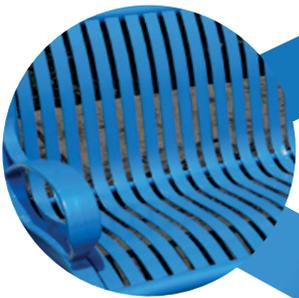
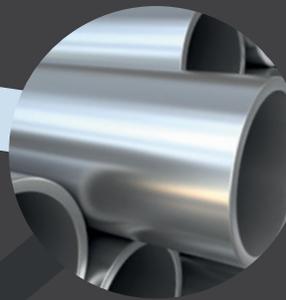


*nuplex*<sup>®</sup>



**2014**  
**FINANCIAL YEAR**  
HALF YEAR REPORT

# CONTENTS

IFC	Financial Highlights
1–5	Chairman and Chief Executive Officer's Report
6–7	Strategy Update
8–9	Business Segment Overview
11–20	Financial Report
IBC	Corporate Directory

## FINANCIAL HIGHLIGHTS

### SALES (NZ\$m)

1H14	815.2
1H13	828.7
1H12	746.4
1H11	761.5
1H10	714.7

### OPERATING EBITDA<sup>1</sup> (NZ\$m)

1H14	59.5
1H13	57.6
1H12	57.3
1H11	65.1
1H10	68.8

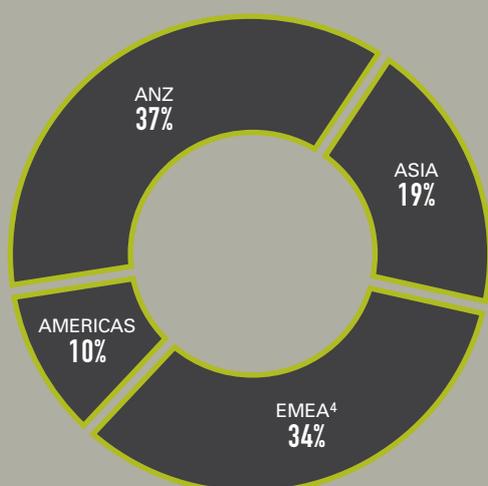
### OPERATING PROFIT<sup>2</sup> (NZ\$m)

1H14	26.0
1H13	24.5
1H12	27.1
1H11	32.9
1H10	35

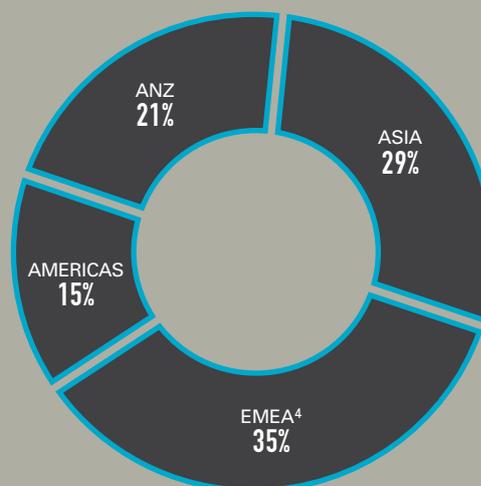
### PROFIT<sup>3</sup> AFTER SIGNIFICANT ITEMS (NZ\$m)

1H14	11.4
1H13	11.5
1H12	24.1
1H11	31.1
1H10	34.6

### REGIONAL SALES (%)



### REGIONAL EBITDA (%)



1. Earnings before interest, tax, depreciation, amortisation, significant items, associates and minority interests.  
 2. Profit available to equity holders of the parent company before significant items.  
 3. Profit available to equity holders of the parent company.  
 4. Europe, Middle East & Africa.

# CREATING THE CHEMISTRY BEHIND EVERYDAY PRODUCTS EVERYWHERE.

### DEAR SHAREHOLDER,

Nuplex's strategy is focused on strengthening and growing the company in order to deliver improving returns to shareholders. Our confidence in our ability to achieve this goal was re-confirmed in September 2013, when we announced our target return on funds employed (ROFE)<sup>1</sup> of greater than 16%, to be achieved within the two-year period between the 2016 and 2018 Financial Years.

With 80% of Nuplex's earnings now generated from Nuplex's operations in Asia, Europe and the Americas, compared to 55% three years ago, Nuplex is a truly global company. Importantly, this geographic diversity has enabled stable earnings over the past three years despite the 58% decline in Australia and New Zealand (ANZ) operating earnings. The strength of Nuplex's geographic diversity was again evident in the financial results for the six-month period ending 31 December 2013, as strong earnings growth in Asia and some growth in Europe and the Americas offset the continued weakness in ANZ.

While we have made significant progress implementing those initiatives that will enable Nuplex to achieve its target ROFE in the next three years, it is disappointing to report that during this time earnings have remained relatively flat. This is particularly so given the successful acquisition of Viverso, which is now Nuplex Germany, and the realisation of significant cost savings through our operational improvement program NuLEAP.

Despite delivering on or ahead of our strategic initiative targets, Nuplex's earnings have been impacted by two main factors. The first has been the difficult operating conditions in Australia and New Zealand, and particularly the decline of the Australian manufacturing markets. The second has been the strengthening of the New Zealand dollar against most of Nuplex's trading currencies over the past few years.

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

# CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

## FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Profit available to equity holders of the parent Company for the period was \$11.4 million. This result included \$14.6 million (after tax) of significant items, compared to \$11.5 million in the prior half, which included \$13.0 million in significant items.

Significant items for the period of \$14.6 million largely related to a \$14.0 million (after tax) provision relating to receivables and bank guarantees associated with Nuplex's investment in the RPC Pipe Systems (Fibrelogic), a wide diameter composite pipe manufacturer.

Taking a full provision against Nuplex's obligations to the joint venture company that owns Fibrelogic is a prudent step, particularly considering Nuplex never intended to be a long-term owner of this business. When entering into the joint venture in 2011, the outlook for Fibrelogic appeared attractive given the pipeline of potential infrastructure projects. However, as a result of the weak conditions in the Australian infrastructure markets since 2011, the quantum of relief from Nuplex's obligations to the joint venture and the timing of its exit are now uncertain. Accordingly, the full provision has been taken and we are actively seeking to maximise the recovery of this position.

