



24 August, 2007

CHAIRMAN'S STATEMENT 2007

The directors of Nuplex Industries Ltd advise that operating profit for the year ended 30 June 2007 is \$40.3 million, 6.1% ahead of last year.

Reported profit is \$26.2 million after deducting \$11.5m of Unusual Items and \$2.6 million amortisation. This compares with \$62m last year that included a gain of \$24.7m from the sale of the Environmental Services businesses.

The Unusual Items include:

1. Write-down of buildings and plant at the UK facility plus redundancy payments totalling \$6.1 million following a decision to concentrate solely on powder resin manufacture on that site. Simplifying operations will achieve significant future efficiency benefits. Production of all liquid resin products has been transferred to the Netherlands plant. Results from the UK operation will improve from the start of the 2007/08 financial year with the benefit of these efficiencies, and move into profit late in the second half.
2. Provision for the write-down of all business assets and the full costs of closure of the Brazil operation totalling \$4.2m in response to continuing losses. These losses will be eliminated in the new financial year.
3. An impairment provision of \$3.3 m against the assets of the Foshan operation in response to continuing losses so far from this venture and uncertainty surrounding the site following changes in China's land use regulations.
4. Provision for the closure and remediation of the Avondale, Auckland site of \$1.7m.
5. Gains of \$2.1 m from the sale of Specialties businesses.
6. A reduction in the deferred tax liability of \$2.1 m from lower Dutch corporate tax rates.

Sales increased by 11.6% to \$1,452m (\$1,301m) while underlying earnings at the EBITDA level increased marginally to \$104m (\$103m).

The primary drivers of sales growth were higher average selling prices driven by continuing cost increases for raw materials; the portfolio switch from Environmental Services to Agency and Distribution businesses; and acquisition of Huntsman Composites.

EBITDA was negatively impacted by two large bad debts and the delayed closure of Brazil and Seven Hills, but benefited somewhat from a half year contribution from the Huntsman Composites business. Brazil and Seven Hills production has now ceased.

Cash flows were down for the period partially due to a temporary increase in working capital in the latter part of the year. As a consequence the Debt to Debt plus Equity ratio has increased from 51% to 53% at year end. Higher revenues and raw material costs, increased stockholding of raw materials in response to shortages and the impact of acquisitions all contributed. Some \$10 million cash returned to the business shortly after closure.

DIVIDEND

The directors have declared a final dividend of 20.5 cents per share (cps) with an imputation credit of 2.0 cps. This brings the total dividend paid for the year to 36 cps and represents an increase of 7.5% over the prior year.

An Australian franking credit will be attached at the maximum rate. Overseas resident shareholders will also receive a supplementary dividend of 0.7169 cps.

The dividend is payable on Friday, 19 October 2007 to shareholders on the register at the close of trading on Friday, 5 October 2007.

Shareholders are offered the opportunity to participate in the Dividend Reinvestment Plan (DRP). The strike price will be calculated as the weighted average sale price of all shares traded on the NZX during the first five of the last eight days prior to 5 October 2007 less a discount of \$0.27.

The full year dividend will distribute \$28.7 million representing 71% of Operating Profit.

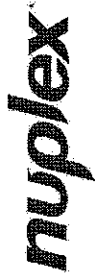
PROSPECTS

Earnings are anticipated to show significant growth during the 2007/08 year. The elimination of some \$8 m of losses in the current year; benefits from a full year of the Huntsman Composites acquisition; the exit of Specialty Products from the Seven Hills site and refocus of its business portfolio, sales from new capacities in the UK and Netherlands that will be commissioned late in the first half of the new financial year and the general benefits of restructuring will all contribute substantially to this.

Demand from US and Australasian markets is likely to be flat but Asia should continue to grow and Europe is expected to hold the recovery that has been evident in the past year. With around 90% of sales in currencies other than the New Zealand dollar, the current weakness should increase returns from international operations. Raw material costs are expected to remain high for the foreseeable future requiring continuing focus on margins and working capital.

Both the Seven Hills and Avondale sites are undergoing remediation and are destined for sale within the new financial year.

Fred Holland
Chairman



2007 FINANCIAL STATEMENTS

for the year ended 30 June 2007

The Directors are pleased to present the Financial Statements of the Nuplex Group for the year ended 30 June 2007.

Fred Holland
Chairman

24 August 2007

Bryan Kensington
Director

24 August 2007

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Audit report

To the shareholders of Nuplex Industries Limited

We have audited the financial statements as attached. The financial statements provide information about the past financial performance and financial position of the company and group as at 30 June 2007. This information is stated in accordance with the accounting policies as attached.

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 2007 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 judgments 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. 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.



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 as attached:
 - 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 2007 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 24 August 2007 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'KPMG.' with a stylized flourish at the end.

Auckland

Income Statements

for the year ended 30 June 2007

	Note	GROUP				COMPANY (All continuing)	
		2007 Total	Discontinued operations	2006 Continuing operations	Total	2007 Total	2006 Total
(NZD in thousands)							
Sales revenue		1,451,619	13,337	1,287,586	1,300,923	135,538	129,263
Cost of sales		(1,155,727)	(9,894)	(1,019,502)	(1,029,396)	(101,730)	(93,636)
Gross profit		295,892	3,443	268,084	271,527	33,808	35,627
Other operating income	3	6,596	499	34,639	35,138	35,989	38,333
Distribution expenses		(72,338)	-	(66,956)	(66,956)	(7,353)	(7,411)
Marketing expenses		(86,203)	(712)	(71,360)	(72,072)	(10,489)	(9,999)
Administrative expenses		(53,276)	(917)	(51,352)	(52,269)	(8,130)	(8,021)
Other operating expenses	4	(21,795)	-	(37,084)	(37,084)	(2,705)	(200)
Operating profit before financing costs		68,876	2,313	75,971	78,284	41,120	48,329
Financial income		1,885	162	6,742	6,904	2,649	2,749
Financial expenses		(24,245)	(224)	(20,653)	(20,877)	(8,221)	(8,102)
Net financing costs	7	(22,360)	(62)	(13,911)	(13,973)	(5,572)	(5,353)
Share of profits of associates	13	1,321	54	1,002	1,056	-	-
Profit before tax		47,837	2,305	63,062	65,367	35,548	42,976
Income tax expense	8	(19,668)	(729)	(25,524)	(26,253)	(494)	(2,430)
Profit after tax but before gain on discontinued operations		28,169	1,576	37,538	39,114	35,054	40,546
Gain on sale of environmental services businesses, net of tax	9	-	24,722	-	24,722	-	5,637
Profit for the year		28,169	26,298	37,538	63,836	35,054	46,183
Attributable to:							
Equity holders of the parent		26,196	26,298	35,675	61,973	35,054	46,183
Minority interests		1,973	-	1,863	1,863	-	-
Basic earnings per share	10	0.33	0.34	0.46	0.80		
Diluted earnings per share	10	0.33	0.34	0.46	0.80		
Dividends per ordinary share paid (NZD)	21	35.0			28.5		

Statements of Changes in Equity
for the year ended 30 June 2007

(NZD in thousands)

	GROUP						COMPANY		
	Attributable to equity holders of the parent				Minority Interest	Total Equity	Attributable to equity holders of the parent		
	Share capital	Translation reserve	Retained earnings	Total			Share capital	Retained earnings	Total
Balance at 1 July 2006	161,783	30,210	134,022	326,015	8,732	334,747	161,783	89,589	251,372
Changes in equity for the year ended 30 June 2007:									
Exchange translation difference	-	(42,981)	-	(42,981)	(1,772)	(44,753)	-	-	-
Changes in fair value of cash-flow hedges	-	-	(484)	(484)	-	(484)	-	(373)	(373)
Net income recognised directly in equity	-	(42,981)	(484)	(43,465)	(1,772)	(45,237)	-	(373)	(373)
Profit for the year	-	-	26,196	26,196	1,973	28,169	-	35,054	35,054
Total recognised income and expense for the year	-	(42,981)	25,712	(17,269)	201	(17,068)	-	34,681	34,681
Shares issued	9,642	-	-	9,642	-	9,642	9,642	-	9,642
Dividends paid	-	-	(27,578)	(27,578)	(988)	(28,566)	-	(27,578)	(27,578)
Balance as at 30 June 2007	171,425	(12,771)	132,156	290,810	7,945	298,755	171,425	96,692	268,117

