	June '09	June '08	June '09	June '08
Quaker Chemical (Australasia) Pty Limited	49%	49%	655	899
Others	47.5-50%	47.5-50%	-697	98
Total			-42	997

Appendix 4E Preliminary Final Report (cont'd)

nuplex

Nuplex Industries Limited (NPX)

12. Other information:

Unusual (gains)/losses after tax:	June '09	June '08
Loan restructure fees	619	-
Intangibles impairment	-	653
Others	-	10
Fees associated with acquisitions that did not proceed	2,989	-
Impairment of assets	-	3,288
Remediation provisions	3,249	1,130
Total unusual (gains)/losses after tax	6,857	5,081

13. Financial statements are prepared in accordance with NZ IFRS

14. Chairman's Report
- see Attached Chairman's Report

Industry Segment Report
- see attached Financial Statements

Geographic Segment Report
- see attached Financial Statements

15. Financial Statements are based on audited accounts.
There are no audit disputes or qualifications.

Nuplex Industries Limited

Results announcement to the market

Reporting period	12 months to 30 June 2009
Previous reporting period	12 months to 30 June 2008

	Amount (000s)	Percentage change
Revenue from ordinary activities	$1,493,693	down 2.5%
Profit from ordinary activities after tax attributable to security holder	$23,586	down 55.8%
Net profit attributable to security holders	$16,729	down 65.4%

Interim/Final dividend	Amount per security	Imputed amount per security
Final	5.0 cents per share	0.0cents per share
Special	3.5 cents per share	0.0cents per share

Record date	2 October, 2009
Dividend payment date	16 October, 2009

Comments Unusual (gains)/losses after tax for the current year comprise:

'000	NZD
Loan restructure fees	619
Remediation provisions	3,249
Fees associated with acquisitions that did not proceed	2,989
Total unusual losses after tax	6,857

ASX/NZX Media Release

27 August, 2008

Nuplex earnings exceed guidance

Special dividend declared

Nuplex Industries Limited, the international resins and specialty chemicals group, today announced an after-tax profit of NZ$16.7 million for the year ended 30 June 2009 (pcp $48.3 million). This result was after unusual items totalling $6.9 million ($5.0 million), an increase of $1.3 million in the second half from remediation provisions and loan facility renewal costs.

EBITDA at NZ$91.5 million ($121.8 million) was some 5% ahead of guidance and included a number of material non-recurring items which negatively affected the result, also by $1.3 million. These included restructuring costs, operational provisions and prior period adjustments, which were partially offset by a Netherlands government grant providing short-term business support. In addition, bad debts of $4.7 million were significantly ahead of historical levels.

Operating cash flow for the year was NZ$123.2 million ($76.7 million). $79 million of this was generated in the second half from operational profits, tightly controlled cash management, and a reduction of $77.9 million in working capital over the year. This strong cash flow, coupled with the successful capital raising in April 2009, has reduced the company's net debt to net debt + equity ratio to 20%.

As a consequence, Directors have declared a final dividend of 5 cents per share. In addition, reflecting their confidence in the company's future performance and the strength of the balance sheet, they have declared a special dividend of 3.5 cents per share. Total dividends payable of 8.5 cents per share represent 67% of operating profit after tax.

Dividends will be fully franked for Australian shareholders, but will not carry any New Zealand imputation credits and overseas resident shareholders will not receive a supplementary dividend. They will be paid on Friday October 16, 2009 to shareholders on the register at Friday October 2, 2009. The dividend reinvestment plan has been suspended.

Results summary for the year to	30 June 2008 (NZ$m)	**30 June 2009 (NZ$m)**	Change (%)
Sales revenue	1,532.1	**1,493.7**	(3)
EBITDA	121.8	**91.5**	(25)
EBIT	101.9	**67.0**	(34)
Operating profit	53.4	**23.6**	(56)
Net profit	48.3	**16.7**	(65)
Earnings per share (cents)	*	**X**	N/A
Final dividend per share – fully franked (cents)	*	**5.0**	N/A
Special dividend per share – fully franked (cents)		**3.5**	N/A
Total dividend per share – fully franked (cents)	*	**8.5**	N/A

* Due to the rights issue in April 2009 and the share consolidation in June 2009, 2008/09 eps and dividends are not comparable with 2007/08.

Mr John Hirst, group managing director, said: "The 2008/09 financial year was without doubt the most testing in the long history of Nuplex. After a strong start, we suffered a number of major setbacks. First, rises in raw material costs in the early part of the year inhibited margins; then the collapse in European business in the second quarter culminated in a 30% reduction in demand over the prior year. The recession continued in the USA and New Zealand and business conditions there, which were already poor, deteriorated. In Australia, products exposed to discretionary spending were hit hard and, while Asia had a number of high spots, the lack of global demand for exports such as furniture took its toll.

"Against this background the group performed strongly, recording its 53rd consecutive profitable year as a listed company.

"As much as possible, operational resources were matched to market demand. Significant downsizing occurred in the US and Australasia, with the full benefit to come in 2009/10. As demand fell - by about 20% in most regions and by 30% in Europe - working hours were reduced throughout all sites. Government support enabled skills to be retained in the Netherlands at little cost to the company, while we determined whether the downturn was temporary.

"Management concentrated on cash generation through trading profitably, reducing working capital, managing debtors in a high bad debt risk environment, and minimising capital expenditure. Cost and margin management were both highly disciplined."

Resins

	30 June 2008 (NZ$m)	**30 June 2009 (NZ$m)**	**Change (%)**
Sales revenue	1,201.2	**1,164.6**	(3)
EBITDA	99.0	**74.1**	(25)

The Resins business provides raw material inputs for the coating, composites, construction, adhesive, textile, printing ink and paper industries. The business supplies coating companies in 85 countries, while composite raw materials are provided to industries through Asia Pacific.

Low demand across most sectors of the coating industry and large sectors of the composites market saw a substantial drop in tonnage. No region was immune to this. There was some relief in the second half from softer raw material costs as the supply side got out of balance, resulting in a return to more traditional margins. This, together with initiatives to reposition business in some regions towards specialty products, provided an overall increase in average margin in the second half. In addition, operational gains were achieved in the Americas following the Brazilian plant closure and the full commissioning of G-Cure manufacture on the East St Louis site. Australian costs reduced mid-year as expanded capacity at the Wacol plant allowed all composite resin manufacture to be brought in-house.

China and South East Asia were the stand out regions, with Asia more than doubling its contribution to group profit. The Americas were also ahead through the benefits of the G-Cure acquisition and exchange rate movements. The major fall in European demand and the steady but consistent deterioration in New Zealand over the past four years resulted in both these operations registering substantial losses. Australia underperformed the prior year, but remained profitable and continued to be the largest profit contributor.

Specialties

	30 June 2008 (NZ$m)	**30 June 2009 (NZ$m)**	**Change (%)**
Sales revenue	330.9	**329.1**	0
EBITDA	22.8	**17.4**	(24)

The Specialties business markets functional technical raw materials to the Australasian chemical, plastic, construction, coatings and life sciences sectors.

The agency and distribution business units performed well in a difficult trading environment across Australasia. In spite of significant market shrinkage, sales were maintained through development programmes, expanding market reach, and new agencies. Construction Products' flooring and waterproofing businesses had a solid result, offset by low demand for lightweight cladding in New Zealand and continuing underperformance in Australia. Masterbatch's results were steady.

Outlook

John Hirst said: "Trading conditions are best described as stable. However, there is general optimism that the worst downstream impacts of the global financial crisis are behind us and that at least some government stimulus programmes have had positive and sustainable effects on various key economies. It is likely also that supply chains are now in balance with underlying demand, and future sales therefore should be representative of the real state of the market.

"Our view is that recovery will be slow and by no means consistent around the globe. Asia is expected to lead the way, and Europe has recovered somewhat from its extraordinary position in late calendar 2008, but has a long way to go. Our business in the US will improve as the economy recovers and we expect Australia will continue to be resilient, although it will be some time before segments exposed to discretionary spending strengthen. All in all, we hold a conservative view of near-term demand and are becoming more optimistic for the medium term.

"In the Resins business units, we are continuing to invest in new and sustainable technology and expect some exciting new developments to contribute substantially in the future. The restructuring in 2008/09 will benefit the current year, while further restructuring is expected to be cost neutral, with most of the benefits in 2010/11. Lower operational costs will accrue from capital investments in polyester and vinyl ester manufacturing at Wacol for the composites market. We anticipate opening up new markets as a consequence of expanding manufacturing activities in Surabaya, Indonesia to include composite resins. Current global manufacturing capacities are expected to meet demand in the near term, with only a planned China development requiring significant capital expenditure.

"Prospects for the Specialties business remain linked to a recovery in the Australasian market. We expect that demand will improve in some segments that have been depressed, and that further penetration of existing markets with new products, and new markets with existing products, will provide growth. Construction Products expects improvement as there is increased acceptance of new developments and products. Overall, however, the markets are expected to remain tight.

"All businesses will be appropriately structured to take advantage of any uplift in demand, which may not be many months away. In the meantime, we will maintain the same disciplines and focus that have been in place throughout 2008/09 to generate cash and position the company for future growth."

Nuplex Industries Limited is a leading international manufacturer and distributor of resins for coatings and composites, and specialty products for the construction, chemical, plastic and life sciences industries. It has manufacturing operations in ten countries on four continents. Australia generates the largest share of earnings, followed by Europe. The company also earns significant contributions from New Zealand, Asia and the Americas. Nuplex is listed on the Australian and New Zealand exchanges and has a market capitalisation of A$350 million / NZ$420 million.

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2009 FINANCIAL STATEMENTS
for the year ended 30 June 2009

The Directors are pleased to present the Financial Statements of the Nuplex Group for the year ended 30 June 2009.

Rob Aitken	David Jackson
Chairman	Director
27 August 2009	27 August 2009

KPMG

Audit report

To the shareholder of Nuplex Industries Limited

We have audited the financial statements on pages 2 to 41. The financial statements provide information about the past financial performance and financial position of the company and group as at 30 June 2009. This information is stated in accordance with the accounting policies set out on pages 5 to 10.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company and group as at 30 June 2009 and the results of their operations and cash flows for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm has also provided other services to the company and certain of its subsidiaries in relation to taxation and general accounting services. Partners and employees of our firm may also deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. These matters have not impaired our independence as auditors of the company and group. The firm has no other relationship with, or interest in, the company or any of its subsidiaries.

KPMG

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records;

- the financial statements on pages 2 to 41:

  - comply with New Zealand generally accepted accounting practice;

  - give a true and fair view of the financial position of the company and group as at 30 June 2009 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 27 August 2009 and our unqualified opinion is expressed as at that date.

KPMG.