Profit available to equity holders of the parent company before significant items was \$26.0 million, up 6.1% when compared to \$24.5 million in the prior half.

Operating earnings before interest, tax, depreciation and amortisation (EBITDA) was \$59.5 million, up 3.3% on the prior corresponding half. In contrast to the experience of the past three years, movements in the New Zealand dollar over the period had little impact on the result. Had the dollar remained unchanged over the period, operating EBITDA would have been \$59.7 million.

Volumes in the global Resins segment increased by 3.4% as growth in Asia, Europe Middle East & Africa (EMEA) and the Americas offset a decline in volumes in ANZ. Whilst unit margins were up in Asia, the increased competitive pressures and unfavourable product mix shift in EMEA and ANZ resulted in unit margins declining by 1.9% when compared to the same period last financial year.

The earnings of the ANZ-focused Specialties segment were also impacted by competitive pressures. The agency & distribution business lost two agencies due to a change in ownership of their respective parent companies. The plastic additives business, Nuplex Masterbatch, was impacted by lower volumes.

Nuplex's return on funds employed for the half year to 31 December 2013 increased to 11.2%, up from 9.8% as at the same time a year ago.

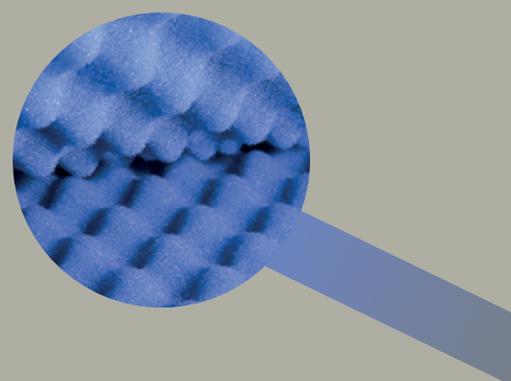
## INTERIM DIVIDEND

Based on the Company's historic track record of strong cash flows and the Board's confidence in future cash flows, an interim dividend of 10 cents per share was maintained. It will be paid on 3 April 2014 to all shareholders on the register on 17 March 2014.

## SAFETY

Nuplex continues to work towards achieving its safety vision of Zero Harm. During the period, the combination of management's ongoing focus, the commitment of our employees and the implementation of more robust systems and procedures continued to result in improvements in Nuplex's safety performance, which is now at world class levels.

For employees, there were no Lost Time Injuries during six-month period ended 31 December 2013, compared to 0.2 Lost Time Injuries per million hours worked in the prior corresponding half. Nuplex's reportable injury rate per million hours worked was 3.6 compared to 7.3 over the same period in 2012.



## NUPLEX ANZ RESTRUCTURE

Over the past three years, Nuplex ANZ has faced challenging conditions as many of its markets have been impacted by declining levels of activity, increased competitive pressure and structural change as a result of the strength of the Australian and New Zealand currencies forcing manufacturers to move offshore. To position Nuplex ANZ for the future we are streamlining the manufacturing network and re-organising the businesses into leaner, more focused business units.

The streamlining of the manufacturing network, commenced in September 2012, is on track. This program involves reducing Nuplex's ANZ capacity by 30% through consolidating Nuplex's seven ANZ production sites into four. It will deliver realised cost savings in the next financial year of approximately \$5.6 million, and then ongoing, annualised cost savings of \$6.5 million.

Additionally, the efficiency and flexibility of the New Zealand site at Penrose and the two largest sites in Australia at Botany in New South Wales and Wacol in Queensland, are being enhanced through an investment of approximately \$20 million. Pleasingly, we are seeing the benefits of these changes in unit production costs.

As announced in February 2014, the ANZ businesses are being re-organised into two leaner, more focused business units, with a sustainable, lower cost base.

The two business units are:

### RESINS

This will bring together the management of the Coating Resins, Composites, Pulp & Paper and Construction Products businesses into one business unit.

### SPECIALTIES

The agency & distribution business, Nuplex Specialties and the plastic additives business, Nuplex Masterbatch will be managed as one business unit.

Regrettably, re-organising the ANZ businesses and reducing the overhead structure has resulted in job losses, mainly in the management ranks. However, these changes are necessary in order to align the size and structure of the business with the realities of this region's markets.

Implementing these changes is expected to cost \$3.4 million in the 2014 Financial Year. \$1 million of cost savings are expected to be realised in the 2014 Financial Year. Annualised cost savings of approximately \$5.8 million are expected to be realised in the 2015 Financial Year.

We remain confident that with its leading market positions, committed workforce, rich history and streamlined manufacturing footprint, there remains a place for Nuplex's businesses along with a competitive manufacturing network within the region.



# CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

## PRIORITIES

We remain on track to deliver improving returns to shareholders and we are confident that a ROFE of greater than 16% can be delivered within the two-year period between the 2016 and 2018 Financial Years.

Just as we have always done, disciplined margin management and cost control will be central to our operating approach as we work towards achieving our ROFE goal.

We will continue to focus on strengthening Nuplex's operations through:

- working to improve our safety performance so that our vision of 'Zero Harm' becomes a reality and no employees go home from work injured;
- restructuring our Australian and New Zealand region so that it is well positioned to generate strong cash flows and deliver sustainable returns; and
- improving the way we work through our NuLEAP initiatives, particularly the global procurement program and realising the €3 million in benefits identified at Nuplex Germany's site in Bitterfeld.

We will continue to focus on growing Nuplex's operations through:

- the ongoing research and development of new technologies and products enabling Nuplex to offer customers solutions to their coating formulation challenges and maximise the value of our offering;
- leveraging our leading technologies, innovative products and world-class expertise to open new markets in different geographies; and
- expanding our presence in the faster growing emerging markets, especially Asia. We are on track to commission our third China site (US\$35 million) and the new capacity in Indonesia (US\$5.1 million) by the end of 2014. The commissioning of these two projects will bring to conclusion Nuplex's four-year program to increase its Asian capacity by 75%.