Statements of Changes in Equity
for the year ended 30 June 2006

(NZD in thousands)

	GROUP						COMPANY		
	Attributable to equity holders of the parent				Minority Interest	Total Equity	Attributable to equity holders of the parent		
	Share capital	Translation reserve	Retained earnings	Total			Share capital	Retained earnings	Total
Balance at 1 July 2005	153,582	442	93,995	248,019	6,996	255,015	153,582	65,577	219,159
Fair value of cash-flow hedges at 1 July 2005	-	-	(777)	(777)	-	(777)	-	(177)	(177)
Opening equity as adjusted for adoption of IAS32/39	153,582	442	93,218	247,242	6,996	254,238	153,582	65,400	218,982
Changes in equity for the year ended 30 June 2006:									
Exchange translation difference	-	29,768	-	29,768	1,531	31,299	-	-	-
Changes in fair value of cash-flow hedges	-	-	825	825	-	825	-	-	-
Net income recognised directly in equity	-	29,768	825	30,593	1,531	32,124	-	-	-
Profit for the year	-	-	61,973	61,973	1,863	63,836	-	46,183	46,183
Total recognised income and expense for the year	-	29,768	62,798	92,566	3,394	95,960	-	46,183	46,183
Shares issued	8,201	-	-	8,201	-	8,201	8,201	-	8,201
Dividends paid	-	-	(21,994)	(21,994)	(1,658)	(23,652)	-	(21,994)	(21,994)
Balance as at 30 June 2006	161,783	30,210	134,022	326,015	8,732	334,747	161,783	89,589	251,372



Balance Sheets

As at 30 June 2007

(NZD in thousands)

	Note	GROUP		COMPANY	
		2007	2006	2007	2006
Equity attributable to members of the parent company		290,810	326,015	268,117	251,372
Minority interests		7,945	8,732	-	-
Total Equity		298,755	334,747	268,117	251,372
Property, plant and equipment	15	266,639	318,139	20,473	21,466
Intangible assets	16	122,846	127,344	2,242	2,305
Investments accounted for using the equity method	13	2,743	2,551	-	-
Investments in subsidiaries		-	-	148,907	176,824
Trade and other receivables	12	-	-	131,149	88,462
Deferred tax asset	14	7,275	9,567	1,628	773
Non-current Assets		399,503	457,601	304,399	289,830
Inventories	11	210,604	216,360	24,409	22,669
Trade and other receivables	12	279,955	296,961	23,833	22,457
Income tax receivable		4,250	3,388	1,424	1,721
Cash and cash equivalents		26,462	36,742	8,217	6,162
Current Assets		521,271	553,451	57,883	53,009
Total Assets		920,774	1,011,052	362,282	342,839
Borrowings	18	271,093	344,587	24	75,962
Employee provisions	19	24,065	27,271	1,469	1,660
Provisions	20	3,980	3,554	-	-
Deferred tax liability	14	21,072	23,446	-	-
Non-current Liabilities		320,210	398,858	1,493	77,622
Borrowings	18	75,247	835	75,049	85
Trade and other payables	17	193,532	220,769	13,704	12,634
Employee provisions	19	19,243	32,141	1,319	1,126
Provisions	20	11,745	10,746	2,600	-
Income tax payable		2,042	12,956	-	-
Current Liabilities		301,809	277,447	92,672	13,845
Total Liabilities		622,019	676,305	94,165	91,467
Total Net Assets		298,755	334,747	268,117	251,372



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. The Group is a profit orientated entity.

(a) Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying the New Zealand equivalents of International Financial Reporting Standards (NZIFRS).

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. Certain comparative amounts have been reclassified to conform with the current year's presentation.

The International Accounting Standards Board has issued a number of other standards, amendments and interpretations which are not yet effective, in particular NZIFRS 7 Financial Instruments: Disclosures, NZIFRS 8 Operating Segments and amendments to NZIAS 1 Capital disclosures. The Group has not yet applied these in preparing these financial statements although the application of these standards, amendments and interpretations would require further disclosures but is not expected to have a material impact on the Group's results.

(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 fixed assets' 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 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 the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

The accounting policies have been applied consistently by Group entities.

(c) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company 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.

Transactions eliminated on consolidation

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



(d) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to New Zealand dollars 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 New Zealand dollars 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.

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. They are released into the income statement upon disposal.

(e) Revenue

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services is recognised in the income statement when the service is provided.

(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 recognized 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. 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 balance sheet.

(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 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. A deferred tax asset is 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) 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. Certain items of property, plant and equipment that had been revalued to fair value on or before 1 July 2004, the date of transition to NZIFRS, are measured on the basis of deemed cost going forward, being the revalued amount at the date of transition to NZIFRS.

Leased assets

Leases in terms of which Nuplex 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:

Buildings and land-use rights	20 - 50	years
Plant and equipment	5 - 20	years
Motor vehicles	5	years
Fixtures and fittings	10	years
Office equipment	3 - 5	years

(i) 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 no longer amortised but 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 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. 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 as such 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.

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

(j) Trade and other receivables

Trade and other receivables are stated at cost less impairment losses.

(k) 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.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. 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.



(m) 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 goodwill, 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.

(n) 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.

(o) 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.

(p) Employee benefits

Share-based transactions

Performance share rights are granted to senior management. The fair value of the rights is recognised as an employee expense with a corresponding increase in liabilities. The fair value is measured at the grant date and spread over the vesting period, taking into account the terms and conditions upon which the rights were granted.

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. All actuarial gains and losses as at the date of transition to NZIFRS, were recognised. 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, 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.

(q) 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.

(r) 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.



(s) 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.

(t) Financial instruments

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 (u).

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.

(u) 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.

Fair value hedges

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised 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.

(v) Non-current 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.

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.
Environmental Services (discontinued)	Collection and treatment of liquid, hazardous, medical and quarantine wastes in Australasia. Distribution and servicing of re-usable medical sharps disposal systems. All businesses under this segment were sold in December 2005.

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 2007

	Resins	Specialties	Eliminations	Total Group		
Sales to outside customers	1,139,653	311,966	-	1,451,619		
Inter-segment sales	858	4,960	(5,818)	-		
Segment sales	1,140,511	316,926	(5,818)	1,451,619		
EBITDA	88,887	15,181	-	104,068		
Depreciation	(16,858)	(2,072)	-	(18,930)		
Segment result	72,029	13,109	-	85,138		
Finance income				1,885		
Finance expense				(24,245)		
Share of profits of associates	175	1,146		1,321		
Minority interest				(1,973)		
Tax on operating profits				(21,791)		
Operating profit after tax				40,335		
Unusual items excluding impairments				(987)		
Impairments	(10,481)	-		(10,481)		
Amortisation of intangibles	(2,579)	(92)		(2,671)		
Net profit attributable to equity holders of the parent				26,196		
Assets	707,457	175,330	-	882,787		
Unallocated assets				37,987		
				920,774		
Liabilities	203,348	49,217	-	252,565		
Unallocated liabilities				369,454		
				622,019		
Other segment information						
Equity accounted investments included in segment assets	410	2,333	-	2,743		
Capital expenditure and business acquisitions	27,723	3,909	-	31,632		
GEOGRAPHIC SEGMENTS 2007	New Zealand	Australia	Asia	Europe	Americas	Total Group
Sales by destination	174,932	544,544	221,979	356,399	153,765	1,451,619
Assets	119,148	378,627	111,875	256,945	54,179	920,774
Capital expenditure and business acquisitions	668	19,325	1,530	8,978	1,131	31,632