Auckland

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Income Statements
for the year ended 30 June 2009

(NZD in thousands)	Note	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Sales revenue		1,493,693	1,532,065	87,505	95,009
Cost of sales		(1,195,501)	(1,211,095)	(66,449)	(69,960)
Gross profit		298,192	320,970	21,056	25,049
Other operating income	3	5,228	2,186	441	40,669
Distribution expenses		(74,154)	(74,872)	(5,174)	(5,725)
Marketing expenses		(93,232)	(87,534)	(9,300)	(7,703)
Administration expenses		(61,420)	(54,307)	(9,270)	(8,426)
Other operating expenses	4	(16,143)	(11,836)	(3,761)	(288)
Operating profit before financing costs		58,471	94,607	(6,008)	43,576
Financial income		2,696	3,611	2,448	8,642
Financial expenses		(33,724)	(28,078)	(7,067)	(5,843)
Net financing costs	7	(31,028)	(24,467)	(4,619)	2,799
Share of profits of associates	12	(42)	997	-	-
Profit before tax		27,401	71,137	(10,627)	46,375
Income tax expense	8	(8,330)	(21,091)	2,004	(2,583)
Profit for the year		19,071	50,046	(8,623)	43,792
Attributable to:					
Equity holders of the parent		16,729	48,304	(8,623)	43,792
Minority interests		2,342	1,742	-	-
Profit for the year		19,071	50,046	(8,623)	43,792
Basic earnings per share	9	0.28	1.60		
Diluted earnings per share	9	0.28	1.60		
Dividends per ordinary share paid (NZD)	20	23.0	40.5		

Statements of Recognised Income and Expense
for the year ended 30 June 2009

(NZD in thousands)	Note	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Exchange translation difference		5,861	37,192	-	-
Changes in fair value of cash-flow hedges		(6,184)	1,171	(674)	405
Net income recognised directly in equity		(323)	38,363	(674)	405
Profit for the year		19,071	50,046	(8,623)	43,792
Total recognised income and expense for the year	20	18,748	88,409	(9,297)	44,197
Attributable to:					
Equity holders of the parent		15,501	86,219	(9,297)	44,197
Minority interests		3,247	2,190	-	-
Total recognised income and expense for the year		18,748	88,409	(9,297)	44,197

KPMG

Balance Sheets

As at 30 June 2009

(NZD in thousands)	Note	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Equity attributable to members of the parent company	20	511,672	356,584	422,159	291,869
Minority interests	20	9,950	8,477	-	-
Total Equity		521,622	365,061	422,159	291,869
Property, plant and equipment	14	319,199	311,682	20,272	20,479
Intangible assets	15	153,402	150,174	2,166	2,211
Investments in associates	12	3,092	3,819	-	-
Investments in subsidiaries		-	-	177,725	148,907
Trade and other receivables	11	-	1,167	245,247	143,689
Deferred tax asset	13	10,540	6,533	1,063	808
Non-current Assets		486,233	473,375	446,473	316,094
Inventories	10	173,668	234,573	14,856	17,713
Trade and other receivables	11	256,489	334,354	14,333	17,130
Income tax receivable		10,860	6,304	3,074	73
Cash and cash equivalents		119,499	50,843	13,190	7,591
Current Assets		560,516	626,074	45,453	42,507
Total Assets		1,046,749	1,099,449	491,926	358,601
Borrowings	17	248,218	403,118	52,571	52,484
Employee provisions	18	24,844	29,348	1,091	1,329
Provisions	19	418	384	-	-
Deferred tax liability	13	20,206	21,217	-	-
Non-current Liabilities		293,686	454,067	53,662	53,813
Borrowings	17	475	385	73	65
Trade and other payables	16	203,890	245,118	13,470	9,882
Employee provisions	18	17,511	17,671	937	1,289
Provisions	19	6,221	12,248	1,625	1,683
Income tax payable		3,344	4,899	-	-
Current Liabilities		231,441	280,321	16,105	12,919
Total Liabilities		525,127	734,388	69,767	66,732
Total Net Assets		521,622	365,061	422,159	291,869

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Cash Flow Statements

for the year ended 30 June 2009

nuplex

(NZD in thousands)	Notes	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Receipts from customers		1,581,055	1,507,076	90,691	98,978
Interest received		2,207	2,595	2,786	1,471
Payments to suppliers and employees		(1,412,597)	(1,385,456)	(88,941)	(93,431)
Interest paid		(32,780)	(26,735)	(4,900)	(5,539)
Dividends received		738	1,506	-	43,579
Income taxes paid		(15,392)	(22,237)	(202)	(1,254)
Net cash from operating activities	28	123,231	76,749	(566)	43,804
Disposal of property, plant and equipment		175	311	54	200
Acquisition of property, plant and equipment		(18,893)	(35,567)	(406)	(1,370)
Loans to subsidiaries		-	-	(104,464)	1,638
Increase in investment in subsidiaries		-	-	(28,650)	-
Purchases of businesses		(4,000)	(16,677)	-	-
Disposal of businesses		1,044	255	-	-
Net cash from investing activities		(21,674)	(51,678)	(133,466)	468
Proceeds from borrowings		12,868	62,746	-	58
Repayment of borrowings		(186,279)	(18,921)	-	(364)
Repayment of capital notes		-	(22,433)	-	(22,433)
Proceeds from issue of ordinary share capital		159,595	-	159,595	-
Transaction fees on issue of share capital		(5,968)	-	(5,968)	-
Dividends paid		(15,771)	(23,613)	(13,996)	(21,955)
Supplementary dividends paid		-	(204)	-	(204)
Net cash from financing activities		(35,555)	(2,425)	139,631	(44,898)
Increase/(decrease) in cash		66,002	22,646	5,599	(626)
Cash at 1 July		50,843	26,462	7,591	8,217
Exchange rate adjustment		2,654	1,735	-	-
Cash at 30 June		119,499	50,843	13,190	7,591
Comprising:					
Cash balances		94,786	44,963	5,090	3,191
Cash on call deposit		24,713	5,880	8,100	4,400

KPMG

1. Statement of significant accounting policies
Nuplex Industries Limited 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).

The accounting policies set out below have been applied consistently to all periods in these financial statements, 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	Interpretation	Mandatory for the year-ending
NZ IFRS 1 and NZ IAS 27	Amendments to Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate	30 June 2010
NZ IFRS 2	Amendments to Share Based Payments: vesting conditions and cancellations	30 June 2010
NZ IFRS 3	Business Combinations (revised)	30 June 2010
NZ IFRS 4	Insurance Contracts - Amendments	30 June 2010
NZ IFRS 7	Amendment on significance of financial instruments for financial position or performance	30 June 2010
NZ IFRS 8	Operating Segments	30 June 2010
NZ IAS 1	Presentation of Financial Statements (revised)	30 June 2010
NZ IAS 1 and NZ IAS 32	Amendment to puttable financial instruments and obligations arising on liquidation	30 June 2010
NZ IAS 23	Borrowing Costs (revised)	30 June 2010
NZ IAS 27	Consolidated and Separate Financial Statements (amended)	30 June 2010
NZ IFRIC 15	Agreements for the construction of real estate	30 June 2010
NZ IFRIC 16	Hedges of a net investment in a foreign operation	30 June 2010
NZ IFRIC 17	Distribution of non-cash assets to owners	30 June 2010
NZ IFRIC 18	Transfers of assets from customers	30 June 2010

The following standards and interpretations may have a material impact on the Group's financial performance or position. The other standards and interpretations are not considered likely to have a material impact for the Group.

NZ IFRS 1 and NZ IAS 27: Amendments to Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
The above standards allow greater scope for the measurement of cost of investments, particularly on transition to NZ IFRS. This may have a material impact on the Group's future results in the event of an acquisition.

NZ IFRS 3: Business Combinations (Revised)
NZ IFRS 3 prescribes the information that an entity must provide in its financial statements about a business combination and its effects. The revisions to the standard may affect the accounting for future acquisitions and disposals of investments in subsidiaries and non controlling interests therein, including the treatment of acquisition costs and measurement of goodwill in relation to deferred purchase commitments. This may have a material impact on the Group's future results in the event of an acquisition.

(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, 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 and deferred acquisition settlements payable.

The financial statements have been approved by the Board of Directors on 27 August 2009.

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

(i) Classification of investments
Classifying investments as either subsidiaries, associates or joint ventures requires management assess the degree of influence which the group holds over the investee. In arriving at a conclusion management take into account the constitutional structure of the investee, governance arrangements, current and future representation on the board of directors, and all other arrangements which might allow influence over the operating and financial policies of the investee.

(ii) Valuation of goodwill
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 financia 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.

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

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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.

The accounting policies have been applied consistently by Group entities.

(c) Basis of consolidation
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.

Associates
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, 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 book values.

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

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(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 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 taken to the translation reserve to the extent that the hedge is effective. If ineffective it is taken to the Income Statement. They are released into the income statement 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.

Dividend income
Dividend income is recognised in the income statement 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 balance sheet.

(f) Expenses
Operating lease payments
Payments made under operating leases are recognised in the income statement 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 the income statement. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method. Interest income is recognised in the income statement 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 the income statement except if it relates to items recognised directly in equity, in which case the income tax is recognised in equity. 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 provided using the balance sheet liability method, providing for 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 notes and share options 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, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition, construction or production of qualifying assets are recognised in profit or loss as incurred.

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

Leased assets
Leases in terms of which 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 the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

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

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(j) Intangible assets

Goodwill

All business combinations are accounted for by applying the purchase 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 the income statement.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, is recognised in the income statement 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 and the Group has sufficient resources to complete development. 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 the income statement 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 as a total portfolio and any impairment is recognised in the income statement.

Other intangible assets

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

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is charged to the income statement 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 are as follows:

intellectual property	up to 15 years
capitalised development costs	up to 5 years

(k) Trade and other receivables

Trade and other receivables are 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 maturing in 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 statement of cash flows.

(n) Impairment

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

(o) Equity

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

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributed transaction costs, and 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 and share loans are granted to senior management. The fair value of the rights and loan waivers is recognised as an employee expense with a corresponding increase in liabilities. The fair value of rights and loan waivers are measured at the grant date and spread over the vesting period, taking into account the terms and conditions upon which the rights and loans were granted. The rights are cash settled and the loans are equity settled.

Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Defined benefit plans
The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned 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 AAA credit rated 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.
In respect of actuarial gains and losses that arise subsequent to transition in calculating the Group's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10 per cent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

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.

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 payables.

(r) Provisions
A provision is recognised in the balance sheet 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
A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment) or in providing products and services within a particular economic environment (geographic segment), which is subject to risks and rewards that are different from those of other segments.

(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, less any impairment losses.

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 re-measurement to fair value is recognised immediately in the income statement 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 the income statement in the same period or periods during which the underlying exposure impacts the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

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 directly in equity. Any ineffective portion is recognised immediately in the income statement.

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(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 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) Government assistance programmes
The group recognises amounts received under Government assistance programmes as other income in profit or loss when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Amounts that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

(y) 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 taken to be the carrying value of these assets and liabilities due to their short term nature.

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.

Capital notes
Fair value is calculated based on discounted expected future principal and interest cash flows.

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

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2. Segment analyses

Segment information is presented in respect of the consolidated entity's business and geographical segments. The primary format, business segments, is based on the consolidated entity's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Business segments
The consolidated entity comprises the following main business 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. Manufacture of resin based flooring and building products. Distribution of related agency products and resilient flooring in NZ. Manufacture of light-weight plasters in Australasia.