## OUTLOOK

At the Annual Shareholders Meeting last November, management provided an operating EBITDA guidance range for the 2014 Financial Year of between \$130 million and \$145 million. At the time, it was noted that delivering operating EBITDA at the upper end of the range was dependent on improved trading conditions in Europe and ANZ.

With no sign of a sizeable recovery in Australia over the next six months and the additional \$2.4 million of costs associated with implementing the ANZ re-organisation, Nuplex expects operating EBITDA for the 2014 Financial Year to be in the lower half of the range.

In ANZ, Nuplex expects ongoing pressure on Australian manufacturing markets to continue to weigh on the improvements in demand coming through in construction markets.

In Europe, trading conditions over the past few months have stabilised and the outlook for the 2014 calendar year looks more positive when compared to the same time last year. The outlook for Asia remains for steady growth and for modest growth in North America.

## THANK YOU

We would like to thank Rob Aitken, who stepped down as Chairman of the Board at the 2013 Annual Shareholders Meeting last November. Having become Chairman in 2008, Rob led the company through the unprecedented challenges of the Global Financial Crisis. Under his leadership, Rob set Nuplex on its current course of being in a position to grow its returns to shareholders.

Rob has indicated that this will be his last term as a Non-Executive Director. Accordingly, we are starting the process to find a new Non-Executive Director to join the Board. Finding the candidate with the right balance of industry and international experience is expected to take some time.

Also, we would like to thank all of Nuplex's stakeholders, including customers, shareholders, employees and suppliers for their continued support over the past six months.

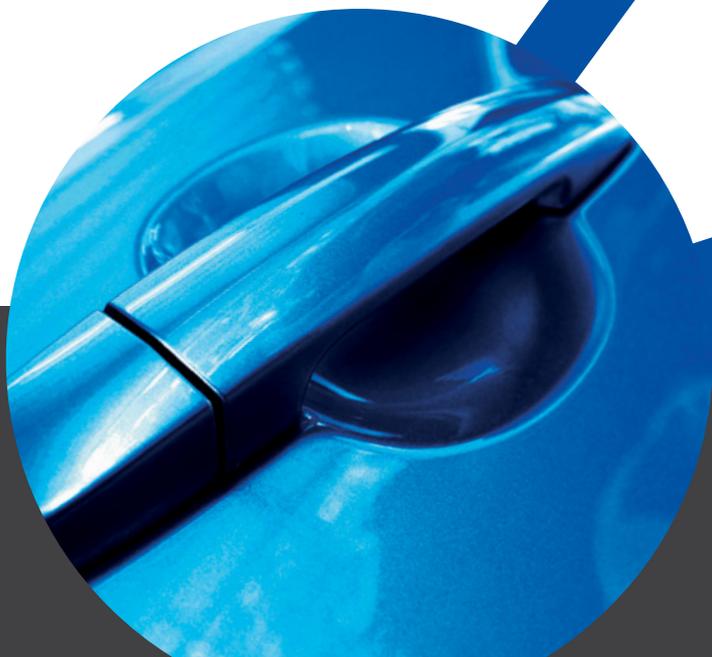
We look forward to updating you on the progress of your Company in August, 2014.



**PETER SPRINGFORD**  
CHAIRMAN



**EMERY SEVERIN**  
CHIEF EXECUTIVE OFFICER



OUR SIGHTS ARE FIRMLY SET ON OUR AMBITION TO BE A  
**WORLD LEADING,  
TRUSTED INDEPENDENT  
RESINS MANUFACTURER**  
AND LEADING SPECIALTY CHEMICALS DISTRIBUTOR  
**IN AUSTRALIA & NEW ZEALAND.**

**OUR STRATEGY:**

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



# STRENGTHENING THROUGH OPERATIONAL EXCELLENCE

# GROWING THROUGH BUILDING MARKET- LEADING POSITIONS

SAFETY

PEOPLE

NuLEAP

EMERGING  
MARKETS

R&D

STRATEGIC  
ACQUISITIONS

## 2014 FINANCIAL YEAR ACTIVITIES

- Rolling out common standards relating to processes and policies across global network

- Embedding global performance management system
- Introducing a global communication cascade framework
- Building a training learning & development platform

### NuLEAP

- Global procurement initiative delivering ahead of plan. FY2014 annualised benefits expected to be \$15m (previously \$12m)
- ANZ restructure underway
  - Streamlining of manufacturing network over 50% complete
  - Commenced re-organisation of businesses into two leaner, focused business units

- Asian growth projects on track for commissioning end of 2014
  - China: Construction of the plant at the new site in Changshu well underway
  - Indonesia: Commenced construction of new reactor building to increase site's capacity by 40%

- Construction of on-site Application Lab at Suzhou, China almost complete
- New products and technologies being trialled with customers
- Preparation for the launch of new technologies at 2015 European Coatings Show underway

- Nuplex Germany to go through NuLEAP step change program and expected to deliver €3m in benefits within two years
- Vivero heritage product portfolio being strengthened through R&D investment
- Masterbatch under new management and focused on profitable volume growth

# BUSINESS SEGMENT OVERVIEW

## RESINS

Our largest business segment, Resins, consists of our global 'Coating Resins' operations (approximately 85% of the segment's sales) which produce resins and additives used in the formulation of surface coatings such as house paint, car paint and coatings used on white goods and wooden furniture as well as in flooring, textiles, inks and adhesives. It also includes Nuplex's composites, pulp & paper and construction products businesses which primarily serve the Australian and New Zealand markets.