2. Segment analyses (continued)

BUSINESS SEGMENTS 2006

	Resins	Specialties	Environmental Services (discontinued)	Eliminations	Total Group	Less: Environmental Services (discontinued)	Total Group (Continuing Operations)
Sales to outside customers	1,003,870	283,716	13,337	-	1,300,923	(13,337)	1,287,586
Inter-segment sales	2,170	3,585	543	(6,298)	-	(543)	(543)
Segment sales	1,006,040	287,301	13,880	(6,298)	1,300,923	(13,880)	1,287,043
EBITDA	86,308	14,092	3,035	-	103,435	(3,035)	100,400
Depreciation	(18,990)	(2,123)	(722)	-	(21,835)	722	(21,113)
Segment result	67,318	11,969	2,313	-	81,600	(2,313)	79,287
Finance income					1,687	62	1,749
Finance expense					(20,877)	-	(20,877)
Share of profits of associates	(91)	1,093	54		1,056	(54)	1,002
Minority interest					(1,863)	-	(1,863)
Tax on operating profits					(23,589)	729	(22,860)
Operating profit after tax					38,014	(1,576)	36,438
Unusual items excluding impairments					38,393	(24,722)	13,671
Impairments	(2,493)	(9,348)			(11,841)	-	(11,841)
Amortisation	(2,541)	(52)			(2,593)	-	(2,593)
Net profit attributable to equity holders of the parent					61,973	(26,298)	35,675
Assets	784,544	176,811	-	-	961,355		
Unallocated assets					49,697		
					<u>1,011,052</u>		
Liabilities	230,907	63,572	-	-	294,479		
Unallocated liabilities					381,826		
					<u>676,305</u>		
Other segment information							
Equity accounted investments included in segment assets	245	2,306	-	-	2,551		
Capital expenditure and business acquisitions	13,435	41,338	1,890	-	56,663		
GEOGRAPHIC SEGMENTS 2006	New Zealand	Australia	Asia	Europe	Americas	Total Group	
Sales by destination	159,900	498,476	175,094	327,192	140,261	1,300,923	
Assets	133,384	382,186	93,939	317,222	84,321	1,011,052	
Capital expenditure and business acquisitions	42,873	5,842	3,793	3,584	571	56,663	

3. Other income

	Note	GROUP		COMPANY	
		2007	2006	2007	2006
(NZD in thousands)					
Net gain on disposal of property, plant and equipment		79	483	1	85
Net gain on disposal of businesses assets		2,606	-	458	-
Dividends received from subsidiaries		-	-	35,267	37,559
Commissions received		731	527	-	-
Rental income received		797	751	-	-
Compensation payments received		-	450	-	-
Employee provisions released	19	1,923	486	-	486
Decrease in value of defined benefit obligations	19	-	32,334	-	-
Income received from subsidiaries		-	-	151	107
Other		460	107	112	96
		<u>6,596</u>	<u>35,138</u>	<u>35,989</u>	<u>38,333</u>

Net gain on disposal of businesses

Gains on business disposals relates to the sale of five specialty businesses. Assets sold were primarily stock, for consideration of NZD2,801,000 of which NZD1,616,000 is receivable within twelve months.

Change in value of defined benefit obligations

As of 1 January 2006 Nuplex introduced a new pension plan in the Netherlands. The new plan is a defined contribution plan where the previous pension plan was a defined benefit plan. The previous plan was closed for Nuplex in the Netherlands concurrent with the opening of the new plan. The amount disclosed above is the accounting gain on the settlement of the previous plan.

4. Other expenses

	GROUP		COMPANY	
	2007	2006	2007	2006
(NZD in thousands)				
Loss on sale of fixed assets	459	46	-	-
Impairment loss on goodwill	537	1,116	-	-
Site remediation costs provided	2,600	1,343	2,600	-
Restructuring costs	13,072	29,663	-	200
Amortisation of intellectual property	2,246	2,143	-	-
Other	2,881	2,773	105	-
	<u>21,795</u>	<u>37,084</u>	<u>2,705</u>	<u>200</u>

Site remediation costs

The group has recognised a provision of NZD2,600,000 in relation to the anticipated costs of remediating its Avondale, New Zealand site, which the company announced prior to balance date will cease production in September 2007.

Restructuring costs

Restructuring costs include the following:

Brazil

On 5 June 2007 the group closed its manufacturing operations in Brazil. As a result of the closure the group incurred a write-down to fixed assets of BRL1,700,000 (NZD 1,180,000) further closing costs of BRL1,935,000 (NZD1,343,000), an impairment to receivables of BRL1,751,000 (NZD 1,178,000) and an impairment to goodwill arising on consolidation of NZD537,000.

Europe

Costs continue to be incurred by the group due to restructuring the UK business. Impairments on redundant plant and buildings in the UK of GBP1,524,000 (NZD4,308,000) and redundancy costs of GBP631,000 (NZD1,783,000) were recognised during the year.

China

The group has recognised an impairment to the assets of its business in Foshan of CNY19,073,000 (NZD 3,278,000) since it is unlikely that the prior carrying value of those assets would be recovered, due to government restrictions on the group's ability to further develop or restructure the operations.

5. Personnel expenses

	Note	GROUP		COMPANY	
		2007	2006	2007	2006
(NZD in thousands)					
Wages and salaries		128,077	124,639	14,065	13,977
Compulsory social security contributions		7,699	7,493	545	535
Contributions to defined contribution plans		10,916	10,951	164	247
Increase in liability for long service leave		364	1,682	-	116
Performance share rights	19	879	488	142	86
Other benefits		3,230	3,991	-	-
		<u>151,165</u>	<u>149,244</u>	<u>14,916</u>	<u>14,961</u>

6. Auditors' remuneration

		GROUP		COMPANY	
		2007	2006	2007	2006
(NZD in thousands)					
Audit services					
Auditors of the Company					
KPMG New Zealand:					
Audit and review of financial reports		469	390	419	345
Overseas KPMG Firms:					
Audit and review of financial reports		1,169	944	-	-
		<u>1,638</u>	<u>1,334</u>	<u>419</u>	<u>345</u>
Other auditors					
Audit and review of financial reports		31	21	-	-
		<u>1,669</u>	<u>1,355</u>	<u>419</u>	<u>345</u>
Other services					
Auditors of the Company					
KPMG New Zealand:					
Taxation services		536	390	94	373
IFRS services		-	99	-	79
Other services		32	-	32	-
Overseas KPMG Firms:					
Taxation Services		354	371	-	-
Other services		8	62	-	-
		<u>930</u>	<u>922</u>	<u>126</u>	<u>452</u>

7. Net financing costs

		GROUP		COMPANY	
		2007	2006	2007	2006
(NZD in thousands)					
Interest income from outside the group		1,885	1,687	787	670
Interest income from subsidiaries		-	-	85	669
Net foreign exchange gain		-	5,217	1,777	1,410
Financial income		<u>1,885</u>	<u>6,904</u>	<u>2,649</u>	<u>2,749</u>
Interest expense		23,991	20,877	8,147	8,102
Interest paid to subsidiaries		-	-	74	-
Net foreign exchange loss		254	-	-	-
Financial expenses		<u>24,245</u>	<u>20,877</u>	<u>8,221</u>	<u>8,102</u>
Net financing costs		<u>22,360</u>	<u>13,973</u>	<u>5,572</u>	<u>5,353</u>

8. Income tax expense

Recognised in the income statement

	GROUP		COMPANY	
	2007	2006	2007	2006
(NZD in thousands)				
Current tax expense				
Current year	17,597	23,282	1,275	2,492
Adjustments for prior years	(117)	(472)	(110)	(90)
	<u>17,480</u>	<u>22,810</u>	<u>1,165</u>	<u>2,402</u>
Deferred tax expense				
Temporary differences	4,323	3,830	(671)	28
Reduction in tax rate	(2,135)	(387)	-	-
	<u>2,188</u>	<u>3,443</u>	<u>(671)</u>	<u>28</u>
Total income tax expense in income statement	<u>19,668</u>	<u>26,253</u>	<u>494</u>	<u>2,430</u>
Attributable to:				
Continuing operations	19,668	25,524	494	2,430
Discontinuing operations	-	729	-	-
	<u>19,668</u>	<u>26,253</u>	<u>494</u>	<u>2,430</u>

The reduction in tax rate disclosed above reflects the reduction in current year tax rates in The Netherlands from 29.6% to 25.5% and future tax rates in New Zealand from 33% to 30%.