Geographical segments
In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

BUSINESS SEGMENTS		2009			2008	
	Resins	Specialties	Total Group	Resins	Specialties	Total Group
Sales to outside customers	**1,164,642**	**329,051**	**1,493,693**	**1,201,163**	**330,902**	**1,532,065**
Inter-segment sales	4,445	5,382		3,378	4,705	
Segment sales	1,169,087	334,433		1,204,541	335,607	
EBITDA	**74,132**	**17,398**	**91,530**	**99,036**	**22,787**	**121,823**
Depreciation and amortisation	(22,693)	(1,873)	(24,566)	(18,349)	(1,602)	(19,951)
Segment result	51,439	15,525	66,964	80,687	21,185	101,872
Net financing costs			(31,028)			(24,467)
Share of profits of associates			(42)			997
Minority interest			(2,342)			(1,742)
Tax on operating profits			(9,966)			(23,275)
Operating profit after tax			**23,586**			**53,385**
Unusual items excluding impairments			(6,857)			(1,140)
Impairments	-	-	-	-	(3,941)	(3,941)
Net profit attributable to equity holders of the parent			16,729			48,304
Assets	**745,199**	**160,651**	**905,850**	**851,259**	**184,510**	**1,035,769**
Unallocated assets			140,899			63,680
			1,046,749			1,099,449
Liabilities	208,560	44,324	252,884	253,419	51,350	304,769
Unallocated liabilities			272,243			429,619
			525,127			734,388
Other segment information						
Equity accounted investments included in segment assets	1,026	2,066	3,092	1,567	2,252	3,819
Capital and acquisition expenditure	18,188	718	18,906	47,074	2,056	49,130

GEOGRAPHIC SEGMENTS	Sales by Destination		Assets		Capital expenditure and business acquisitions	
	2009	2008	2009	2008	2009	2008
New Zealand	158,377	166,553	119,707	128,162	521	1,793
Australia	569,792	585,593	408,605	422,151	7,310	16,900
Asia	255,091	247,870	144,914	139,151	3,311	2,159
Europe	355,280	384,890	296,146	335,100	5,989	14,368
Americas	155,153	147,159	77,377	74,885	1,775	13,910
Total Group	1,493,693	1,532,065	1,046,749	1,099,449	18,906	49,130

Unusual items and impairments after tax comprise:

	2009	2008
Impairments		
Impairment on property plant and equipment	-	4,697
Impairment on intangibles	-	933
Taxation impact of impairments	-	(1,689)
	-	3,941
Unusual items excluding impairments		
Acquisitions that did not proceed	2,989	-
Avondale and Seven Hills Remediation provisions	4,642	1,624
Loan facility renewal costs	862	-
Taxation impact of the above items	(1,636)	(484)
Total unusual (gains)/losses after tax	6,857	1,140

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3. Other income

(NZD in thousands)	Note	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Gain on disposal of property, plant and equipment		125	307	52	167
Dividends received from subsidiaries		-	-	-	40,220
Commissions and fees received		706	709	-	-
Rental income received		713	726	-	-
Netherlands work time reduction programme		3,480	-	-	-
Income received from subsidiaries		-	-	389	282
Other		204	444	-	-
		5,228	2,186	441	40,669

Netherlands work time reduction programme
Nuplex Resins BV recognised income of NZD3,480,000 from 12th January 2009 to 28th June 2009 under the Netherlands government work time reduction programme. The programme compensated for partial reductions of employee hours at full pay as a percentage of employee salaries. The contributions were conditional on externally reviewed financial conditions and labour union approval all of which Nuplex has met.

4. Other operating expenses

(NZD in thousands)	Note	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Loss on sale of property, plant and equipment		-	29	-	-
Impairment recognised on property, plant and equipment	14	-	4,697	-	-
Impairment and disposal of intangibles	15	-	933	-	-
Site remediation costs provided		5,288	1,624	561	250
Fees associated with acquisitions that did not proceed		2,989	-	2,566	-
Refinancing costs		862	-	-	-
Amortisation of intellectual property		3,211	2,249	-	-
Restructuring		3,313	-	557	-
Other		480	2,304	77	38
		16,143	11,836	3,761	288

Individually significant site remediation costs
After discovery that remediation requirements were more significant than originally anticipated the group recognised a provision increase of NZD561,000 in relation to the anticipated costs of remediating its Avondale, New Zealand site. The group also recognised a provision increase of NZD4,081,000 in relation to the anticipated costs of remediating its Seven Hills, Australia site.

Acquisitions that did not proceed
During the year the Group incurred legal and consulting fees on two potential acquisitions that did not result in a purchase transaction.

Refinancing costs
The refinancing costs above relate to legal and consulting costs associated with the renegotiation of the Group's revolving multi-currency cash advance facility, as disclosed in note 17.

5. Personnel expenses

(NZD in thousands)	Note	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Wages and salaries		142,019	128,317	11,703	12,713
Social security contributions		9,742	7,357	639	703
Contributions to defined contribution plans		11,312	9,360	-	182
Increase/(decrease) in liability for leave		(1,431)	699	(477)	96
Performance share rights	18	(2,245)	644	(369)	96
Share loan scheme	18	2,054	645	(110)	110
Other benefits		3,258	2,460	-	-
		164,709	149,482	11,386	13,900

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6. Auditors' remuneration

(NZD in thousands)	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Audit services				
Auditors of the Company				
KPMG New Zealand:				
Audit and review of financial reports	420	500	376	396
Overseas KPMG Firms:				
Audit and review of financial reports	928	1,346	-	-
	1,348	1,846	376	396
Other auditors				
Audit and review of financial reports	18	6	-	-
	1,366	1,852	376	396
Other services				
Auditors of the Company				
KPMG New Zealand:				
Taxation services	601	591	444	552
Other services	44	3	44	3
Overseas KPMG Firms:				
Taxation Services	1,216	665	130	-
Other services	55	108	-	-
	1,916	1,367	618	555

7. Financial Income and Expense

Recognised in the income statement

(NZD in thousands)	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Interest income from outside the group	2,112	2,595	509	916
Interest income from subsidiaries	-	-	1,939	1,850
Net foreign exchange gain	584	1,016	-	5,876
Financial income	2,696	3,611	2,448	8,642
Interest expense	29,412	27,224	5,302	5,769
Interest paid to subsidiaries	-	-	80	74
Fair value of ineffective interest rate swaps transferred from equity	1,934	-	-	-
Foreign exchange option premiums	850	-	850	-
Net foreign exchange loss	1,528	854	835	-
Financial expenses	33,724	28,078	7,067	5,843
Net financing costs / (income)	31,028	24,467	4,619	(2,799)

Refinancing related financial expenses

The expenses disclosed above in relation to the transfer of ineffective interest rate swaps and the foreign exchange option premium were incurred directly as a result of the reduction in loan facility balances in as part of refinancing during the year.

Recognised directly in equity

(NZD in thousands)				
Changes in fair value of cash-flow hedges	(10,849)	1,748	(963)	658
Fair value of ineffective interest rate swaps transferred to the income statement	1,934	-	-	-
Change in fair value of net investment hedges	(9,114)	(3,340)	-	-
Foreign currency translation differences for foreign operations	15,073	40,532	-	-
	(2,956)	38,940	(963)	658

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8. Income tax expense

Recognised in the income statement

(NZD in thousands)	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Current tax expense				
Current year	11,647	23,373	(1,749)	2,169
Adjustments for prior years	(576)	(1,535)	-	(208)
	11,071	21,838	(1,749)	1,961
Deferred tax expense				
Temporary differences	(2,741)	(908)	(255)	541
Reduction in tax rate	-	161	-	81
	(2,741)	(747)	(255)	622
Total income tax expense in income statement	8,330	21,091	(2,004)	2,583

The reduction in tax rate disclosed above reflects the reduction in tax rates in New Zealand from 33% to 30% from 1 July 2008.

Reconciliation between tax expense and pre-tax net profit

(NZD in thousands)	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Profit before tax	27,401	71,137	(10,627)	46,375
Income tax using the New Zealand corporate tax rate of 30% (2008: 33%)	8,221	23,475	(3,188)	15,304
Increase in income tax expense due to:				
Non-deductible expenses	1,319	989	833	79
CFC Attributed income	797	686	351	600
Tax losses not recognised	1,822	1,005	-	-
Decrease in income tax expense due to:				
Dividends from subsidiaries	-	-	-	(13,273)
Utilisation of previously unrecognised tax losses	(2,368)	-	-	-
Effect on tax rate in foreign jurisdictions	(716)	(3,240)	-	-
Effect of decrease in New Zealand tax rate	-	161	-	81
Equity earnings of associates	13	(299)	-	-
Non-taxable capital gains	-	-	-	-
Tax incentives	(182)	(151)	-	-
Under / (over) provided in prior years	(576)	(1,535)	-	(208)
Income tax expense on pre-tax net profit	8,330	21,091	(2,004)	2,583

Losses generated in the Company during the year have been recognised as they are expected to be utilised against profits in other New Zealand domiciled entities in either the current or following year.

Deferred tax recognised directly in equity

(NZD in thousands)	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Fair valuation of hedge accounted derivatives	2,633	(577)	291	(215)
	2,633	(577)	291	(215)

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9. Earnings per share

The calculation of basic and diluted earnings per share is based on:

	GROUP 2009	GROUP 2008
Net surplus attributable to ordinary shareholders	16,729	48,304
Weighted average number of ordinary shares (in thousands of shares):		
Ordinary shares on issue at 1 July	81,719	79,903
Dividend reinvestment plan shares issued 15 October 2007	-	615
Long term incentive scheme shares issued 29 November 2007	-	142
Dividend reinvestment plan shares issued 4 April 2008	-	170
Dividend reinvestment plan shares issued 17 October 2008	562	-
Rights issue shares issued 23 April 2009	107,616	-
Call option shares issued 29 April 2009	16,821	-
Impact of rights issue and call option bonus elements on previous issues	33,546	40,208
Impact of share consolidation	(180,198)	(90,779)
	60,066	30,259

Dilutive EPS is disclosed as being the same as basic EPS as the one possibly dilutive instrument (the capital notes) have an antidilutive impact on the basic EPS calculation.

10. Inventories

(NZD in thousands)	Note	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Raw materials and consumables		42,680	64,476	4,942	6,078
Finished goods		140,161	178,378	10,752	12,439
Provision for stock obsolescence		(9,173)	(8,280)	(838)	(804)
		173,668	234,573	14,856	17,713

The increase in the provision for stock obsolescence decreased group profit by NZD432,000 (2008: decrease NZD352,000) and decreased company profit by NZD34,000 (2008: decrease NZD13,000). 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)	Note	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
Current					
Trade receivables		231,165	301,472	12,916	14,733
Other receivables and prepayments		23,792	30,921	969	1,382
Receivables due from controlled entities		-	-	448	969
Fair value derivatives		61	1,961	-	46
Prepaid loan restructure fees		1,471	-	-	-
		256,489	334,354	14,333	17,130
Non-current					
Loans to controlled entities		-	-	245,247	142,522
Share loan scheme	18	-	1,167	-	1,167
		-	1,167	245,247	143,689

The Company's loans to controlled entities are repayable on demand and bear market interest rates with the exception of a NZD216,824,000 (2008: NZD99,768,000) loan to Nuplex Finance Holdings Limited which is non-interest bearing.

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12. Investments accounted for using the equity method

Investments in associates
The group accounts for investments in associates using the equity method.