FY2014 INTERIM RESULTS	AUSTRALIA & NEW ZEALAND	ASIA	EUROPE, MIDDLE EAST & AFRICA (EMEA)	AMERICAS	TOTAL RESINS
SALES	<b>DOWN 19.6%</b> \$152M	<b>UP 11.6%</b> \$153.6M	<b>UP 3.5%</b> \$278.1M	<b>UP 4.7%</b> \$79.2M	<b>DOWN FLAT</b> \$662.9M
EBITDA (EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION)	<b>DOWN 25.0%</b> \$3.6M	<b>UP 16.8%</b> \$17.4M	<b>UP 4.0%</b> \$20.5M	<b>UP 2.2%</b> \$9.2M	<b>UP 12.2%</b> \$50.7M
OPERATIONAL INSIGHTS	<ul style="list-style-type: none"> <li>- Volumes down 3.6%.</li> <li>- Overcapacity put pressure on margins.</li> <li>- <i>Coating Resins</i>: Growth in construction related volumes offset by reduced demand for resins used in manufacturing.</li> <li>- <i>Composites</i>: Some volume recovery in the Marine and Pool &amp; Spa markets.</li> </ul>	<ul style="list-style-type: none"> <li>- Volumes up 12.4%.</li> <li>- Strong growth in China (Automotive OEM).</li> <li>- Growth in Vehicle Refinish across region.</li> <li>- Vietnam: Continued filling capacity commissioned in 2012.</li> </ul>	<ul style="list-style-type: none"> <li>- Volumes up 1.2%.</li> <li>- Growth in powder resins.</li> <li>- Growth in liquid resins due to targeted volume growth in spot markets.</li> <li>- Steady growth in Germany.</li> </ul>	<ul style="list-style-type: none"> <li>- Volumes up 4.9%.</li> <li>- Growth in Decorative resins.</li> </ul>	<ul style="list-style-type: none"> <li>- Overall volumes up 3.4% as growth in Asia, Americas and EMEA offset weakness in ANZ.</li> <li>- Unit margins impacted by increased competition in ANZ, lower margin business in Europe and the increased proportion of earnings from Asia<sup>1</sup>.</li> </ul>
PRODUCTS' MAIN MARKETS	<p><b>COATING &amp; OTHER RESINS</b></p> <p><b>COMPOSITES</b></p> <p><b>PAPER</b></p> <p><b>CONSTRUCTION PRODUCTS</b></p>	<p><b>COATING RESINS</b></p> <p><b>COMPOSITES</b></p> <p><b>COMPOSITES</b></p>	<p><b>COATING RESINS</b></p>	<p><b>COATING RESINS</b></p>	

1. In Asia, whilst EBITDA margins are comparable or better, unit margins are lower than the rest of the world.

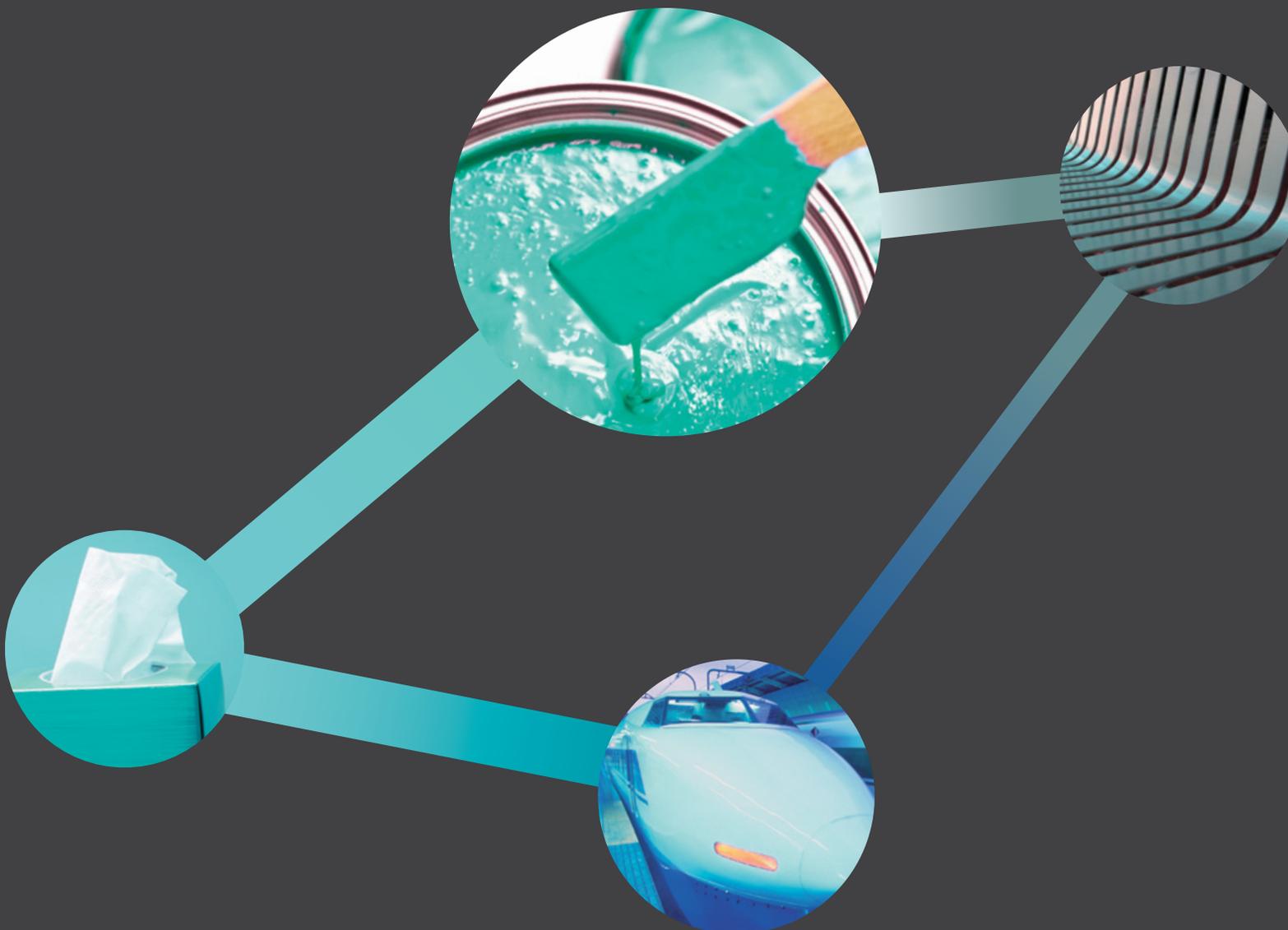
## SPECIALTIES

The Specialties segment consists of two businesses based in Australia and New Zealand – Nuplex Specialties and Nuplex Masterbatch. Nuplex Specialties' agency and distribution activities are complementary to the business units within Nuplex's Resins segment as they leverage a similar customer base and the same high-compliance transport and storage requirements. Nuplex Masterbatch is Australia and New Zealand's leading manufacturer of colour and performance additives for plastics, known as masterbatch.