Reconciliation between tax expense and pre-tax net profit

	GROUP		COMPANY	
	2007	2006	2007	2006
(NZD in thousands)				
Profit before tax- continuing operations	47,837	63,062	35,548	42,976
Profit before tax- discontinued operations	-	2,305	-	-
Profit before tax	<u>47,837</u>	<u>65,367</u>	<u>35,548</u>	<u>42,976</u>
Income tax using the New Zealand corporate tax rate of 33% (2006: 33%)	15,786	21,571	11,731	14,182
Increase in income tax expense due to:				
Non-deductible expenses	1,498	1,281	62	65
CFC Attributed income	1,008	1,993	600	667
Tax losses not recognised	7,154	4,230	-	-
Decrease in income tax expense due to:				
Dividends from subsidiaries	-	-	(11,638)	(12,394)
Effect on tax rate in foreign jurisdictions (rates decreased)	(5,017)	(1,892)	-	-
Equity earnings of associates	(401)	(316)	-	-
Non-taxable capital gains	(151)	-	(151)	-
Tax incentives not recognised in the income statement	(92)	(142)	-	-
Under / (over) provided in prior years	(117)	(472)	(110)	(90)
Income tax expense on pre-tax net profit	<u>19,668</u>	<u>26,253</u>	<u>494</u>	<u>2,430</u>

Deferred tax recognised directly in equity

	GROUP		COMPANY	
	2007	2006	2007	2006
(NZD in thousands)				
Fair valuation of hedge accounted derivatives	297	376	183	-
	<u>297</u>	<u>376</u>	<u>183</u>	<u>-</u>



9. Discontinued operations

On 1 December 2005 the group sold its environmental services group which included Nuplex Medismart Limited, Nuplex Healthcare Waste Limited, United Environmental Limited and Nuplex Special Waste Pty Limited. These companies were sold for cash to Transpacific Industries, an Australian based public company.

The results of the entities disposed of and the gain on disposal and tax thereon have been disclosed as discontinued on the face of the consolidated income statement.

During the year ended 30 June 2006, the environmental services group had cash inflows from operating activities of NZD1,902,000, cash inflows from investing activities of NZD49,981,000 and cash outflows from financing activities of nil.

The assets and liabilities disposed of are as follows:

	<u>GROUP</u>	<u>COMPANY</u>
	2006	2006
Fixed assets	18,228	-
Intangibles	6,167	-
Investments	714	13,801
Future income tax benefit	962	-
Inventories	197	-
Receivables	5,145	15,439
Cash	1,126	-
Non current payables	(215)	-
Current payables	(4,568)	(59)
Borrowings	(303)	-
Current provisions	(217)	-
Exchange gain on settlement	(965)	-
Net assets and liabilities	26,271	29,181
Disposal costs	(632)	-
Cash consideration	53,635	34,818
Consideration receivable	2,693	-
Profit on disposal before tax	29,425	5,637
Tax on profit	(4,703)	-
Profit on disposal after tax	24,722	5,637

10. Earnings per share

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

	<u>GROUP</u>	
	2007	2006
Net surplus attributable to ordinary shareholders	26,196	61,973
Weighted average number of ordinary shares:		
Ordinary shares on issue at 1 July	78,425	76,683
Dividend reinvestment plan shares issued 15 October 2005	-	708
Dividend reinvestment plan shares issued 7 April 2006	-	174
Dividend reinvestment plan shares issued 20 October 2006	580	-
Dividend reinvestment plan shares issued 5 April 2007	154	-
	<u>79,159</u>	<u>77,565</u>

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.



11. Inventories

	<i>GROUP</i>		<i>COMPANY</i>	
	2007	2006	2007	2006
(NZD in thousands)				
Raw materials and consumables	53,644	58,698	6,737	6,214
Work in progress	1,154	3,220	-	-
Finished goods	163,734	162,963	18,463	17,396
Provision for stock obsolescence	(7,928)	(8,521)	(791)	(941)
	<u>210,604</u>	<u>216,360</u>	<u>24,409</u>	<u>22,669</u>

The reduction in the provision for stock obsolescence increased group profit by NZD593,000 (2006: loss NZD1,620,000) and increased company profit by NZD150,000 (2006: loss NZD37,000).

12. Trade and other receivables

	<i>GROUP</i>		<i>COMPANY</i>	
	2007	2006	2007	2006
(NZD in thousands)				
Current				
Trade and other receivables and prepayments	278,788	296,502	22,548	21,899
Receivables due from controlled entities	-	-	1,285	353
Fair value derivatives	1,167	459	-	205
	<u>279,955</u>	<u>296,961</u>	<u>23,833</u>	<u>22,457</u>
Non-current				
Loans to controlled entities	-	-	131,149	88,462
	<u>-</u>	<u>-</u>	<u>131,149</u>	<u>88,462</u>

Trade receivables are shown net of impairment write-downs amounting to NZD4,560,000 (2006: NZD3,091,000) for the Group and NZD158,000 (2006: NZD209,000) for the Company. The increase in the provision for impairment decreased group profit by NZD1,469,000 (2006: loss NZD596,000) and increased company profit by NZD51,000 (2006: profit NZD116,000).

13. 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	2007	Ownership 30 June 2006	2005
Medical Waste (Wellington) Limited	New Zealand	30-Jun	0%	0%	50%
Daniels Sharpsmart (NZ) Limited	New Zealand	30-Jun	0%	0%	50%
Quaker Chemical (Australia) Pty Limited	Australia	31-Dec	49%	49%	49%
Innospec Valvemaster Limited	UK	31-Dec	50%	50%	50%
Synthese (Thailand) Co Limited	Thailand	31-Dec	45%	45%	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
2007							
Quaker Chemical (Australia) Pty Limited	13,706	2,149	1,053	6,561	2,181	4,380	2,146
Innospec Valvemaster Limited	1,806	186	93	1,450	1,076	374	187
Synthese (Thailand) Co Limited	25,346	389	175	12,211	10,508	1,703	410
	<u>40,858</u>	<u>2,724</u>	<u>1,321</u>	<u>20,222</u>	<u>13,765</u>	<u>6,457</u>	<u>2,743</u>
2006							
Medical Waste (Wellington) Limited	654	85	42	-	-	-	-
Daniels Sharpsmart (NZ) Limited	470	24	12	-	-	-	-
Quaker Chemical (Australia) Pty Limited	11,340	1,739	852	6,550	2,376	4,174	2,047
Innospec Valvemaster Limited	3,498	482	241	1,237	719	518	259
Synthese (Thailand) Co Limited	22,292	(202)	(91)	13,505	12,055	1,450	245
	<u>38,254</u>	<u>2,128</u>	<u>1,056</u>	<u>21,292</u>	<u>15,150</u>	<u>6,142</u>	<u>2,551</u>

Results of associates

(NZD in thousands)

	GROUP	
	2007	2006
Share of associate profit before income tax	1,812	1,551
Share of income tax expense	(491)	(495)
Share of associates net profit as disclosed by associates	<u>1,321</u>	<u>1,056</u>
Share of associates net profit accounted for using the equity method	<u>1,321</u>	<u>1,056</u>

Reconciliation of investment balance

(NZD in thousands)

	GROUP	
	2007	2006
Balance at 1 July	2,551	3,899
Share of associates net profit/(loss)	1,321	1,056
Dividends received	(838)	(2,112)
Disposal of business assets	-	(616)
Exchange translation difference	(291)	324
Balance at 30 June	<u>2,743</u>	<u>2,551</u>

14. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

(NZD in thousands)	<i>GROUP</i>			
	Assets		Liabilities	
	2007	2006	2007	2006
Property, plant and equipment	4	44	24,064	27,516
Intangible assets	1,110	1,497	6,311	8,887
Receivables	511	622	321	292
Inventories	617	1,726	-	-
Employee benefits	6,404	14,575	-	-
Payables	503	571	84	-
Provisions	8,105	2,803	-	-
Other items	184	1,079	455	101
Tax assets / liabilities	17,438	22,917	31,235	36,796
Set off of tax	(10,163)	(13,350)	(10,163)	(13,350)
Net tax assets / liabilities	7,275	9,567	21,072	23,446

(NZD in thousands)	<i>COMPANY</i>			
	Assets		Liabilities	
	2007	2006	2007	2006
Property, plant and equipment	-	-	700	621
Intangible assets	-	-	-	-
Receivables	52	69	-	-
Inventories	261	311	-	-
Employee benefits	958	893	-	-
Payables	246	65	-	-
Provisions	858	-	-	-
Other items	39	56	86	-
Tax assets / liabilities	2,414	1,394	786	621
Set off of tax	(786)	(621)	(786)	(621)
Net tax assets / liabilities	1,628	773	-	-

Unrecognised deferred tax assets

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

(NZD in thousands)	<i>GROUP</i>		<i>COMPANY</i>	
	2007	2006	2007	2006
Gross value of tax losses	41,551	21,500	-	-

The tax losses do not expire under current tax 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 (NZD10,193,000), Brazil (NZD10,508,000) and the UK (NZD20,850,000).