The group has the following investments in associates:

	Principal activities	Country	Reporting Date	Ownership 30 June 2009	2008	2007
Quaker Chemical (Australia) Pty Limited	Distributor of specialty products	Australia	31-Dec	49%	49%	49%
Innospec Valvemaster Limited	Distributor of specialty products	UK	31-Dec	50%	50%	50%
Synthese (Thailand) Co Limited	Manufacture and distribution of synthetic resins	Thailand	31-Dec	47.5%	47.5%	45%

(NZD in thousands)	Revenues (100%)	Profit/(loss) (100%)	Share of associates net profit/(loss) recognised	Total Assets (100%)	Total Liabilities (100%)	Net assets as reported by associates (100%)	Share of associate's net assets
2009							
Quaker Chemical (Australia) Pty Limited	13,270	1,336	655	5,842	1,841	4,001	1,961
Innospec Valvemaster Limited	1,171	(154)	(77)	697	486	211	105
Synthese (Thailand) Co Limited	26,017	(1,304)	(620)	17,658	14,291	3,368	1,026
	40,458	(122)	(42)	24,197	16,618	7,580	3,092
2008							
Quaker Chemical (Australia) Pty Limited	14,866	1,835	899	6,705	2,469	4,236	2,076
Innospec Valvemaster Limited	1,867	198	99	997	646	351	176
Synthese (Thailand) Co Limited	29,070	(10)	(1)	20,485	16,517	3,968	1,567
	45,803	2,023	997	28,187	19,632	8,555	3,819

Results of associates

	GROUP	
(NZD in thousands)	2009	2008
Share of associate profit before income tax	206	1,425
Share of income tax expense	(248)	(428)
Share of associates net profit as disclosed by associates	(42)	997
Share of associates net profit accounted for using the equity method	(42)	997

Reconciliation of investment balance

	GROUP	
(NZD in thousands)	2009	2008
Balance at 1 July	3,819	2,743
Share of associates net profit/(loss)	(42)	997
Dividends received	(738)	(1,506)
Additional investment in Synthese (Thailand) Co Limited	-	1,127
Exchange translation difference	53	458
Balance at 30 June	3,092	3,819

On 1 November 2007 the Group invested a further NZD1,127,000 in Synthese (Thailand) Co Limited, increasing the equity of that company with other shareholders and increasing the group holding in that company by 2.5%.

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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)	2009	2008	2009	2008
Property, plant and equipment	137	1	26,083	23,494
Intangible assets	181	78	5,082	5,208
Receivables	893	740	319	358
Inventories	1,417	1,795	28	87
Employee benefits	7,614	8,243	-	-
Payables	2,508	1,965	-	-
Provisions	1,857	1,208	-	-
Fair value derivatives	2,264	196	-	569
Other items	5,089	1,246	114	440
Tax assets / liabilities	21,960	15,472	31,626	30,156
Set off of tax	(11,420)	(8,939)	(11,420)	(8,939)
Net tax assets / liabilities	10,540	6,533	20,206	21,217

	COMPANY			
	Assets		Liabilities	
(NZD in thousands)	2009	2008	2009	2008
Property, plant and equipment	-	-	864	850
Intangible assets	63	49	-	-
Receivables	63	32	-	-
Inventories	251	241	-	-
Employee benefits	608	835	-	-
Payables	222	102	-	-
Provisions	488	505	-	-
Fair value derivatives	275	-	-	14
Other items	-	-	43	92
Tax assets / liabilities	1,970	1,764	907	956
Set off of tax	(907)	(956)	(907)	(956)
Net tax assets / liabilities	1,063	808	-	-

Movement in temporary differences during the year

	GROUP		COMPANY	
	2009	2008	2009	2008
Balance at 1 July	(14,684)	(13,797)	808	1,628
Recognised in profit or loss	3,456	1,596	(36)	(605)
Recognised in equity	2,633	(577)	291	(215)
Exchange adjustment	(1,071)	(1,906)	-	-
Balance at 30 June	(9,666)	(14,684)	1,063	808

Unrecognised deferred tax assets
Deferred tax assets have not been recognised in respect of the following items:

	GROUP		COMPANY	
(NZD in thousands)	2009	2008	2009	2008
Gross value of tax losses	39,625	42,774	-	-

Other than in China, where tax losses expire after five years, the tax losses will not expire under local legislation, subject to the Group 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 China (NZD3,868,000 (2008: NZD9,898,000)), Brazil (NZD8,173,000 (2008: NZD8,161,000)) and the UK (NZD27,584,000 (2008: 24,715,000))

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14. Property, plant and equipment

(NZD in thousands)	GROUP Land and buildings	GROUP Plant and equipment	GROUP Motor vehicles	GROUP Under construction	GROUP Total	COMPANY Land and buildings	COMPANY Plant and equipment	COMPANY Motor vehicles	COMPANY Total
Cost									
Balance at 1 July 2007	169,279	234,322	6,612	6,999	417,212	16,508	32,189	59	48,756
Other additions/transfers	3,753	31,609	607	(521)	35,448	549	469	11	1,029
Disposals	(281)	(8,080)	(290)	-	(8,651)	-	(5,222)	(37)	(5,259)
Effect of movements in foreign exchange	18,998	30,951	941	770	51,660	-	-	-	-
Balance at 30 June 2008	191,749	288,802	7,870	7,248	495,669	17,057	27,436	33	44,526
Balance at 1 July 2008	191,749	288,802	7,870	7,248	495,669	17,057	27,436	33	44,526
Other additions/transfers	1,184	22,274	1,562	(6,324)	18,696	9	1,072	2	1,083
Disposals	(177)	(7,761)	(1,062)	-	(9,000)	-	(284)	-	(284)
Effect of movements in foreign exchange	5,288	1,161	302	1,020	7,771	-	-	-	-
Balance at 30 June 2009	198,044	304,476	8,672	1,944	513,136	17,066	28,224	35	45,325
Depreciation and impairment losses									
Balance at 1 July 2007	13,576	132,620	4,377	-	150,573	1,116	27,108	59	28,283
Depreciation charge for the year	3,998	12,451	868	-	17,317	320	670	-	990
Impairment charge	4,697	-	-	-	4,697	-	-	-	-
Disposals	(281)	(8,021)	(288)	-	(8,590)	-	(5,189)	(37)	(5,226)
Effect of movements in foreign exchange	1,416	17,917	657	-	19,990	-	-	-	-
Balance at 30 June 2008	23,406	154,967	5,614	-	183,987	1,436	22,589	22	24,047
Balance at 1 July 2008	23,406	154,967	5,614	-	183,987	1,436	22,589	22	24,047
Depreciation charge for the year	4,619	15,438	1,133	-	21,190	295	993	2	1,290
Impairment charge	-	-	-	-	-	-	-	-	-
Disposals	(40)	(7,011)	(1,058)	-	(8,109)	-	(284)	-	(284)
Effect of movements in foreign exchange	702	(3,972)	139	-	(3,131)	-	-	-	-
Balance at 30 June 2009	28,687	159,422	5,828	-	193,937	1,731	23,298	24	25,053
Carrying amounts									
At 1 July 2007	155,703	101,702	2,235	6,999	266,639	15,392	5,081	-	20,473
At 30 June 2008	168,343	133,835	2,256	7,248	311,682	15,621	4,847	11	20,479
At 1 July 2008	168,343	133,835	2,256	7,248	311,682	15,621	4,847	11	20,479
At 30 June 2009	169,357	145,054	2,844	1,944	319,199	15,335	4,926	11	20,272

Impairment
The Directors impaired the value of land holdings in the specialties segment in the year ended 30 June 2008. The group had received indicative interest in the sale of certain land holdings. As the indicative offers were less than the carrying value of the land, the Directors considered these to provide an indicator of impairment and reduced the carrying value to the estimated recoverable value less costs to sell. The Directors considered this amount to represent the realisable amount for the assets involved.

Leased plant and machinery
The Group leases plant and equipment under a number of finance lease agreements. At 30 June 2009, the net carrying amount of leased plant and machinery was NZD1,029,000 (2008: NZD779,000) for the Group and NZD225,000 (2008: NZD207,000) for the Company. The leased equipment secures the underlying lease obligations (see note 17).

Assets pledged as security for loan facility
The group's loan facility is secured by a charge over the group's New Zealand and Australian assets and undertakings. The net book value of the property, plant and equipment covered by that charge at 30 June 2009 was:

	GROUP	*COMPANY*
Land and buildings	89,071	15,335
Plant and equipment	58,453	4,926
Motor vehicles	29	11
Under construction	-	-
Total	147,553	20,272

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15. Intangible assets

(NZD in thousands)	Note	GROUP Goodwill	GROUP Agencies	GROUP Intellectual property	GROUP Other	GROUP Total	COMPANY Goodwill	COMPANY Other	COMPANY Total
Cost									
Balance at 1 July 2007		93,629	28,660	20,556	2,475	145,320	2,650	194	2,844
Business combination acquisitions	26	7,623	-	6,059	-	13,682	-	-	-
Other acquisitions		-	-	-	71	71	-	14	14
Effect of movements in foreign exchange		16,363	-	3,863	303	20,529	-	-	-
Balance at 30 June 2008		117,615	28,660	30,478	2,849	179,602	2,650	208	2,858
Balance at 1 July 2008		117,615	28,660	30,478	2,849	179,602	2,650	208	2,858
Acquisitions and transfers		-	-	-	210	210	-	-	-
Effect of movements in foreign exchange		5,656	-	760	(14)	6,402	-	-	-
Balance at 30 June 2009		123,271	28,660	31,238	3,045	186,214	2,650	208	2,858
Amortisation and impairment losses									
Balance at 1 July 2007		16,435	-	5,139	900	22,474	500	102	602
Amortisation for the year		-	-	2,249	385	2,634	-	45	45
Impairment charge		-	-	-	933	933	-		-
Effect of movements in foreign exchange		2,015	-	1,159	213	3,387	-		-
Balance at 30 June 2008		18,450	-	8,547	2,431	29,428	500	147	647
Balance at 1 July 2008		18,450	-	8,547	2,431	29,428	500	147	647
Amortisation for the year		-	-	3,211	165	3,376	-	45	45
Effect of movements in foreign exchange		(210)	-	226	(8)	8	-	-	-
Balance at 30 June 2009		18,240	-	11,984	2,588	32,812	500	192	692
Carrying amounts									
At 1 July 2007		77,194	28,660	15,417	1,575	122,846	2,150	92	2,242
At 30 June 2008		99,165	28,660	21,931	418	150,174	2,150	61	2,211
At 1 July 2008		99,165	28,660	21,931	418	150,174	2,150	61	2,211
At 30 June 2009		105,031	28,660	19,254	457	153,402	2,150	16	2,166

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Agencies
Agencies disclosed above represent the fair value assessed at the time of acquisition of certain agency agreements acquired as part of the PML Holdings Limited group of companies.

Amortisation and impairment charge
The amortisation and impairment charge is recognised in the following line items in the income statement:

	GROUP		*COMPANY*	
(NZD in thousands)	2009	2008	2009	2008
Administration expenses	165	385	45	45
Other operating expenses	3,211	3,182	-	-
	3,376	3,567	45	45

Impairment
The impairment charge recognised during the prior year relates to a distribution agreement held by Nuplex Industries (Aust) Pty Limited for Uniqema products which was cancelled during that year.

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)	2009	2008	2009	2008
Resins goodwill	89,128	86,580	2,150	2,150
Specialties goodwill	15,903	16,039	-	-
Specialties agencies	28,660	28,660		
	133,691	131,279	2,150	2,150

For the purposes of impairment testing, goodwill is allocated to the groups 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 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. Cash flows for a further 10-20 year period 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	0-1.9%
New Zealand Resins	0-2%
Australia and New Zealand Specialties	0-5%
Europe Resins	2%
Americas Resins	1%
Asia Resins	3%

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:

New Zealand	17.3%
Australia	17.1%
Europe	16.7%
Americas	15.4%
Asia	17.3%

The calculations for each cash-generating unit show varying degrees of headroom over carrying value, however, based on the analysis performed there are no impairment issues necessitating a write-down of goodwill and in particular given either a 1% increase in discount rate or a 1% reduction in growth rates no impairment would be required.