FY2014 INTERIM RESULTS	TOTAL SPECIALTIES	TOTAL GROUP
SALES	<p>DOWN   <b>3.4%</b>            \$152.3M</p>	<p>DOWN   <b>1.6%</b>            \$815M</p>
EBITDA (EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION)	<p>DOWN   <b>29.0%</b>            \$8.8M</p>	<p>UP   <b>3.3%</b>            \$59.5M</p>
OPERATIONAL INSIGHTS	<p><b>Agency and Distribution</b></p> <ul style="list-style-type: none"> <li>- New Zealand: Sales down in Food &amp; Nutrition, Plastics and Packaging segments.</li> <li>- Australia: Sales in manufacturing related segments down.</li> <li>- Loss of two principals due to a change in their parent company ownership impacted sales.</li> </ul> <p>Margins impacted by falling Australian dollar and increased competition.</p> <p><b>Masterbatch</b></p> <ul style="list-style-type: none"> <li>- Market share lost due to focus on improving margins.</li> <li>- New management in place and focused on profitable recovery of market share.</li> </ul>	<p>- Growth in Asia, Americas and EMEA offset decline in ANZ.</p>
PRODUCTS' MAIN MARKETS	<p><b>TRADING &amp; AGENCY</b></p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">               Food &amp; Nutrition           </div> <div style="text-align: center;">               Surface Coatings           </div> <div style="text-align: center;">               Plastics, Rubber &amp; Foam           </div> <div style="text-align: center;">               Healthcare &amp; Pharmaceuticals           </div> </div> <p><b>MASTERBATCH</b></p> <div style="text-align: center;">               Colour Additives           </div>	

# CONTENTS

12–13	CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF CHANGES IN EQUITY
14	CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
15	CONSOLIDATED STATEMENTS OF CASH FLOWS
16–19	NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
20	INDEPENDENT ACCOUNTANTS' REPORT
IBC	CORPORATE DIRECTORY



THE STRENGTH OF NUPLEX'S GEOGRAPHIC DIVERSITY WAS AGAIN EVIDENT DURING THE PERIOD  
**AS STRONG EARNINGS GROWTH IN ASIA,**  
**GROWTH IN EUROPE AND THE AMERICAS, OFFSET THE CONTINUED WEAKNESS IN ANZ.**

The Directors are pleased to present the Unaudited Financial Statements of the Nuplex Group for the half-year ended 31 December 2013.



**PETER SPRINGFORD**  
CHAIRMAN

20 FEBRUARY 2014



**DAVID JACKSON**  
DIRECTOR

20 FEBRUARY 2014

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (UNAUDITED)

(NZD in thousands)	Notes	6 months to 31 Dec 2013 Total	6 months to 31 Dec 2012 Restated Total
Sales revenue		815,163	828,705
Cost of sales		(645,853)	(655,606)
Gross Profit		169,310	173,099
Other operating income		2,418	1,621
Distribution expenses		(40,536)	(39,501)
Marketing expenses		(40,885)	(42,753)
Administration expenses		(39,400)	(41,000)
Other operating expenses		(23,521)	(25,335)
Share of profits of associates		1,091	807
Profit before financing costs and tax		28,477	26,938
Financial income		812	1,358
Financial expenses		(9,431)	(10,422)
Net Financing costs		(8,619)	(9,064)
<b>Profit before tax</b>		<b>19,858</b>	<b>17,874</b>
Income tax expense		(7,267)	(5,253)
<b>Profit for the period</b>		<b>12,591</b>	<b>12,621</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences for foreign operations		(23,845)	1,559
Effective portion of changes in fair value of cash-flow hedges		(15,322)	(9,984)
Remeasurement of defined benefit obligations		(369)	458
Income tax on other comprehensive income		4,639	2,324
<b>Other comprehensive income for the period, net of income tax</b>		<b>(34,897)</b>	<b>(5,643)</b>
<b>Total Comprehensive income for the period</b>		<b>(22,306)</b>	<b>6,647</b>
<b>Profit attributable to:</b>			
Equity holders of the parent		11,421	11,452
Non-controlling interests		1,170	1,169
		12,591	12,621
<b>Total comprehensive income attributable to</b>			
Equity holders of the parent		(22,903)	5,560
Non-controlling interests		597	1,087
		(22,306)	6,647
<b>Basic earnings per share</b>	5	<b>\$0.058</b>	<b>\$0.058</b>
<b>Diluted earnings per share</b>	5	<b>\$0.056</b>	<b>\$0.057</b>

# STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (UNAUDITED)

**Statements of Changes in Equity** for the six months ended 31 December 2013 (Unaudited)

(NZD in thousands)	Attributable to equity holders of the parent					Total	Non-controlling Interest	Total Equity
	Share capital	Translation reserve	Share-based payments reserve	Retained earnings	Hedging reserve			
Balance at 1 July 2013 restated	368,453	(35,179)	2,747	223,610	(4,528)	555,103	7,357	562,460
<b>Other Comprehensive Income</b>								
Foreign currency translation differences	-	(23,272)	-	-	-	(23,272)	(573)	(23,845)
Effective portion of changes in fair value of cash-flow hedges, net of tax	-	-	-	-	(11,052)	(11,052)	-	(11,052)
Total other Comprehensive Income	-	(23,272)	-	-	(11,052)	(34,324)	(573)	(34,897)
<b>Profit for the period</b>	-	-	-	11,421	-	11,421	1,170	12,591
<b>Total comprehensive income for the period</b>	-	(23,272)	-	11,421	(11,052)	(22,903)	597	(22,306)
<b>Contributions by and distributions to owners</b>								
Performance rights plan	-	-	1,016	-	-	1,016	-	1,016
Dividends paid	-	-	-	(21,793)	-	(21,793)	(933)	(22,726)
Balance as at 31 December 2013	368,453	(58,451)	3,763	213,238	(15,580)	511,423	7,021	518,444