15. Property, plant and equipment

(NZD in thousands)	GROUP					COMPANY			
	Land and buildings	Plant and equipment	Motor vehicles	Under construction	Total	Land and buildings	Plant and equipment	Motor vehicles	Total
Cost									
Balance at 1 July 2005	178,341	246,036	9,268	1,941	435,586	13,082	35,488	388	48,958
Acquisitions through business combinations	113	1,188	90	-	1,391	-	-	-	-
Other additions/transfers	5,414	9,437	787	948	16,586	3,426	(2,477)	-	949
Disposals	(15,304)	(32,520)	(3,939)	-	(51,763)	-	(3)	(306)	(309)
Effect of movements in foreign exchange	24,311	34,043	1,089	481	59,924	-	-	-	-
Balance at 30 June 2006	192,875	258,184	7,295	3,370	461,724	16,508	33,008	82	49,598
Balance at 1 July 2006	192,875	258,184	7,295	3,370	461,724	16,508	33,008	82	49,598
Acquisitions through business combinations	-	595	-	-	595	-	-	-	-
Other additions/transfers	698	14,076	294	4,588	19,656	-	592	-	592
Disposals	-	(6,116)	(372)	-	(6,488)	-	(1,411)	(23)	(1,434)
Effect of movements in foreign exchange	(24,294)	(32,417)	(605)	(959)	(58,275)	-	-	-	-
Balance at 30 June 2007	169,279	234,322	6,612	6,999	417,212	16,508	32,189	59	48,756
Depreciation and impairment losses									
Balance at 1 July 2005	5,445	116,006	5,032	-	126,483	396	25,680	351	26,427
Depreciation charge for the year	4,095	16,469	1,271	-	21,835	360	1,621	26	2,007
Impairment charge	277	900	-	-	1,177	-	-	-	-
Disposals	(1,924)	(16,148)	(3,036)	-	(21,108)	-	(3)	(299)	(302)
Effect of movements in foreign exchange	462	14,304	432	-	15,198	-	-	-	-
Balance at 30 June 2006	8,355	131,531	3,699	-	143,585	756	27,298	78	28,132
Balance at 1 July 2006	8,355	131,531	3,699	-	143,585	756	27,298	78	28,132
Depreciation charge for the year	4,050	14,001	879	-	18,930	360	1,221	3	1,584
Impairment charge	2,495	6,081	190	-	8,766	-	-	-	-
Disposals	-	(5,563)	(353)	-	(5,916)	-	(1,411)	(22)	(1,433)
Effect of movements in foreign exchange	(1,324)	(13,430)	(38)	-	(14,792)	-	-	-	-
Balance at 30 June 2007	13,576	132,620	4,377	-	150,573	1,116	27,108	59	28,283
Carrying amounts									
At 1 July 2005	172,896	130,030	4,236	1,941	309,103	12,686	9,808	37	22,531
At 30 June 2006	184,520	126,653	3,596	3,370	318,139	15,752	5,710	4	21,466
At 1 July 2006	184,520	126,653	3,596	3,370	318,139	15,752	5,710	4	21,466
At 30 June 2007	155,703	101,702	2,235	6,999	266,639	15,392	5,081	-	20,473

Leased plant and machinery

The Group leases plant and equipment under a number of finance lease agreements. At 30 June 2007, the net carrying amount of leased plant and machinery was NZD472,000 (2006: NZD1,492,000). The leased equipment secures the underlying lease obligations (see note 18).

Impairment charges

Impairment charges relate to assets unlikely to recover their carrying value in China (NZD3,278,000), Brazil (NZD1,180,000) and the UK (NZD4,308,000). These charges are disclosed in other expenses in the income statement.

16. Intangible assets

(NZD in thousands)	GROUP				Total	COMPANY		
	Goodwill	Agencies	Intellectual property	Other		Goodwill	Other	Total
Cost								
Balance at 1 July 2005	88,043	-	20,272	2,109	110,424	2,650	156	2,806
Acquisitions through business combinations	11,417	28,660	-	-	40,077	-	-	-
Other acquisitions	-	-	-	547	547	-	64	64
Disposals	(14,291)	-	-	-	(14,291)	-	-	-
Effect of movements in foreign exchange	7,721	-	4,502	248	12,471	-	-	-
Balance at 30 June 2006	92,890	28,660	24,774	2,904	149,228	2,650	220	2,870
Balance at 1 July 2006	92,890	28,660	24,774	2,904	149,228	2,650	220	2,870
Acquisitions through business combinations	11,381	-	-	-	11,381	-	-	-
Disposals	-	-	-	(26)	(26)	-	(26)	(26)
Other acquisitions	-	-	-	72	72	-	-	-
Effect of movements in foreign exchange	(10,642)	-	(4,218)	(475)	(15,335)	-	-	-
Balance at 30 June 2007	93,629	28,660	20,556	2,475	145,320	2,650	194	2,844
Amortisation and impairment losses								
Balance at 1 July 2005	22,764	-	1,014	282	24,060	500	17	517
Amortisation for the year	-	-	2,143	450	2,593	-	48	48
Disposals	(8,124)	-	-	-	(8,124)	-	-	-
Impairment charge	1,116	-	-	-	1,116	-	-	-
Effect of movements in foreign exchange	1,642	-	559	38	2,239	-	-	-
Balance at 30 June 2006	17,398	-	3,716	770	21,884	500	65	565
Balance at 1 July 2006	17,398	-	3,716	770	21,884	500	65	565
Amortisation for the year	-	-	2,246	425	2,671	-	63	63
Disposals	-	-	-	(26)	(26)	-	(26)	(26)
Impairment charge	537	-	-	-	537	-	-	-
Effect of movements in foreign exchange	(1,500)	-	(823)	(269)	(2,592)	-	-	-
Balance at 30 June 2007	16,435	-	5,139	900	22,474	500	102	602
Carrying amounts								
At 1 July 2005	65,279	-	19,258	1,827	86,364	2,150	139	2,289
At 30 June 2006	75,492	28,660	21,058	2,134	127,344	2,150	155	2,305
At 1 July 2006	75,492	28,660	21,058	2,134	127,344	2,150	155	2,305
At 30 June 2007	77,194	28,660	15,417	1,575	122,846	2,150	92	2,242

Goodwill acquired in the year

Goodwill acquired relates entirely to the acquisition of the Huntsman Chemical Company Composites assets as disclosed in note 27.

Agencies

Agencies disclosed above represent the fair value assessed during the year of certain agency agreements acquired as part of the PML Holdings Limited group of companies as disclosed in note 27. In the previous period the agencies were disclosed as goodwill as the fair value exercise associated with that acquisition had not been completed at reporting date.

Amortisation and impairment charge

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

	GROUP		COMPANY	
	2007	2006	2007	2006
(NZD in thousands)				
Administrative expenses	425	450	63	48
Other operating expenses	2,783	3,259	-	-
	3,208	3,709	63	48

The impairment charge of NZD537,000 reflects a writedown of all goodwill on acquisition of business assets in Brazil, following the cessation of manufacturing activities in Brazil.

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	
	2007	2006	2007	2006
(NZD in thousands)				
Resins	61,928	60,038	2,150	2,150
Specialties goodwill	15,266	15,454	-	-
Specialties agencies	28,660	28,660	-	-
	105,854	104,152	2,150	2,150

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 a growth rate of between 0% and 5% appropriate to each business and location, in accordance with current business plans and forecasts and with reference to long term independent economic forecasts. 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. A discount rate of 10.7 per cent has been used in discounting the projected cash flows, approximating the Group's overall weighted average cost of capital.

17. Trade and other payables

	GROUP		COMPANY	
	2007	2006	2007	2006
(NZD in thousands)				
Trade payables and accrued expenses	192,008	220,268	12,970	11,080
Trade payables and accruals owed to subsidiaries	-	-	678	1,290
Fair value derivatives	1,524	501	56	264
	193,532	220,769	13,704	12,634

18. 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 22.