16. Trade and other payables

	GROUP		*COMPANY*	
(NZD in thousands)	2009	2008	2009	2008
Trade payables and accrued expenses	196,223	244,466	9,488	9,333
Trade payables and accruals owed to subsidiaries	-	-	3,064	549
Fair value derivatives	7,667	652	918	-
	203,890	245,118	13,470	9,882

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17. Interest-bearing loans and borrowings

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

	GROUP		COMPANY	
(NZD in thousands)	2009	2008	2009	2008
Current liabilities				
Current portion of finance lease liabilities	475	385	73	65
	475	385	73	65
Non-current liabilities				
Secured bank loans	340,482	350,337	-	-
Capital notes	52,417	52,344	52,417	52,344
Finance lease liabilities	(144,681)	437	154	140
	248,218	403,118	52,571	52,484
Financing facilities				
Secured bank loans	373,181	442,087	-	-
Facilities utilised at reporting date				
Secured bank loans	340,482	350,337	-	-
Facilities not utilised at reporting date				
Secured bank loans	32,699	91,750	-	-

Terms and debt repayment schedule
The terms and conditions of outstanding loans were as follows:

		Nominal interest rate			2009		2008	
(NZD in thousands)	Currency	2009	2008	Maturity	Face value	Carrying amount	Face value	Carrying amount
Capital Notes	NZD	9.30%	9.30%	Sep-12	52,568	52,417	52,568	52,344
Cash advance facility loan	EUR		5.15%	Nov-11	-	-	12,458	12,458
Cash advance facility loan	USD		3.03%	Nov-11	-	-	17,096	17,096
Cash advance facility loan	USD	2.35%	3.19%	Nov-11	21,030	21,030	11,836	11,836
Cash advance facility loan	USD	2.54%	3.10%	Nov-11	9,432	9,432	17,886	17,886
Cash advance facility loan	AUD	4.74%	8.08%	Nov-11	98,774	98,774	171,746	171,746
Cash advance facility loan	AUD	4.74%		Nov-10	46,401	46,401	-	-
Cash advance facility loan	GBP		6.21%	Nov-11	-	-	31,471	31,471
Cash advance facility loan	EUR	3.60%	5.05%	Nov-10	10,860	10,860	75,789	75,789
Cash advance facility loan	CNY	5.76%	7.02%	Nov-11	8,810	8,810	12,055	12,055
Total interest bearing liabilities					247,875	247,724	402,905	402,681

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Financing arrangements

Capital notes

The capital notes have an election date of 15 September 2012, at which point the company can redeem for cash or roll over the notes on revised terms. Unless the company has given notice that it will redeem all capital notes, noteholders must elect to retain some or all of their notes on revised terms or convert some or all notes to shares. Despite a noteholders election, the company can elect to redeem for cash some or all of the notes. The capital notes have an interest rate of 9.3% per annum.

Revolving multi-currency cash advance facility

Bank loans are denominated in Pounds Sterling, Australian Dollars, Euro, US Dollars and Chinese Yuan (refer note 21). The overall facility limit is denominated in AUD and is AUD300,000,000 (2008: AUD350,000,000).

The bank loans are secured by a charge over the group's New Zealand and Australian assets and undertakings.
The bank loans are also secured by a negative pledge whereby Nuplex Industries Limited and a guaranteeing group of its subsidiary companies undertake to the lenders that they will not create or allow to continue any security interest over any part of its property other than in limited circumstances. The guaranteeing group comprises all wholly owned subsidiary companies except Cong Ty Nuplex Resins (Vietnam), Nuplex Resins (Foshan) Co Limited, Nuplex Resins (Suzhou) Co Limited, Nuplex Resins (Thailand) Limited, Nuplex Industries (Hong Kong) Limited and Nuplex Producao de Resinas Ltda.

Loans are drawn on a revolving facility and are drawn for periods of 1, 2, 3 or 6 months under the facility and interest accrues at a rate fixed on the date of drawdown for that period. AUD100,000,000 of the facility has a maturity of 16 November 2010 and the remaining AUD200,000,000 16 November 2011.

Under the facility agreement dated 16 November 2005 the group is required to ensure at all times that it complies with certain covenant ratios including ensuring that the ratio of finance debt to EBITDA (Senior Debt Cover Ratio or "SDCR") shall not exceed 3.00. At the 31 December 2008 testing date this ratio was 3.46 representing a failure to comply. The company entered into discussions with the banks on 19 December 2008 in order to obtain an amendment to the facility terms. In March 2009 agreement was reached with the banks to waive the SDCR until 30 April 2009, then apply limits of 3.5 until 29 June 2009, 3.25 until 29 September 2009 and 3.0 thereafter. At 30 June 2009 the SDCR was 1.28.

Subsequent to balance date, the Group has notified it's bankers that it has failed to comply with the Guaranteeing Group EBIT covenant ratio at 31 July 2009. The Banks have waived the requirement to comply with the ratio until 31 December 2009 during which time the Group plans to accede additional wholly owned subsidiaries into the Guaranteeing Group.

The amendment to the Facility structure of March 2009 also stipulated that the net proceeds of the sale of any asset or group of assets (other than inventory) with an aggregate book value in excess of NZD2,000,000 be applied to reduce amounts outstanding under the cash advance facility.

Finance lease liabilities

Finance lease liabilities of the Group and Company are payable as follows:

(NZD in thousands)	*GROUP*			*COMPANY*		
2009	Minimum lease payments	Principal	Interest	Minimum lease payments	Principal	Interest
Less than one year	512	475	37	77	73	4
Between one and five years	524	494	30	162	154	8
	1,036	969	67	239	227	12

	GROUP			*COMPANY*		
2008	Minimum lease payments	Principal	Interest	Minimum lease payments	Principal	Interest
Less than one year	439	385	54	94	65	29
Between one and five years	462	437	25	150	140	10
	901	822	79	244	205	39

The Group leases equipment under finance leases expiring from one to five years.

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18. Employee provisions

Current

	GROUP		COMPANY	
(NZD in thousands)	2009	2008	2009	2008
Bonus provisions	3,835	3,853	155	101
Liability for annual leave	10,883	11,450	782	1,188
Redundancy	185	645	-	-
Other	2,608	1,723	-	-
	17,511	17,671	937	1,289

Non Current

	GROUP		COMPANY	
(NZD in thousands)	2009	2008	2009	2008
Present value of unfunded obligations	15,233	15,520	-	-
Present value of funded obligations	1,990	2,371	-	-
Fair value of plan assets	(1,626)	(2,205)	-	-
Present value of net obligations	15,597	15,686	-	-
Unrecognised actuarial amounts	(218)	523	-	-
Recognised liability for defined benefit obligations (see below)	15,379	16,209	-	-
Liability for long-service leave	7,962	8,201	666	738
Share based payments	-	2,246	-	370
Other	1,503	2,692	425	221
Total non-current employee benefits	24,844	29,348	1,091	1,329

The reduction in the redundancy provision included utilisations of NZD1,118,000.

(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 The Netherlands and New Zealand and a United States medical scheme.

Plan assets consist of the following:

	GROUP		COMPANY	
	2009	2008	2009	2008
Equity securities	894	904	-	-
Property	179	309	-	-
Fixed interest	537	706	-	-
Other	16	286	-	-
	1,626	2,205	-	-

None of the plans hold any investments in Nuplex shares.

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Movements in the net liability for defined benefit obligations:

	GROUP		COMPANY	
(NZD in thousands)	2009	2008	2009	2008
Net liability for defined benefit obligations at 1 July	17,892	16,563	-	2,604
Benefits paid	(3,162)	(1,050)	-	-
Current service costs and interest	1,029	170	-	-
Exchange adjustment	1,464	2,209	-	-
Intercompany transfer	-	-	-	(2,604)
Net liability for defined benefit obligations at 30 June	17,223	17,892	-	-

Movements in plan assets:

	GROUP		COMPANY	
	2009	2008	2009	2008
Fair value of plan assets at 1 July	2,205	2,438	-	2,438
Employer contributions paid into the plan	98	113	-	-
Participant contributions paid into the plan	46	54	-	-
Benefits paid by the plan	(544)	(369)	-	-
Expected return on plan assets	113	134	-	-
Actuarial gain/(loss)	(292)	(165)	-	-
Intercompany transfer	-	-	-	(2,438)
	1,626	2,205	-	-

Expense recognised in the income statement:

	GROUP		COMPANY	
	2009	2008	2009	2008
Current service costs	(403)	(388)	-	-
Interest on obligation	(903)	(576)	-	-
Expected return on plan assets	113	134	-	-
Actuarial gains/(losses)	(15)	660	-	-
	(1,208)	(170)	-	-

The expense is recognised in the following lines in the income statement:

	GROUP		COMPANY	
	2009	2008	2009	2008
Marketing expenses	(66)	(98)	-	-
Administration expenses	(1,142)	(72)	-	-
	(1,208)	(170)	-	-

It is expected that the group will make contributions to plans of NZD128,000 and pay benefits from the plans of NZD3,013,000 in the year ended 30 June 2010.

Actuarial Assumptions:

	GROUP		COMPANY	
	2009	2008	2009	2008
Discount rate	4.20 to 6.00%	4.50 to 6.50%	-	-
Return on plan assets	5.50%	5.50%	-	-
Social security increases	2.00%	2.00%		
Pension increases	2.00 to 9.00%	2.00 to 10.00%		
Salary increases	0 to 4.00%	0 to 4.00%		

The overall expected long-term rate of return on assets is 5.5 percent. The expected return on assets is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset class.

Trend data	2009	2008	2007	2006	2005
Defined benefit obligation	(17,223)	(17,892)	(16,563)	(19,128)	(96,289)
Assets of the plans	1,626	2,205	2,438	2,274	46,815
Net obligation	(15,597)	(15,687)	(14,125)	(16,854)	(49,474)
Experience adjustments arising on plan assets	292	259	(75)	(203)	507
Experience adjustments arising on plan liabilities	(184)	(293)	1,219	(287)	(3,665)

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Share Based Incentive Schemes

In prior years, the Company established two senior manager incentive schemes. These were the 2004 Performance Share Rights Scheme and the 2007 Share Loan Scheme.
The 2004 Performance Share Rights Scheme was cancelled in June 2009 and the Board has decided to cancel the 2007 Share Loan Scheme. The 2004 Performance Share Rights Scheme was cash settled and as such on cancellation liabilities associated to the scheme are reversed through the income statement. The 2007 Share Loan Scheme is equity settled and due to the decision to cancel the scheme the loan receivables arising under the scheme have been fully provided for.
The cancellation of the 2007 Scheme will result in no adjustment to amounts previously recognised in equity. The net impact of the decision to cancel the two schemes at the point of cancellation, was an increase in profit before income tax of NZD 69,000.

2004 Performance Share Rights Scheme

The cancellation of the 2004 Performance Share Rights scheme, at the point of cancellation of the scheme, had the following impact:

- A decrease in the obligation to purchase shares under the 2004 Performance Share Rights Scheme of NZD 1,937,000;

(NZD in thousands)	GROUP		COMPANY	
(Income)/Expense recognised in the income statement	2009	2008	2009	2008
Share rights granted in 2005 financial year	(705)	-	(138)	-
Share rights granted in 2006 financial year	(759)	253	(120)	40
Share rights granted in 2007 financial year	(782)	391	(112)	56
	(2,246)	644	(370)	96
Carrying amount of performance share rights liability	-	2,246	-	370

2007 Share Loan Scheme

Shares allotted under the 2007 Share Loan Scheme will be required to be sold and the net proceeds applied against the outstanding loans owing to the company.
Conditional upon the sale and application of proceeds against outstanding loans to the company, it is intended that the 2007 Share Loan Scheme debt will be waived subject to compliance with regulatory requirements.
The decision to cancel the 2007 Share Loan Scheme, at the point of cancellation of the scheme, has the following impact:

- A decrease in the net loan receivable from executives of NZD 613,000; and
- An increase in FBT liability of NZD 1,255,000 in relation to the waiver of the outstanding 2007 Share Loan Scheme debt.