**Statements of Changes in Equity** for the six months ended 31 December 2012 (Unaudited)

(NZD in thousands)	Attributable to equity holders of the parent					Total	Non-controlling Interest	Total Equity
	Share capital	Translation reserve	Share-based payments reserve	Retained earnings	Hedging reserve			
Balance at 1 July 2012 restated	364,244	(32,155)	1,751	220,663	160	554,663	7,108	561,771
<b>Other Comprehensive Income</b>								
Foreign currency translation differences	-	1,641	-	-	-	1,641	(82)	1,559
Remeasurement of defined benefit obligations, net of tax	-	-	-	331	-	331	-	331
Effective portion of changes in fair value of cash-flow hedges, net of tax	-	-	-	-	(7,533)	(7,533)	-	(7,533)
Total other Comprehensive Income	-	1,641	-	331	(7,533)	(5,561)	(82)	(5,643)
<b>Profit for the period</b>	-	-	-	11,452	-	11,452	1,169	12,621
<b>Total comprehensive income for the period</b>	-	1,641	-	11,783	(7,533)	5,891	1,087	6,978
<b>Contributions by and distributions to owners</b>								
Dividend reinvestment plan	4,209	-	-	-	-	4,209	-	4,209
Performance rights plan	-	-	718	-	-	718	-	718
Dividends paid	-	-	-	(21,642)	-	(21,642)	(1,297)	(22,939)
Balance as at 31 December 2012	368,453	(30,514)	2,469	210,804	(7,373)	543,839	6,898	550,737

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2013 (UNAUDITED)

(NZD in thousands)	as at 31 Dec 2013	as at 30 June 2013 Restated	as at 31 Dec 2012 Restated
Equity attributable to members of the parent company			
Share capital	368,453	368,453	368,453
Translation reserve	(58,451)	(35,179)	(30,514)
Share-based payments reserve	3,763	2,747	2,469
Retained earnings	213,238	223,610	210,804
Hedging reserve	(15,580)	(4,528)	(7,373)
Non-controlling interests	7,021	7,357	6,898
<b>Total Equity</b>	<b>518,444</b>	<b>562,460</b>	<b>550,737</b>
Property, plant and equipment	308,517	313,173	303,936
Intangible assets	209,086	219,278	216,046
Investments in associates	5,917	6,581	5,654
Deferred tax assets	15,885	9,330	10,852
<b>Non-current Assets</b>	<b>539,405</b>	<b>548,362</b>	<b>536,488</b>
Inventories	237,795	238,312	233,608
Trade and other receivables	327,130	369,460	322,306
Income tax receivable	5,677	9,498	17,943
Cash and cash equivalents	72,560	91,790	89,250
<b>Current Assets</b>	<b>643,162</b>	<b>709,060</b>	<b>663,107</b>
<b>Total Assets</b>	<b>1,182,567</b>	<b>1,257,422</b>	<b>1,199,595</b>
Borrowings	278,314	289,108	297,291
Employee benefits	21,095	22,056	25,741
Deferred tax liability	16,804	17,527	16,995
<b>Non-current Liabilities</b>	<b>316,213</b>	<b>328,691</b>	<b>340,027</b>
Borrowings	516	490	567
Trade and other payables	301,428	323,478	271,598
Employee benefits	15,362	22,188	16,717
Provisions	17,611	5,728	7,596
Income tax payable	12,993	14,387	12,353
<b>Current Liabilities</b>	<b>347,910</b>	<b>366,271</b>	<b>308,831</b>
<b>Total Liabilities</b>	<b>664,123</b>	<b>694,962</b>	<b>648,858</b>
<b>Total Net Assets</b>	<b>518,444</b>	<b>562,460</b>	<b>550,737</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

## FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (UNAUDITED)

(NZD in thousands)	Notes	6 months to 31 Dec 2013	6 months to 31 Dec 2012
Receipts from customers		915,306	932,557
Payments to suppliers and employees		(872,540)	(867,766)
Interest received		482	361
Interest paid		(8,529)	(4,729)
Dividends received		1,065	1,302
Income taxes paid		(8,878)	(14,261)
<b>Net cash from operating activities</b>	3	<b>26,906</b>	<b>47,464</b>
Proceeds on disposal of property, plant and equipment		2,130	134
Payments for property, plant and equipment		(23,979)	(18,949)
Payment for business acquisitions, net of cash acquired		–	(7,002)
Proceeds from disposal of businesses, net of cash disposed		1,156	2,005
<b>Net cash from investing activities</b>		<b>(20,693)</b>	<b>(23,812)</b>
Proceeds from borrowings		4,061	145,533
Repayment of borrowings		(2,327)	(129,018)
Dividends paid to shareholders		(21,793)	(17,433)
Dividends paid to non-controlling interests		(933)	(1,297)
<b>Net cash from financing activities</b>		<b>(20,992)</b>	<b>(2,215)</b>
<b>Increase/(Decrease) in cash</b>		<b>(14,779)</b>	<b>21,437</b>
Cash at 1 July		91,790	68,325
Exchange rate adjustment		(4,451)	(512)
<b>Cash at 31 December</b>		<b>72,560</b>	<b>89,250</b>
Comprising:			
Cash balances		53,095	65,956
Cash on call deposit		19,465	23,294
		<b>72,560</b>	<b>89,250</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (UNAUDITED)

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Nuplex Industries Limited is a Company domiciled in New Zealand. The condensed consolidated interim financial statements of the Company comprise the Company and its subsidiaries (the 'Group') and the Group's interest in associated entities as of and for the six months ended 31 December 2013. The Group is a profit orientated entity.

The financial statements are expressed in New Zealand dollars which is the Company's functional currency. References in these financial statements to "\$" or "NZD" are to New Zealand dollars. All financial information has been rounded to the nearest thousand, unless otherwise stated. These condensed financial statements are unaudited.

### (a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standard NZ IAS 34 Interim Financial Reporting. The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2013.

These condensed consolidated interim financial statements were approved by the Board of Directors on 20 February 2014.

### (b) Significant accounting policies

Other than noted below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 30 June 2013.