(NZD in thousands)	GROUP		COMPANY	
	2007	2006	2007	2006
Current liabilities				
Capital notes	75,000		75,000	-
Current portion of finance lease liabilities	247	835	49	85
	<u>75,247</u>	<u>835</u>	<u>75,049</u>	<u>85</u>
Non-current liabilities				
Secured bank loans	270,922	269,371	-	-
Capital notes	-	74,839	-	74,839
Payable to subsidiaries	-	-	-	1,030
Finance lease liabilities	171	343	24	58
Other	-	34	-	35
	<u>271,093</u>	<u>344,587</u>	<u>24</u>	<u>75,962</u>
Financing facilities				
Secured bank loans	AUD350,000	AUD350,000	-	-
Facilities utilised at reporting date				
Secured bank loans	AUD246,078	AUD219,860	-	-
Facilities not utilised at reporting date				
Secured bank loans	AUD103,921	AUD130,140	-	-

Financing arrangements

Capital notes

The capital notes have an election date of 15 September 2007. The company issued an election notice to noteholders on 6 August 2007, allowing noteholders to elect to retain some or all of their capital notes on new terms offered, convert some or all of their capital notes into fully paid company shares (subject to Nuplex having the right to redeem or purchase the notes for cash), sell some or all of their capital notes, or purchase more capital notes. The new terms for the capital notes are an interest rate of 9.3% per annum and an election date of 15 September 2012.

Revolving multi-currency cash advance facility

Bank loans are denominated in Pounds Sterling, Australian Dollars, Euro, US Dollars and Chinese Yuan (refer note 22).

The bank loans are secured by a negative pledge whereby Nuplex Industries Limited and 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.

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. The facility has a maturity of 16 November 2009.

Finance lease liabilities

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

(NZD in thousands)		GROUP			COMPANY		
		Minimum lease payments	Principal	Interest	Minimum lease payments	Principal	Interest
	2007						
	Less than one year	281	247	34	58	49	9
	Between one and five years	183	171	12	25	24	1
		<u>464</u>	<u>418</u>	<u>46</u>	<u>83</u>	<u>73</u>	<u>10</u>
	2006						
	Less than one year	911	835	76	94	85	9
	Between one and five years	363	343	20	67	58	2
		<u>1,274</u>	<u>1,178</u>	<u>96</u>	<u>161</u>	<u>143</u>	<u>11</u>

The Group leases equipment under finance leases expiring from 1 to 5 years.

19. Employee provisions

Current

	GROUP		COMPANY	
	2007	2006	2007	2006
(NZD in thousands)				
Bonus provisions	2,758	3,067	203	-
Liability for annual leave	10,649	10,676	1,116	1,126
Redundancy	4,311	15,391	-	-
Other	1,525	3,007	-	-
	<u>19,243</u>	<u>32,141</u>	<u>1,319</u>	<u>1,126</u>

Non Current

	GROUP		COMPANY	
	2007	2006	2007	2006
(NZD in thousands)				
Present value of unfunded obligations	2,386	2,985	-	-
Present value of funded obligations	14,177	16,143	2,604	2,440
Fair value of plan assets	(2,438)	(2,274)	(2,438)	(2,274)
Present value of net obligations	14,125	16,854	166	166
Unrecognised actuarial (gains) and losses	(588)	(620)	-	-
Recognised liability for defined benefit obligations (see below)	14,713	17,474	166	166
Liability for long-service leave	7,024	8,164	588	597
Share based payments	1,602	723	274	132
Other	726	910	441	765
Total employee benefits	<u>24,065</u>	<u>27,271</u>	<u>1,469</u>	<u>1,660</u>

The reduction in the redundancy provision consists of utilisations of NZD9,157,000 and an unutilised provision of NZD1,923,000.

(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	
	2007	2006	2007	2006
Managed investment schemes	2,438	2,274	2,438	2,274
	<u>2,438</u>	<u>2,274</u>	<u>2,438</u>	<u>2,274</u>

None of the plans hold any investments in Nuplex shares.

Movements in the net liability for defined benefit obligations:

	GROUP		COMPANY	
	2007	2006	2007	2006
(NZD in thousands)				
Net liability for defined benefit obligations at 1 July	19,128	96,289	2,440	2,736
Benefits paid	(398)	(397)	(64)	(344)
Current service costs and interest	996	7,508	228	48
Acquisition adjustment	-	(4,095)	-	-
Exchange adjustment	(3,163)	6,898	-	-
Effect of settlement/curtailment	-	(87,075)	-	-
Net liability for defined benefit obligations at 30 June	<u>16,563</u>	<u>19,128</u>	<u>2,604</u>	<u>2,440</u>

Movements in plan assets:

	GROUP		COMPANY	
	2007	2006	2007	2006
Fair value of plan assets at 1 July	2,274	46,815	2,274	2,085
Contributions paid into the plan	179	2,706	179	201
Benefits paid by the plan	(123)	(397)	(123)	(344)
Expected return on plan assets	108	1,224	108	105
Actuarial gain/(loss)	-	203	-	227
Exchange adjustment	-	2,552	-	-
Effect of settlement/curtailment	-	(50,829)	-	-
	<u>2,438</u>	<u>2,274</u>	<u>2,438</u>	<u>2,274</u>

Expense recognised in the income statement:

	GROUP		COMPANY	
	2007	2006	2007	2006
Current service costs	(996)	(7,508)	(228)	(48)
Expected return on plan assets	-	1,119	-	-
Effect of settlement/curtailment	-	32,334	-	-
	(996)	25,945	(228)	(48)

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

	GROUP		COMPANY	
	2007	2006	2007	2006
Other income	-	32,820	-	486
Cost of sales	-	(2,568)	-	-
Distribution expenses	-	(233)	-	-
Marketing expenses	(228)	(2,117)	(228)	(534)
Administrative expenses	(369)	(1,957)	-	-
Other expenses	(399)	-	-	-
	(996)	25,945	(228)	(48)

Actuarial Assumptions:

	GROUP		COMPANY	
	2007	2006	2007	2006
Discount rate	4.60 to 6.00%	3.98 to 5.25%	4.60%	3.98%
Return on plan assets	5.50%	4.50 to 6.00%	5.50%	6.00%
Social security increases	2.00%	2.00%	-	-
Pension increases	2.00 to 12.00%	2.00 to 12.00%	-	-
Salary increases	0 to 4.00%	0 to 4.00%	-	-

Share based payments

The Company has established a senior manager incentive scheme, effective from 1 July 2004. The scheme grants share rights to participating senior managers that will vest after 3 years if performance hurdles are met. If the hurdle is not met after three years the share right does not vest, the test is re-performed each quarter to establish if the share right vests for a period of up to two years, if after this period the right has not vested the share right lapses. The performance hurdle is the ASX 300 (excluding property trusts) index accumulation over the vesting period. So long as the Nuplex Total Shareholder Return (TSR) over the same vesting period is at least the median of the above index, then at least 50% of the performance share rights granted will vest. Vesting proportions increase as the Nuplex TSR moves higher against the ASX 300 index. Once the Nuplex TSR reaches the 75th percentile of the ASX 300 index, all performance share rights granted will vest. The scheme requires the Company to buy one Nuplex share on-market for cash to settle each performance share right that has vested. On 1 July 2006 215,335 performance share rights were granted (1 July 2005: 196,035 and 1 July 2004: 155,400).

The fair value of the share rights granted is measured at grant date with reference to the likely proportion of shares vesting and the expected share price at vesting date. The fair value of each tranche is spread over the vesting period.

(NZD in thousands)

	GROUP		COMPANY	
	2007	2006	2007	2006
Expense recognised in the income statement	235	235	46	46
Share rights granted in 2005	253	253	40	40
Share rights granted in 2006	391	-	56	-
Share rights granted in 2007	879	488	142	86
Carrying amount of performance share rights liability	1,602	723	274	132

20. Provisions

(NZD in thousands)

	GROUP				COMPANY		
	Restructuring	Site restoration	Other	Total	Restructuring	Site restoration	Total
Balance at 1 July 2006	229	10,304	3,767	14,300	-	-	-
Provisions made during the year	-	2,600	508	3,108	-	2,600	2,600
Provisions used during the year	-	(607)	(8)	(615)	-	-	-
Exchange rate adjustment	(34)	(1,020)	(14)	(1,068)	-	-	-
Balance at 30 June 2007	195	11,277	4,253	15,725	-	2,600	2,600
2007							
Current	195	11,277	273	11,745	-	2,600	2,600
Non-current	-	-	3,980	3,980	-	-	-
Total	195	11,277	4,253	15,725	-	2,600	2,600
2006							
Current	229	10,304	213	10,746	-	-	-
Non-current	-	-	3,554	3,554	-	-	-
Total	229	10,304	3,767	14,300	-	-	-

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 27.