(NZD in thousands)	GROUP		COMPANY	
Expense recognised in the income statement	2009	2008	2009	2008
Loan waiver accrual for 2007 loans	1,099	156	(29)	29
Discount to present value for 2007 loans	(489)	680	(81)	112
Interest revenue for 2007 loans	-	(191)	-	(31)
Provision against loan balance	1,444	-	-	-
	2,054	645	(110)	110

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19. Provisions

(NZD in thousands)	GROUP			COMPANY	
	Site restoration	Other	Total	Site restoration	Total
Balance at 1 July 2008	8,078	4,554	12,632	1,683	1,683
Provisions made during the year	5,290	-	5,290	561	561
Provisions used during the year	(7,177)	(4,061)	(11,238)	(619)	(619)
Exchange rate adjustment	(79)	34	(45)	-	-
Balance at 30 June 2009	6,112	527	6,639	1,625	1,625
2009					
Current	6,112	109	6,221	1,625	1,625
Non-current	-	418	418	-	-
Total	6,112	527	6,639	1,625	1,625
2008					
Current	8,078	4,170	12,248	1,683	1,683
Non-current	-	384	384	-	-
Total	8,078	4,554	12,632	1,683	1,683

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 legal claims and for deferred consideration on acquisitions as detailed in note 26.

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20. Capital and reserves

Reconciliation of movement in capital and reserves

(NZD in thousands)	GROUP: Share capital	GROUP (Attributable to equity holders of the parent): Translation reserve	Retained earnings	Hedging reserve	Total	Minority Interest	Total Equity	COMPANY: Share capital	Retained earnings	Hedging reserve	Total
Balance at 1 July 2007	171,425	(12,771)	132,592	(436)	290,810	7,945	298,755	171,425	97,242	(550)	268,117
Total recognised income and expense	-	36,744	48,304	1,171	86,219	2,190	88,409	-	43,792	405	44,197
Shares issued	12,137	-	-	-	12,137	-	12,137	12,137	-	-	12,137
Dividends paid	-	-	(32,582)	-	(32,582)	(1,658)	(34,240)	-	(32,582)	-	(32,582)
Balance as at 30 June 2008	183,562	23,973	148,314	735	356,584	8,477	365,061	183,562	108,452	(145)	291,869
Balance at 1 July 2008	183,562	23,973	148,314	735	356,584	8,477	365,061	183,562	108,452	(145)	291,869
Total recognised income and expense	-	4,956	16,729	(6,184)	15,501	3,247	18,748	-	(8,623)	(674)	(9,297)
Shares issued	158,382	-	-	-	158,382	-	158,382	158,382	-	-	158,382
Dividends paid	-	-	(18,795)	-	(18,795)	(1,774)	(20,569)	-	(18,795)	-	(18,795)
Balance as at 30 June 2009	341,944	28,929	146,248	(5,449)	511,672	9,950	521,622	341,944	81,034	(819)	422,159

Share capital

	COMPANY AND GROUP			
	(In thousands of shares)		(NZD in thousands)	
Fully Paid Ordinary shares	2009	2008	2009	2008
On issue at 1 July	81,719	79,903	183,562	171,425
Dividend reinvestment plan	802	1,574	4,755	10,383
Rights Issue	577,644	-	126,890	-
Call option	99,025	-	26,737	-
Share consolidation	(569,392)	-	-	-
Long term incentive scheme	-	242	-	1,754
On issue at 30 June	189,798	81,719	341,944	183,562

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.

Rights issue and Call option
On 23 April 2009 the Company issued for cash 577,643,738 shares at an issue price of NZD0.23 per share under a seven for one renounceable rights issue. Proceeds from the issue were NZD132,858,059 and associated transaction costs deducted from share capital were NZD5,968,000.

In connection with the rights issue the Company granted a call option to First NZ Capital Securities Limited under which 99,024,640 shares were issued on 29 April 2009 at a price of NZD0.27 per share, realising proceeds of NZD26,736,652.

Share consolidation
On 18 June 2009 the Company consolidated all its ordinary shares on a 1 for 4 basis.

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 cash flow hedging instruments related to hedged transactions that have not yet occurred.

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Dividends

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

(NZD in thousands)	2009				2008			
	Cents per share	Total amount	Imputation cents per share	Date of payment	Cents per share	Total amount	Imputation cents per share	Date of payment
Interim current year ordinary	-	-	-	-	20.0	16,202	2.0	Apr-08
Final prior year ordinary	23.0	18,795	Nil	Oct-08	20.5	16,380	2.0	Oct-07
Supplementary dividends		-				204		
Foreign investor tax credits		-				(204)		
Total amount	23.0	18,795			40.5	32,582		

Dividends include tax credits from the Company's Imputation Credit Account as noted above. Dividends also include Australian franking credits at the maximum rate. Supplementary dividends are paid to foreign shareholders at the maximum rate.

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	5.0	9,490	Nil	16 October 2009
Special dividend	3.5	6,643	Nil	16 October 2009

Imputation credits

	GROUP	
	2009	2008
(NZD in thousands)		
Balance at 1 July	3,200	2,878
Prior year adjustment	(22)	115
Tax paid / (refunded)	(490)	3,212
Imputation credits attached to dividends paid	-	(3,005)
Balance at 30 June	2,688	3,200

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)		
Balance at 1 July	13,270	20,554
Intercompany transfers	-	-
Franking credits attached to dividends received	254	462
Tax paid	5,921	6,330
Franking credits attached to dividends paid	-	(14,076)
Balance at 30 June	19,445	13,270

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21. Financial risk management

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. This note presents information about the Group's exposure to those risks, the objectives, policies and processes for measuring and managing financial risks, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are set to identify and analyse the risks faced by the Group, to set appropriate limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Group.

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

Trade and other receivables
The Group has a credit policy which restricts the exposure to individual trade debtors. Each new customer is analysed for creditworthiness before the Group offers payment and delivery terms. The review includes external ratings where available. Credit limits are established for each customer, representing the maximum open amount without requiring approval from senior management or the board. The Board of Directors reviews the exposure to trade debtors on a regular basis.

Goods are sold subject to retention of title clauses, 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 Citibank Thailand to enable associate company Synthese Thailand Co Limited to borrow up to USD5.6million, as detailed in note 24.

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

	GROUP		*COMPANY*	
	2009	2008	2009	2008
(NZD in thousands)				
Trade and other receivables	256,428	333,560	13,885	16,115
Cash and cash-equivalents	119,499	50,843	13,190	7,591
Interest rate swaps used for hedging:				
Assets	-	1,874	-	-
Forward exchange contracts used for hedging:				
Assets	61	87	-	46
	375,988	386,364	27,075	23,752

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

	GROUP		*COMPANY*	
	2009	2008	2009	2008
(NZD in thousands)				
New Zealand	41,463	43,856	24,619	20,874
Australia	128,211	120,437	143	752
Americas	35,863	31,202	-	4
Europe	97,982	127,756	-	-
Asia	72,469	63,113	2,313	2,122
	375,988	386,364	27,075	23,752

The aging of trade receivables at the reporting date was:

	GROUP				*COMPANY*			
	Gross 2009	Impairment 2009	Gross 2008	Impairment 2008	Gross 2009	Impairment 2009	Gross 2008	Impairment 2008
(NZD in thousands)								
Not past due	201,483	(228)	244,362	(323)	10,772	-	12,032	-
Past due 0-30 days	25,400	(560)	47,354	(122)	1,500	-	1,995	-
Past due 31-90 days	4,797	(5)	7,661	(99)	468	-	209	-
Past due 91 days or more	4,290	(4,012)	3,964	(1,325)	385	(209)	558	(61)
Total	235,970	(4,805)	303,341	(1,869)	13,125	(209)	14,794	(61)

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

	GROUP		COMPANY	
	2009	2008	2009	2008
(NZD in thousands)				
Balance at 1 July	1,869	4,561	61	158
Impairment loss recognised	6,138	1,122	798	57
Utilisation of existing provisions	(3,210)	(4,216)	(650)	(154)
Exchange adjustment	8	402	-	-
Balance at 30 June	4,805	1,869	209	61

Included in group trade receivables are amounts totalling NZD831,000 (2008: NZD756,000) not past due having been renegotiated.

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											
	2009						2008					
(NZD in thousands)	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Non-derivative financial liabilities												
Secured bank loans:	340,482	363,120	5,343	5,343	66,088	286,346	350,337	382,348	11,298	11,298	359,752	-
Capital notes	52,417	15,684	2,444	2,444	4,889	5,907	52,344	20,573	2,444	2,444	4,889	10,796
Finance lease liabilities	969	1,036	256	256	374	150	822	900	219	219	115	346
Trade and other payables	196,223	196,223	196,223	-	-	-	244,466	244,466	244,466	-	-	-
Derivative financial liabilities												
Interest rate swaps	4,315	4,380	1,860	1,517	1,208	(205)	-	-	-	-	-	-
Forward exchange contracts												
Outflow	3,352	40,914	39,497	1,417	-	-	565	42,935	40,453	2,482	-	-
Inflow		(37,771)	(36,409)	(1,362)	-	-		(42,379)	(39,918)	(2,461)	-	-
	597,758	583,586	209,214	9,615	72,559	292,198	648,534	648,843	258,962	13,982	364,756	11,142

	COMPANY											
	2009						2008					
(NZD in thousands)	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Non-derivative financial liabilities												
Capital notes	52,417	15,684	2,444	2,444	4,889	5,907	52,344	20,573	2,444	2,444	4,889	10,796
Finance lease liabilities	227	239	38	38	117	46	205	245	47	47	38	113
Trade and other payables	12,552	12,552	12,552	-	-	-	9,882	9,882	9,882	-	-	-
Derivative financial liabilities												
Forward exchange contracts												
Outflow	918	8,478	8,478	-	-	-	(46)	6,762	6,096	666	-	-
Inflow		(7,633)	(7,633)	-	-	-		(6,809)	(6,129)	(681)	-	-
	66,114	29,320	15,879	2,482	5,006	5,953	62,385	30,653	12,340	2,476	4,927	10,909

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

GROUP

(NZD in thousands)	2009						2008					
	Carrying amount	Expected cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Interest rate swaps												
Assets	-	-	-	-	-	-	1,874	2,012	529	735	570	177
Liabilities	(4,315)	(4,380)	(1,860)	(1,517)	(1,208)	205	-	-	-	-	-	-
Forward exchange contracts												
Assets	61	37,771	36,409	1,362	-	-	87	42,379	39,918	2,461	-	-
Liabilities	(3,352)	(40,914)	(39,497)	(1,417)	-	-	(652)	(42,935)	(40,453)	(2,482)	-	-
	(7,606)	(7,523)	(4,948)	(1,572)	(1,208)	205	1,309	1,456	(6)	714	570	177

COMPANY

(NZD in thousands)	2009						2008					
	Carrying amount	Expected cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Forward exchange contracts												
Assets	-	7,633	7,633	-	-	-	46	6,810	6,129	681	-	-
Liabilities	(918)	(8,478)	(8,478)	-	-	-	-	(6,762)	(6,096)	(666)	-	-
	(918)	(845)	(845)	-	-	-	46	48	33	15	-	-

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

GROUP

(NZD in thousands)	2009						2008					
	Carrying amount	Expected cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Interest rate swaps												
Assets	-	-	-	-	-	-	1,874	2,012	696	605	595	116
Liabilities	4,315	(4,380)	(1,677)	(1,477)	(1,229)	3	-	-	-	-	-	-
Forward exchange contracts												
Assets	61	37,771	36,409	1,362	-	-	87	42,379	39,918	2,461	-	-
Liabilities	(3,352)	(40,914)	(39,497)	(1,417)	-	-	(652)	(42,935)	(40,453)	(2,482)	-	-
	1,024	(7,523)	(4,765)	(1,532)	(1,229)	3	1,309	1,456	161	584	595	116

COMPANY

(NZD in thousands)	2009						2008					
	Carrying amount	Expected cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Forward exchange contracts												
Assets	-	7,633	7,633	-	-	-	46	6,810	6,129	681	-	-
Liabilities	(918)	(8,478)	(8,478)	-	-	-	-	(6,762)	(6,096)	(666)	-	-
	(918)	(845)	(845)	-	-	-	46	48	33	15	-	-

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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 the income statement.