### (c) Changes in accounting policy

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

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

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

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

### Statement of Comprehensive Income (Extract)

	Prior Year Restatement		
	2012 previously stated	Increase/ (decrease)	2012 restated
Remeasurement of retirement benefit obligation	–	458	458
Income tax on other comprehensive income	2,451	(127)	2,324
Other comprehensive income for the period	(5,974)	331	(5,643)

### Statement of Financial Position (Extract)

	Prior Years Restatement								
	30 June 2013	Increase/ (decrease) 2013	30 June 2013 restated	31 Dec 2012	Increase/ (decrease) 2012	31 Dec 2012 restated	1 July 2012	Increase/ (decrease) 2012	1 July 2012 restated
Deferred tax assets	10,205	(875)	9,330	10,260	592	10,852	8,075	719	8,794
Non-current employee benefits	22,616	(560)	22,056	23,691	2,050	25,741	22,947	2,508	25,455
Retained earnings	223,925	(315)	223,610	212,262	(1,458)	210,804	222,452	(1,789)	220,663

## 2. SEGMENT ANALYSIS

The Group has two reportable segments, as described below. The reportable segments offer products and services with markedly different production processes and are managed separately. For each of the reporting segments the CEO reviews internal management reports monthly. Inter-segment pricing is determined on an arm's length basis. The following summary describes the operations in each of the Group's reportable segments:

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

The board and management assess the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of significant incomes and expenses associated with asset impairments, acquisitions, divestments and legal cases where the income or expense is the result of an isolated non-recurring event.

### Information about reportable segments

(NZD in thousands)	6 months to 31 Dec 2013			6 months to 31 Dec 2012		
	Resins	Specialties	Total Group	Resins	Specialties	Total Group
Sales to outside customers	662,883	152,280	815,163	671,059	157,646	828,705
Inter-segment sales	132	446		53	821	
Segment sales	663,015	152,726		671,112	158,467	
Operating EBITDA	50,655	8,840	59,495	45,183	12,415	57,598
Depreciation and amortisation	(15,634)	(1,106)	(16,740)	(15,005)	(998)	(16,003)
Segment result	35,021	7,734	42,755	30,178	11,417	41,595
Net financing costs			(8,619)			(9,064)
Share of profits of associates			1,091			807
Non-controlling interest			(1,170)			(1,169)
Tax on operating profits			(8,092)			(7,660)
Operating profit after tax			25,965			24,509
<b>Significant Items</b>						
Impairment of Property Plant and Equipment on Australasian restructuring			-			(8,220)
Impairment of assets relating to investment in RPC Pipe Systems P/I			(14,564)			(5,516)
Loss on sale of Plaster Systems NZ business			-			(683)
Gain on sale of Plaster Systems NZ land and buildings			632			-
Seven Hills Remediation provisions			(203)			-
Nuplex US tax audit legal costs provision			(176)			(292)
Legal costs in defence of product defect claim			(1,550)			-
Acquisition related costs			(308)			(753)
Reversal of US waste water discharge legal costs provision			800			-
Income tax credit on non-operating items			825			2,407
Net profit attributable to equity holders of the parent			11,421			11,452
Net profit attributable to non-controlling interests			1,170			1,169
<b>Profit for the period</b>			<b>12,591</b>			<b>12,621</b>
<b>Assets</b>	<b>907,379</b>	<b>181,066</b>	<b>1,088,445</b>	<b>886,338</b>	<b>195,212</b>	<b>1,081,550</b>
Unallocated assets			94,122			118,045
			1,182,567			1,199,595

Revenues in the resins segment from one group of customers under common control amount to 12.3% (2012: 11.3%) of the Group's total revenues.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS – CONTINUED FOR THE SIX MONTHS ENDED 31 DECEMBER 2013 (UNAUDITED)

## 3. RECONCILIATION OF THE NET SURPLUS WITH THE NET CASH FLOWS FROM OPERATING ACTIVITIES:

(NZD in thousands)	6 months to 31 Dec 2013	6 months to 31 Dec 2012
Profit for the period	12,591	12,621
Non-cash items:		
Depreciation	12,790	12,796
Tax	7,267	5,253
Amortisation	3,950	3,208
Doubtful debts provisions	47	80
Stock obsolescence provisions	(983)	28
Non-current provisions	(2,036)	921
Performance share rights expense	1,016	718
Share of profits of associates	(1,091)	(807)
Impairment write-down of assets	14,564	13,736
	<b>35,524</b>	<b>35,933</b>
Classified as investing/financing:		
(Profit)/loss on sale of fixed assets	(715)	9
Loss on disposal of business	–	641
	<b>(715)</b>	<b>650</b>
(Increase)/Decrease in working capital:		
Receivables	31,297	40,259
Inventories	(9,971)	(560)
Creditors and current provisions	(34,007)	(28,480)
	<b>(12,681)</b>	<b>11,219</b>
Income tax paid	(8,878)	(14,261)
Dividend received from associate	1,065	1,302
Cash Flow from Operating Activities	<b>26,906</b>	<b>47,464</b>

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

(NZD in thousands)	Receivables	Inventories	Creditors and current provisions	Total Working Capital
Balance as at 1 July 2013	369,460	238,312	(351,394)	256,378
Balance as at 31 December 2013	327,134	237,795	(334,401)	230,528
Balance Sheet Movement	42,326	517	(16,993)	25,850
Translation of foreign currency balances	(10,849)	(11,071)	10,397	(11,523)
Increase in provision for doubtful debts	(47)	–	–	(47)
Decrease in provision for obsolete stock	–	983	–	983
Increase in other provisions	–	–	(13,241)	(13,241)
Reduction in payable for purchase of business	–	–	(330)	(330)
Working capital disposed on sale of business	(133)	(400)	103	(430)
Movement in Hedges	–	–	(13,943)	(13,943)
Working capital cash flow from operating activities	31,297	(9,971)	(34,007)	(12,681)

## 4. DIVIDEND

On 19 February 2014, the directors declared an interim dividend of 10 cents per share. The dividend is payable on 3 April 2014. The dividend carries no imputation credits for New Zealand tax residents and no Australian franking credits.