21. Capital and reserves

Share capital

	COMPANY AND GROUP			
	(In thousands of shares)		(NZD in thousands)	
Ordinary shares	2007	2006	2007	2006
On issue at 1 July	78,425	76,683	161,783	153,582
Dividend reinvestment plan	1,478	1,742	9,642	8,201
On issue at 30 June	79,903	78,425	171,425	161,783

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.

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 that hedge the Company's net investment in a foreign subsidiary.

Dividends

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

(NZD in thousands)	2007				2006			
	Cents per share	Total amount	Imputation cents per share	Date of payment	Cents per share	Total amount	Imputation	Date of payment
Interim current year ordinary	15.5	12,285	4.0	Apr-07	14.0	10,875	Fully Imputed	Apr-06
Final prior year ordinary	19.5	15,293	4.0	Oct-06	14.5	11,119	Fully Imputed	Oct-05
Supplementary dividends		316				502		
Foreign investor tax credits		(316)				(502)		
Total amount		27,578				21,994		

Dividends include tax credits from the Company's Imputation Credit Account. 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	20.5	16,380	4.0	19 October 2007

Imputation credits

(NZD in thousands)	<i>GROUP</i>		<i>COMPANY</i>	
	2007	2006	2007	2006
Balance at 1 July	595	5,713	(2,345)	1,081
Intercompany transfers		-	(1,019)	-
Imputation credits attached to dividends received		48	1,231	4,745
Prior year adjustment	(105)	(108)	(14)	(94)
Tax paid	8,328	5,208	838	2,189
Imputation credits attached to dividends paid	(5,940)	(10,266)	(5,940)	(10,266)
Balance at 30 June	<u>2,878</u>	<u>595</u>	<u>(7,249)</u>	<u>(2,345)</u>

Australian franking credits

(AUD in thousands)	2007	2006
Balance at 1 July	20,089	23,368
Franking credits attached to dividends received	313	771
Tax paid	9,283	7,343
Franking credits attached to dividends paid	(12,659)	(11,393)
Balance at 30 June	<u>17,026</u>	<u>20,089</u>



22. Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

Credit risk

The Group incurs credit risk from transactions with trade debtors and financial institutions in the normal course of its business. The Group has a credit policy which restricts the exposure to individual trade debtors. The Board of Directors reviews the exposure to trade debtors on a regular basis. The Group does not have any significant concentrations of credit risk. The amounts owed by trade debtors are unsecured.

The Group does not have any collateral security to support transactions with financial institutions. The counterparties used for banking and finance activities are financial institutions with high credit ratings.

Except as currently provided for, the Company does not expect the non-performance in respect of any outstanding obligations at balance date. The maximum exposure to credit risk is represented by the carrying value of each financial instrument in the statement of financial position.

Interest rate risk

The Group generally accepts a policy of ensuring that its exposure to changes in interest rate risk is on a fixed basis. 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:

		2007	2006
Net interest rate swaps	Group	107,828	123,956
	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.

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.

(NZD in thousands)	<i>GROUP</i>											
	2007							2006				
	Effective interest rate	Amount of interest rate hedged	Total	6 months or less	6-12 months	1-2 years	Effective interest rate	Amount of interest rate hedged	Total	6 months or less	6-12 months	1-2 years
Cash and cash equivalents	3.89	-	26,462	26,462	-	-	2.34	0	36,742	36,742	-	-
Secured bank loans:												
GBP loan	6.22	-	(22,095)	(22,095)	-	-	5.15	-	(19,811)	(19,811)	-	-
AUD loan	5.81	55,048	(128,812)	(128,812)	-	-	6.06	49,007	(99,239)	(99,240)	-	-
EUR loan	3.39	43,699	(91,158)	(91,158)	-	-	3.28	63,198	(92,690)	(92,690)	-	-
USD loan	4.59	9,081	(17,644)	(17,644)	-	-	5.72	11,751	(43,814)	(43,814)	-	-
CNY loan	6.12	-	(11,213)	(11,213)	-	-	5.85	-	(13,816)	(13,816)	-	-
Capital notes	9.30	-	(75,000)	(75,000)	-	-	9.30	-	(74,839)	-	-	(74,839)
Finance lease liabilities			(418)	-	(247)	(171)			(1,178)	-	(835)	(343)
Other			-	-	-	-			(35)	-	-	(35)
			(319,878)	(319,460)	(247)	(171)			(308,680)	(232,629)	(835)	(75,217)

(NZD in thousands)	COMPANY						COMPANY					
	2007			2006			2007			2006		
	Effective interest rate	Amount hedged	Total	6 months or less	6-12 months	1-2 years	Effective interest rate	Amount hedged	Total	6 months or less	6-12 months	1-2 years
Cash and cash equivalents	6.78	-	8,217	8,217	-	-	3.30	-	6,162	6,162	-	-
Capital notes	9.30	-	(75,000)	(75,000)	-	-	9.30	-	(74,839)	-	-	(74,839)
Finance lease liabilities			(73)	-	(49)	(24)			(143)	-	(85)	(58)
Other			-	-	-	-			(35)	-	-	(35)
			(66,856)	(66,783)	(49)	(24)			(68,855)	6,162	(85)	(74,932)

Currency risk

The Group has exposure to foreign exchange risk as a result of transactions in foreign currencies that arise from normal trading activities. The Group uses forward exchange instruments to manage elements of these exposures.

Forecasted transactions

The Group hedge accounts its forward exchange contracts, these contracts are fair valued and any movement in valuation is shown in the statement of changes in equity. The net fair value of these forward exchange contracts at 30 June was (NZD1,468,000) (2006: (NZD7,000)), comprising assets of NZD NIL (2006: NZD205,000), and liabilities of NZD1,468,000 (2006: NZD212,000) 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 two loans as hedges of the Groups net investments in foreign subsidiaries as detailed below:

Subsidiary	Loan Currency	Loan Principal (Ccy)	Carrying amount (NZD)	Exchange gain recognised in equity
Nuplex Finance Holdings Limited for Nuplex Industries BV	EUR	6,000,000	10,487,677	(1,791,939)
Nuplex Industries Australia Pty Ltd for Nuplex Resins (Foshan) Co Ltd and Cong Ty Nuplex Resins (Vietnam)	USD	13,600,000	17,644,006	(1,403,307)

Fair values

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

(NZD in thousands)	Note	GROUP			
		Carrying amount	Fair value	Carrying amount	Fair value
		2007	2007	2006	2006
Trade and other receivables	12	279,955	279,955	296,961	296,961
Cash and cash equivalents		26,462	26,462	36,742	36,742
Interest rate swaps:					
Assets		1,167	1,167	254	254
Liabilities		(56)	(56)	(289)	(289)
Forward exchange contracts:					
Assets		-	-	205	205
Liabilities		(1,468)	(1,468)	(212)	(212)
Secured bank loans	18	(270,922)	(270,922)	(269,370)	(269,370)
Capital notes	18	(75,000)	(75,614)	(74,839)	(77,079)
Finance lease liabilities	18	(418)	(395)	(1,178)	(1,111)
Trade and other payables	17	(192,008)	(192,008)	(220,268)	(220,268)
		(232,288)	(232,879)	(231,994)	(234,167)
Unrecognised (losses) / gains			(591)		(2,173)



	Note	COMPANY			
		Carrying amount 2007	Fair value 2007	Carrying amount 2006	Fair value 2006
(NZD in thousands)					
Trade and other receivables	12	23,833	23,833	22,457	22,457
Cash and cash equivalents		8,217	8,217	6,162	6,162
Interest rate swaps:					
Assets		-	-	-	-
Liabilities		(56)	(56)	(264)	(264)
Forward exchange contracts:					
Assets		-	-	205	205
Liabilities		(553)	(553)	-	-
Capital notes	18	(75,000)	(75,614)	(74,839)	(77,079)
Finance lease liabilities	18	(73)	(64)	(143)	(133)
Trade and other payables	17	(13,648)	(13,648)	(12,370)	(12,370)
		<u>(57,280)</u>	<u>(57,885)</u>	<u>(58,792)</u>	<u>(61,022)</u>
Unrecognised (losses) / gains			<u>(605)</u>		<u>(2,230)</u>

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

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 market interest rates for homogeneous lease agreements.