Capital management
During the year, additional capital of NZD 153,627,000 was raised by way of a Rights Issue and subsequent placement. The new capital was used to repay bank debt.

The Group's capital structure comprises a mixture of equity, capital notes, 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 30-90% of its exposure to interest rates to reset within a year is fixed, that 25-70% of its exposure to rates to reset from one to two years time is fixed and that 20-50% of exposure to rates to reset from two to three years time is fixed. The Board monitors compliance with this policy by reference to status reports from independent treasury consultants.

Interest rate swaps are used to convert the interest in floating rate borrowings to a fixed rate. The notional principal or contract amounts of swap instruments outstanding at balance date are as follows:

		2009	2008
Net interest rate swaps	Group	114,911	168,983
	Company	-	-

The Group classifies interest rate swaps as cash flow hedges and states them at fair value. The swaps are taken out for a period of three years to reprice consistent with the underlying borrowings they hedge.

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

	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
(NZD in thousands)				
Fixed rate instruments				
Financial Assets	-	-	-	-
Financial Liabilities	168,297	222,150	52,644	52,549
	(168,297)	(222,150)	(52,644)	(52,549)
Variable rate instruments				
Financial Assets	119,499	50,843	13,190	7,591
Financial Liabilities	80,396	181,353	-	-
	39,103	(130,510)	13,190	7,591

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 2008.

	GROUP				COMPANY			
	Equity 2009	Profit 2009	Equity 2008	Profit 2008	Equity 2009	Profit 2009	Equity 2008	Profit 2008
(Impact NZD in thousands)								
100bp increase								
Variable rate instruments	-	606	-	(898)	-	132	-	76
Interest rate swaps	1,095	-	1,802	-	-	-	-	-
Cash-flow sensitivity (net)	1,095	606	1,802	(898)	-	132	-	76
100bp decrease								
Variable rate instruments	-	(606)	-	898	-	(132)	-	(76)
Interest rate swaps	(1,123)	-	(1,853)	-	-	-	-	-
Cash-flow sensitivity (net)	(1,123)	(606)	(1,853)	898	-	(132)	-	(76)

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) 2009	Effective interest rate	Amount of interest rate hedged	Total	6 months or less	6-12 months	1-2 years	2-5 years
Cash and cash equivalents	2.51	-	119,499	119,499	-	-	-
Secured bank loans:							
GBP loan		-	-	-	-	-	-
AUD loan	5.69	80,856	(145,175)	(145,175)	-	-	-
EUR loan	4.40	10,860	(10,860)	(10,860)	-	-	-
USD loan	3.42	23,195	(30,462)	(30,462)	-	-	-
CNY loan	5.76	-	(8,810)	(8,810)	-	-	-
Capital notes	9.30	-	(52,417)	-	-	-	(52,417)
Finance lease liabilities			(969)	-	(475)	(494)	-
			(129,194)	(75,808)	(475)	(494)	(52,417)

(NZD in thousands) 2008	Effective interest rate	Amount of interest rate hedged	Total	6 months or less	6-12 months	1-2 years	2-5 years
Cash and cash equivalents	3.89	-	50,843	50,843	-	-	-
Secured bank loans:							
GBP loan	6.21	-	(31,471)	(31,471)	-	-	-
AUD loan	7.51	75,786	(171,746)	(171,746)	-	-	-
EUR loan	4.12	62,292	(88,247)	(88,247)	-	-	-
USD loan	3.87	30,905	(46,818)	(46,818)	-	-	-
CNY loan	7.02	-	(12,055)	(12,055)	-	-	-
Capital notes	9.30	-	(52,344)	-	-	-	(52,344)
Finance lease liabilities			(822)	-	(385)	(437)	-
			(352,660)	(299,494)	(385)	(437)	(52,344)

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(NZD in thousands) 2009	Effective interest rate	Amount hedged	Total	6 months or less	6-12 months	1-2 years	2-5 years
Cash and cash equivalents	2.43	-	13,190	13,190	-	-	-
Capital notes	9.30	-	(52,417)	-	-	-	(52,417)
Finance lease liabilities			(227)	-	(73)	(154)	-
			(39,454)	13,190	(73)	(154)	(52,417)

(NZD in thousands) 2008	Effective interest rate	Amount hedged	Total	6 months or less	6-12 months	1-2 years	2-5 years
Cash and cash equivalents	7.89	-	7,591	7,591	-	-	-
Capital notes	9.30	-	(52,344)	-	-	-	(52,344)
Finance lease liabilities			(205)	-	(65)	(140)	-
			(44,958)	7,591	(65)	(140)	(52,344)

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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 50-100% of its 3 month forecast net currency exposure, up to 50% of its 4-6 month net exposure and up to 20% of its 7-12 month net exposure.

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.

Forecasted 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 (NZD3,291,000) (2008: (NZD565,000)), comprising assets of NZD 61,000 (2008: NZD 87,000), and liabilities of NZD3,352,000 (2008: NZD652,000) that were recognised in fair value derivatives. Contracts are taken out for periods of 1 to 12 months depending upon the timing of the anticipated foreign currency purchases that the contracts hedge.

Hedge of net investments in foreign subsidiaries
The Group has designated three loans as hedges of the Groups net investments in foreign subsidiaries as detailed below:

Subsidiary	Loan Currency	Loan Principal (Ccy)	Carrying amount (NZD)	Exchange loss recognised in equity
Nuplex Finance Holdings Limited for Nuplex Industries BV	EUR	-	-	(166,000)
Nuplex Industries Australia Pty Ltd for Nuplex Resins (Foshan) Co Ltd and Cong Ty Nuplex Resins (Vietnam)	USD	6,100,000	10,176,844	(4,019,230)
Nuplex US Holdings Limited for Nuplex Resins LLC	USD	13,600,000	22,689,356	(4,929,000)

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

	GROUP					
	AUD 2009	USD 2009	EUR 2009	AUD 2008	USD 2008	EUR 2008
Non functional currency amounts						
Trade receivables and cash balances	941	20,693	15,976	1,023	20,725	19,211
Trade Payables	(2,944)	(20,368)	(25,517)	(772)	(16,737)	(18,408)
Gross balance sheet exposure	(2,003)	325	(9,541)	251	3,988	803
Subsidiary net assets	186,981	93,652	163,199	167,808	76,775	225,737
Forward exchange contracts	685	36,022	3,577	1,423	37,092	2,664
Balance sheet exposure	185,663	129,999	157,235	169,482	117,855	229,204
Profit Exposure	10,901	9,672	(2,253)	26,798	2,383	12,066

	COMPANY					
	AUD 2009	USD 2009	EUR 2009	AUD 2008	USD 2008	EUR 2008
Trade receivables and cash balances	860	1,276	36	1,023	2,271	8
Trade Payables	(1,019)	(2,791)	(296)	(772)	(1,195)	(206)
Gross balance sheet exposure	(159)	(1,515)	(260)	251	1,076	(198)
Forward exchange contracts	179	8,108	74	137	6,312	124
Balance sheet exposure	20	6,593	(186)	388	7,388	(74)

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The following significant exchange rates applied during the year:

	Average rate 2009	Average rate 2008	Reporting date mid-spot rate 2009	Reporting date mid-spot rate 2008
USD	0.60	0.77	0.65	0.76
AUD	0.82	0.86	0.80	0.79
EUR	0.44	0.52	0.46	0.48

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 2008.

	GROUP				*COMPANY*			
	Equity 2009	Profit 2009	Equity 2008	Profit 2008	Equity 2009	Profit 2009	Equity 2008	Profit 2008
Increase / (Decrease) (NZD in thousands)								
AUD	(18,759)	(890)	(16,868)	(2,705)	(16)	16	(8)	(25)
EUR	(16,422)	1,179	(21,347)	(1,287)	(7)	26	(8)	20
USD	(8,280)	(1,000)	(3,204)	(637)	(659)	152	(403)	(108)

A 10% weakening of the NZD would have had an equal but opposite impact.

Fair values
The fair values together with the carrying amounts shown in the balance sheet are as follows:

		GROUP									
(NZD in thousands)	Note	At fair value	Loans and receivables	Other amortised cost	Carrying amount 2009	Fair value 2009	At fair value	Loans and receivables	Other amortised cost	Carrying amount 2008	Fair value 2008
Trade and other receivables	11	-	256,428	-	256,428	256,428	-	333,560	-	333,560	333,560
Cash and cash equivalents		-	119,499	-	119,499	119,499	-	50,843	-	50,843	50,843
Interest rate swaps:											
Assets		-	-	-	-	-	1,874	-	-	1,874	1,874
Liabilities		(4,315)	-	-	(4,315)	(4,315)	-	-	-	-	-
Forward exchange contracts:											
Assets		61	-	-	61	61	87	-	-	87	87
Liabilities		(3,352)	-	-	(3,352)	(3,352)	(652)	-	-	(652)	(652)
Secured bank loans	17	-	-	(340,482)	(340,482)	(340,482)	-	-	(350,337)	(350,337)	(350,337)
Capital notes	17	-	-	(52,417)	(52,417)	(57,337)	-	-	(52,344)	(52,344)	(53,023)
Finance lease liabilities	17	-	-	(969)	(969)	(962)	-	-	(822)	(822)	(751)
Trade and other payables	16	-	-	(196,223)	(196,223)	(196,223)	-	-	(244,466)	(244,466)	(244,466)
		(7,606)	375,927	(590,091)	(221,770)	(226,682)	1,309	384,403	(647,969)	(262,257)	(262,865)
Unrecognised (losses) / gains						(4,913)					(608)

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(NZD in thousands)	Note	At fair value	Loans and receivables	Other amortised cost	Carrying amount 2009	Fair value 2009	At fair value	Loans and receivables	Other amortised cost	Carrying amount 2008	Fair value 2008
Trade and other receivables	11	-	14,333	-	14,333	14,333	-	18,251	-	18,251	18,251
Cash and cash equivalents		-	13,190	-	13,190	13,190	-	7,591	-	7,591	7,591
Interest rate swaps:											
Liabilities		-	-	-	-	-	-	-	-	-	-
Forward exchange contracts:											
Assets		-	-	-	-	-	46	-	-	46	46
Liabilities		(918)	-	-	(918)	(918)	-	-	-	-	-
Capital notes	17	-	-	(52,417)	(52,417)	(57,337)	-	-	(52,344)	(52,344)	(53,023)
Finance lease liabilities	17	-	-	(227)	(227)	(225)	-	-	(205)	(205)	(166)
Trade and other payables	16	-	-	(12,552)	(12,552)	(12,552)	-	-	(9,882)	(9,882)	(9,882)
		(918)	27,523	(65,196)	(38,591)	(43,509)	46	25,842	(62,431)	(36,543)	(37,183)
Unrecognised (losses) / gains						(4,918)					(640)

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

Interest rates used for determining fair value
The entity uses the government yield curve as of 30 June 2009 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2009	2008
Capital notes	4.5%	6.5%
Leases	10% - 12%	8% - 16%
Interest rate swaps	0.6% - 6.4%	2.7% - 8.0%

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22. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	GROUP		COMPANY	
(NZD in thousands)	2009	2008	2009	2008
Less than one year	7,924	6,288	1,830	1,418
Between one and five years	10,520	9,375	3,188	2,635
More than five years	11,364	12,393	11,161	11,897
	29,808	28,056	16,179	15,950

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

During the year ended 30 June 2009, NZD12,602,000 was recognised as an expense in the income statement in respect of operating leases (2008: NZD15,060,000).