## 5. EARNINGS PER SHARE

The calculation of basic earnings per share is based on:

	6 months to 31 Dec 2013	6 months to 31 Dec 2012
Net surplus attributable to ordinary shareholders (NZD in thousands)	11,421	11,452
Shares on issue at 31 December ('000)	198,126	198,126

EPS is calculated in accordance with the NZ IFRS, based on the average number of shares on issue determined as follows:

Weighted average number of ordinary shares ('000):

Ordinary shares on issue at 1 July	198,126	196,748
Dividend reinvestment plan shares issued 12 October 2012	–	599
	198,126	197,347

Basic earnings per share	\$0.058	\$0.058
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The calculation of diluted earnings per share is based on:

Net surplus attributable to ordinary shareholders	11,421	11,452
Net surplus attributable to ordinary shareholders (diluted)	11,421	11,452
Basic weighted average number of ordinary shares (in thousands of shares)	198,126	197,347
Effect of Performance rights plan	4,511	2,982
Diluted weighted average number of ordinary shares	202,637	200,329
Diluted earnings per share	\$0.056	\$0.057

## 6. CONTINGENT LIABILITIES AND OTHER CONTINGENT COMMITMENTS

With the exception of the updated matters noted below, there have been no significant changes in contingent liabilities in the six months to 31 December 2013.

### Negative pledge deed

The Company and all the material wholly owned subsidiaries, outside of China and Vietnam, 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.

### HSBC Guarantee

The Company has issued a guarantee to HSBC to enable associate company Synthese Thailand Co Limited to borrow up to THB100 million (2012: THB205 million), equivalent to NZD3.7 million (2012: NZD8.1 million). Nuplex has discharged the JV partner Thai Urethane Plastic Co Limited from its indemnity against 48% of all losses, costs, damages, expenses, claims and demands which may be incurred or sustained by reason or on account of having given the guarantee. Nuplex granted this discharge as part of its commitment to increase the funds available to Synthese Thailand Co Limited to meet an obligation to purchase plant and equipment from Thai Urethane Plastic Co Limited. This transaction was executed in January 2008.

### RPC Pipe Systems Pty Limited Guarantee

In connection with the Group's joint venture interest in RPC Pipe Systems Pty Limited, Nuplex Industries (Aust) Pty Limited has provided a guarantee to Westpac Banking Corporation for up to AUD14.3 million to secure Westpac's facilities to the joint venture expiring 30 June 2014. The amount presently secured by the guarantee is AUD11.65 million, equivalent to NZD12.7 million. Nuplex Industries (Aust) Pty Limited's position is secured by a registered charge over the assets of RPC Pipe Systems Pty Limited, which ranks behind a charge in favour of the bank. At 31 December 2013 the Group has made provision in full for the amount presently secured by the guarantee.

### Botany Town Centre Proceedings

The proceedings against the Company in this matter have been discontinued by the Plaintiffs and cross-claimants.

### Siegwerk

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

# INDEPENDENT ACCOUNTANTS' REPORT TO THE SHAREHOLDERS OF NUPLEX INDUSTRIES LIMITED



## REPORT ON THE FINANCIAL STATEMENTS

We have reviewed the financial statements of the Nuplex Industries Limited Group (the Group), which comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income and statement of changes in equity and cash flow statement for the period then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information. The Group comprises both Nuplex Industries Limited (the company) and the entities it controlled during the half-year.

### Directors' Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation and presentation of the financial statements that present fairly the financial position of the Group as at 31 December 2013, and its financial performance and cash flows for the period ended on that date.

### Accountants' Responsibility

We are responsible for reviewing the financial statements presented by the Directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the financial statements do not present fairly the matters to which they relate.

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the financial statements of the Group for the period ended 31 December 2013 in accordance with the Review Engagement Standards issued in New Zealand.

Other than in our capacity as accountants conducting this review we have no relationship with, or interests in, Nuplex Industries Limited Group.

### Opinion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly the financial position of the Group as at 31 December 2013 and its financial performance and cash flows for the period ended on that date.

### Restriction on Distribution or Use

This report is made solely to the Company's Directors, as a body. Our review work has been undertaken so that we might state to the Company's Directors those matters which we are required to state to them in an accountants' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Directors, as a body, for our review procedures, for this report or for the opinions we have formed.

*PricewaterhouseCoopers*

Chartered Accountants  
Sydney, 20 February 2014

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

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# CORPORATE DIRECTORY

## DIRECTORS

Peter Springford, Chairman  
Emery Severin, Managing Director  
Robert Aitken  
Barbara Gibson  
David Jackson  
Jeremy Maycock

## AUDITORS

PricewaterhouseCoopers

## SOLICITORS

Allens Linklaters  
Bell Gully

## INSURANCE BROKERS

Marsh Limited

## SHARE REGISTRARS

Computershare Registry Services Limited  
Private Bag 92119  
Auckland

## BANKERS

Westpac Banking Corporation  
Commonwealth Bank of Australia  
Australia and New Zealand Banking Group Limited  
Hong Kong Shanghai Banking Corporation

## REGISTERED OFFICE

Level 3, Millennium Centre,  
602C Great South Road, Ellerslie  
Auckland 1051, New Zealand  
Phone +64 9 579 2029  
Fax +64 9 571 0542  
nuplex@nuplex.com  
www.nuplex.com

## CORPORATE OFFICE

Level 5, 182 Blues Point Road  
North Sydney NSW 2060, Australia  
Locked Bag No. 6  
Botany 1455, NSW, Australia  
Phone +61 2 8036 0901  
Fax +61 2 9666 3368

## EXECUTIVE MANAGEMENT

Emery Severin  
Managing Director & Chief Executive Officer  
Paul Davey  
Vice President Human Resources  
Ian Davis  
Chief Financial Officer  
Clive Deetlefs  
Vice President Operations  
Mike Kelly  
Regional President, The Americas  
Paul Kieffer  
Regional President Europe, Middle East and Africa  
Ruben Mannien  
Regional President, Asia  
Zel Medak  
Vice President & General Manager, ANZ Resins  
Hasan Shafi  
Vice President Corporate Development and Planning  
Ivan Tottle  
Vice President & General Manager, ANZ Specialties  
William Weaver  
Vice President Technology  
James Williams  
Vice President General Counsel & Company Secretary  
Josie Ashton  
Director, Corporate Communications

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