23. Capital and other commitments

	GROUP		COMPANY	
(NZD in thousands)	2009	2008	2009	2008
Plant and equipment contracted but not provided for and payable:				
Within one year	1,230	15,342	-	31
	1,230	15,342	-	31

24. Contingent liabilities

The Company and all the material wholly owned subsidiaries have entered into a negative pledge deed with the Group's lenders whereby all Group companies that are party to the deed have guaranteed the repayment of all liabilities in the event that any of these companies are wound up.

The Company has issued a guarantee to Citibank Thailand to enable associate company Synthese Thailand Co Limited to borrow up to USD5.6million (2008: USD5.6million). 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.

Plaster Systems Limited (PSL) has been notified of various claims against the company under the Weathertight Homes Resolution Services Act 2002. 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 as determined by the adjudicator without reverting to its full legal remedies as a gesture of good faith and to protect the reputation of its products suitability for purpose.

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25. Investments

The subsidiary and associate companies comprise:

	Principal Activity	Directors **	Country of Incorporation other than NZ	% Held 2009	% Held 2008
Asia Pacific Specialty Chemicals Limited	Manufacturer and supplier of specialty products, additives and ingredients	1, 2, 7	Australia	100%	100%
Cong Ty Nuplex Resins (Vietnam)	Manufacture and distribution of synthetic resins	1, 2, 3	Vietnam	100%	100%
Nuplex Finance Holdings Limited	Investment and group finance company	1, 2		100%	100%
Nuplex Industries (Aust) Pty Limited	Manufacture, import and distribution of synthetic resins and emulsions, metal driers, paper-making chemicals and food ingredients	1, 2	Australia	100%	100%
Nuplex Industries BV	Non-operating holding company	1, 2	Netherlands	100%	100%
Nuplex Industries UK Limited	Non-operating holding company	1, 2	UK	100%	100%
Nuplex Operations (Aust) Pty Limited	Non-operating holding company	1, 2	Australia	100%	100%
Nuplex Resins (Foshan) Co Limited	Manufacture and distribution of synthetic resins	1, 2	China	100%	100%
Nuplex Resins BV	Manufacture and distribution of synthetic resins	1, 2, 3, 5, 6, 8	Netherlands	100%	100%
Nuplex Resins Limited	Manufacture and distribution of synthetic resins	1, 2	UK	100%	100%
Nuplex Resins LLC	Manufacture and distribution of synthetic resins	1, 2	US	100%	100%
Nuplex Resins (Suzhou) Co Limited*	Manufacture and distribution of synthetic resins	1, 2, 3	China	100%	100%
Nuplex Resins (Thailand) Limited	Non-operating holding company	1, 2	Thailand	100%	100%
Nuplex Sino Chemicals BV	Non-operating holding company	1, 2	Netherlands	100%	100%
Plaster Systems Limited	Manufacture of pre-mixed lightweight and strengthening plasters	1, 2		100%	100%
PT Nuplex Raung Resins	Manufacture and distribution of synthetic resins	1, 2, 3	Indonesia	80%	80%
Silvertown Land Holdings Limited	Property holding company	1, 2	UK	100%	100%
Synthese (Malaysia) Sdn bhd	Manufacture and distribution of synthetic resins	1, 2, 3	Malaysia	62%	62%
Nuplex Industries (Hong Kong) Limited	Non-operating	1, 2	Hong Kong	100%	100%
Quaker Chemical (Australia) Pty Limited	Distributor of specialty products	1, 4	Australia	49%	49%
Innospec Valvemaster Limited* (formerly Octel Valvemaster Limited)	Distributor of specialty products	1, 2	UK	50%	50%
Synthese (Thailand) Co Limited*	Manufacture and distribution of synthetic resins	2, 3	Thailand	47.5%	47.5%
PML Holdings Limited	Non-operating holding company	1, 2		100%	100%
Polychem Marketing Limited	Import and distribution of specialty chemicals	1, 2		100%	100%
Aushold Pty Limited	Non-operating holding company	1, 2	Australia	100%	100%
Multichem Pty Limited	Import and distribution of specialty chemicals	1, 2	Australia	100%	100%
Nuplex Producao de Resinas Ltda	Manufacture and distribution of synthetic resins	1, 2, 4	Brazil	100%	100%
Nuplex US Holdings Limited	Non-operating holding company	1, 2		100%	100%

'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 John Hirst. 2 Ian Davis. 3 Rob Harmsen. 4 Tony Cooke. 5 Paul Kieffer. 6 Robert Skarvan. 7 James Williams. 8 Pieter Geuze.

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26. Acquisition and disposal of subsidiaries and business assets

(NZD in thousands)	GROUP 2009	GROUP 2008	COMPANY 2009	COMPANY 2008
The assets and liabilities acquired are as follows:				
Property, plant and equipment	-	-	661	-
Intellectual property	-	6,059	-	-
Inventories	-	1,860	725	-
Employee benefits	-	-	(52)	-
Net identifiable assets and liabilities	-	7,919	1,334	-
Acquisition costs	-	89	-	-
Cash consideration paid in cash, net of cash acquired	-	14,070	1,334	-
Deferred consideration	-	1,383	-	-
Goodwill arising on acquisition	-	7,623	-	-

Acquisitions and disposals in 2009

During the year the business assets of Plaster Systems Limited were acquired by the Company in an intercompany transfer at book value.

In December 2008 Nuplex Industries (Aust) Pty Limited sold its Construction EIFS business comprising stock and property, plant and equipment of AUD327,710, for cash proceeds of AUD185,715.

During the year the group paid a further NZD4m related to the acquisition of PML Holdings Limited in November 2005. The amount was conditional on the acquired entity achieving earnings and growth targets to June 2008, all of which were met. This amount had already been fully provided for at 30 June 2008.

Acquisitions in 2008

Nuplex Industries Limited subsidiary Nuplex Resins LLC acquired the G-Cure product line from Cognis on 14 November 2007. Nuplex paid cash of USD9.9m for the business including inventory. The acquisition has resulted in goodwill of USD7,066,000 being recognised. The directors have attributed this goodwill to the cost of historic Customer relationships acquired and the opportunities presented to supply a wider range of Nuplex products to these customers. It is not practical to disclose the impact on the Group's results had this business been owned for a full year. During 2009 the values of intangible assets were finalised and USD1,998,000 was transferred from goodwill to intellectual property. This has resulted in a reclassification of the 2008 comparatives.

Nuplex Industries Limited subsidiary Nuplex Industries (Aust) Pty Limited acquired the business of Industrial Food Service Trading Pty Limited in August 2007. Nuplex paid cash of AUD0.4m for the business.

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27. Related parties

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

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

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

	2009	2008
Management fees	296	267
Toll manufacturing fees	1,286	1,440

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

	2009	2008
Sale of goods and services	3,162	5,305
Purchases of goods and services	(4,543)	(4,478)

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

In accordance with the Company's Constitution, the Company has made provision for a payment upon the cessation of office to two directors who have been in office since prior to 1 May 2004.

Executive officers participate in the groups performance share rights (PSR's) scheme (see note 18)

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)	2009	2008
Directors remuneration	732	667
Executive officers remuneration:		
Total employment costs excluding bonuses	2,625	2,350
Bonuses	675	482
Retirement allowance accruals	443	233
PSR's and Share scheme loan forgiveness accrued	(536)	462
	3,207	3,527
Retirement benefits paid	403	-
Bonuses paid	551	469

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28. Reconciliation of the Net Surplus with the Net Cash Flows from Operating Activities:

	GROUP		COMPANY	
(NZD in thousands)	2009	2008	2009	2008
Profit for the period	19,071	50,046	(8,623)	43,792
Non-cash items:				
Depreciation	21,190	17,317	1,290	1,325
Tax	8,330	21,091	(2,004)	2,583
Amortisation	3,376	2,634	45	45
Impairment	-	5,630	-	-
Non current provisions	(4,258)	(1,187)	(404)	(173)
Doubtful debts provisions	5,555	1,117	-	113
Restructuring and remediation provisions	5,288	1,624	561	250
Employee loan provision	1,444	-	-	-
Intercompany dividends and interest	-	-	2,114	(3,392)
Equity earnings of associate	42	(997)	-	-
Amortisation of capital notes expenses	72	230	72	230
	41,039	47,459	1,674	981
Classified as investing/financing:				
Loss/(profit) on sale of property, plant and equipment	(125)	(278)	(52)	(167)
Gain on sale of business	-	-	-	-
	(125)	(278)	(52)	(167)
(Increase)/Decrease in working capital:				
Receivables	82,134	(27,175)	2,797	3,687
Inventories	65,194	(1,875)	2,857	1,748
Creditors	(69,428)	29,303	983	(4,983)
	77,900	253	6,637	452
Income tax paid	(15,392)	(22,237)	(202)	(1,254)
Dividend received from associate	738	1,506	-	-
Cash Flow from Operating Activities	123,231	76,749	(566)	43,804

Reconciliation of balance sheet working capital movements to operating cash-flow

	2009				2008			
	Receivables	Inventories	Creditors and current provisions	Total Working Capital	Receivables	Inventories	Creditors and current provisions	Total Working Capital
Balance as at 1 July	334,354	234,573	(275,037)	293,890	279,955	210,604	(224,520)	266,039
Balance as at 30 June	256,489	173,668	(227,622)	202,535	334,354	234,573	(275,037)	293,890
Balance Sheet Movement	77,865	60,905	(47,415)	91,355	(54,399)	(23,969)	50,517	(27,851)
Retranslation of foreign currency balances	10,868	4,721	(10,605)	4,984	27,889	19,904	(20,558)	27,235
Business investment/divestment cash-flows	(1,044)	-	4,000	2,956	(255)	1,860	-	1,605
Movement in provision for doubtful debts	(5,555)	-	-	(5,555)	(1,117)	-	-	(1,117)
Movement in provision for obsolete stock	-	(432)	-	(432)	-	330	-	330
Movement in provisions	-	-	(6,732)	(6,732)	-	-	(1,624)	(1,624)
Movement in Hedges	-	-	(8,676)	(8,676)	707	-	968	1,675
Working capital cash-flow from operating activities	82,134	65,194	(69,428)	77,900	(27,175)	(1,875)	29,303	253

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