The estimated fair values reflect changes in interest rates.

Interest rates used for determining fair value

The entity uses the government yield curve as of 30 June 2007 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2007	2006
Capital notes	7.3%	7.4%
Leases	8% - 14%	4% - 13%

23. Operating leases

Non-cancellable operating lease rentals are payable as follows:

(NZD in thousands)	GROUP		COMPANY	
	2007	2006	2007	2006
Less than one year	5,582	6,638	2,333	2,026
Between one and five years	8,338	9,961	4,746	3,826
More than five years	13,387	8,438	12,886	8,012
	<u>27,307</u>	<u>25,037</u>	<u>19,965</u>	<u>13,864</u>

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 2007, NZD9,229,000 was recognised as an expense in the income statement in respect of operating leases (2006: NZD11,284,130).

24. Capital and other commitments

(NZD in thousands)	GROUP		COMPANY	
	2007	2006	2007	2006
Plant and equipment contracted but not provided for and payable:				
Within one year	7,997	2,002	-	81
	<u>7,997</u>	<u>2,002</u>	<u>-</u>	<u>81</u>

25. 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 USD4million. Nuplex has received an undertaking from JV partner Thai Urethane Plastic Co Limited to indemnify it from and 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. In the current circumstances it is considered extremely unlikely that the guarantee will ever be called upon.

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.

26. Investments

The subsidiary and associate companies comprise:

	<i>Principal Activity</i>	<i>Directors **</i>	<i>Country of Incorporation other than NZ</i>	<i>% Held</i>	
				2007	2006
Asia Pacific Specialty Chemicals Limited	Manufacturer and supplier of specialty products, additives and ingredients	1, 2	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	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, 3, 4	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	2, 3, 4	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	2, 3, 4	Malaysia	62%	62%
Chemat Pty Limited	Non-operating	1, 2	Australia	100%	100%
H.B. Sales (Qld) Pty Limited (Liquidated)	Non-operating	1, 2	Australia	Nil	100%
Medihold International 3 Pty Limited (Liquidated)	Non-operating	1, 2	Australia	Nil	100%
Medismart Technologies Pty Limited (in Liquidated)	Non-operating	1, 2	Australia	Nil	100%
Nuplex Industries (Hong Kong) Limited	Non-operating	1, 2	Hong Kong	100%	100%
Quaker Chemical (Australia) Pty Limited	Distributor of specialty products	1, 5	Australia	49%	49%
Octel Valvemaster Limited*	Distributor of specialty products	1, 2	UK	50%	50%
Synthese (Thailand) Co Limited*	Manufacture and distribution of synthetic resins	2, 3, 4	Thailand	45%	45%
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, 5	Brazil	100%	100%
Nuplex US Holdings Limited	Non-operating holding company	1, 2		100%	Nil

All the above companies have a balance date of 30 June, except companies marked "" which are 31 December.

** - Nuplex executives acting as directors of the above companies are as follows: 1 John Hirst. 2 Graeme Storey. 3 Rob Harmsen. 4. Ronny Chew. 5 Tony Cooke.



27. Acquisition of subsidiaries and business assets

(NZD in thousands)	<i>GROUP</i>		<i>COMPANY</i>	
	2007	2006	2007	2006
The assets and liabilities acquired are as follows:				
Fixed assets	595	1,391	-	-
Investments	-	-	-	47,687
Agency intangibles	-	28,660	-	-
Future income tax benefit	-	(1,190)	-	-
Inventories	13,679	11,161	-	-
Current receivables	-	16,613	-	-
Current payables	(443)	(19,812)	-	-
Current provisions	-	3,180	-	-
Provision for tax	-	(900)	-	-
Net identifiable assets and liabilities	13,831	39,103	-	47,687
Acquisition costs	593	678	-	74
Cash consideration paid in cash, net of cash acquired	24,268	46,246	-	47,613
Deferred consideration	351	3,596	-	-
Goodwill arising on acquisition	11,381	11,417	-	-

Acquisitions in 2007

Nuplex Industries Limited subsidiary Nuplex Industries (Aust) Pty Ltd (Nuplex) acquired all the Composites business assets of Huntsman Chemical Company Australia Pty Ltd (HCCA) in January 2007 following approval from the Australian Competition and Consumer Commission.

Nuplex paid A\$21.1 million in cash for the assets including inventory. An additional amount is payable that is conditional upon achieving certain earnings targets over the next three years.

Acquisitions in 2006

In accordance with the deferred closing provisions of the agreement to acquire the Coating Resins Group from Akzo Nobel, the Brazilian operations of the above Coating Resins Group were acquired for cash of NZD6.3m in November 2005.

On 30 November 2005 the group acquired 100% of the voting equity of PML Holdings Limited, a group of chemical raw material suppliers operating in Australia and New Zealand. The group operates in New Zealand as Polychem Marketing and in Australia as Multichem. Nuplex paid NZD44m for the shares with an additional amount, maximum NZD4m, payable upon achieving earnings and growth targets over the next two and a half years. The additional amount has been provided in full due to the likelihood of achieving targets. In the current year the review of fair values has been completed and NZD28,660,000 of goodwill has been reallocated to agency intangibles, an identifiable intangible asset (refer note 16).

28. Related parties

The Company has a related party relationship with its subsidiaries and associates (see note 26) 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 following transactions are carried out between the Company and its subsidiaries and associates:

	2007	2006
Sale of goods and services	4,407	3,154
Purchases of goods and services	(5,229)	(5,344)

Dividends received from subsidiaries - refer note 3

Interest received and paid - refer note 7

Loans to subsidiaries and associates - refer note 12

Current receivables - refer note 12

Current payables - refer note 17

Transactions with key management personnel

Retirement allowances for directors were crystallised and fully provided for in the prior year at the average of total remuneration for the three years up to 30 June 2004. Retirement allowances will be paid to qualifying non-executive directors on retirement provided they have served at least six years as a director and on a pro-rata basis for service less than six years.

Executive officers participate in the groups performance share rights (PSR's) scheme (see note 19)

None of the key management personnel were members of the defined benefit retirement schemes referred to in note 19.

The key management personnel compensation was as follows:

(NZD in thousands)	2007	2006
Directors remuneration	603	532
Executive officers remuneration:		
Total employment costs excluding bonuses	2,061	1,939
Bonuses	536	169
PSR's accrued	462	273
	<u>3,059</u>	<u>2,381</u>



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

(NZD in thousands)	GROUP		COMPANY	
	2007	2006	2007	2006
Profit for the period	28,169	63,836	35,054	46,183
Non-cash items:				
Depreciation	18,930	21,835	1,584	2,007
Tax	19,668	26,253	494	2,430
Amortisation	2,671	2,593	63	48
Impairment	10,481	2,293	-	-
Non-current provisions	(556)	(4,023)	(191)	54
Doubtful debts provisions	1,982	596	185	(116)
Restructuring and remediation provisions	2,600	22,981	2,600	-
Change in valuation of employee provisions	-	(32,283)	-	-
Intercompany dividends and interest	-	-	(6,448)	(10,061)
Equity earnings of associate	(1,321)	(1,056)	-	-
Amortisation of capital notes expenses	658	550	658	550
	55,113	39,739	(1,055)	(5,088)
Classified as investing/financing:				
Loss/(profit) on sale of fixed assets	380	(437)	(1)	(85)
Gain on sale of business	(2,606)	(24,722)	(458)	(5,637)
Gain on refinancing acquisition loans	-	(5,224)	-	-
	(2,226)	(30,383)	(459)	(5,722)
(Increase)/Decrease in working capital:				
Receivables	(23,383)	8,879	(2,494)	688
Inventories	(6,883)	2,046	(1,590)	(467)
Creditors	(8,465)	(13,972)	34	(1,180)
	(38,731)	(3,047)	(4,050)	(959)
Income tax paid	(28,969)	(22,119)	(1,312)	(2,287)
Dividend received from associate	838	2,112	-	-
Cash Flow from Operating Activities	14,194	50,138	28,178	32,127



30. Estimates

Except for the items noted below, significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 June 2006.

During the twelve months ended 30 June 2007 management reassessed its estimates as follows:

The recoverable amount of property, plant and equipment, receivables and goodwill associated with the Group's operations in Brazil. This resulted in the following write-downs being made:

Property, plant and equipment	1,180
Receivables	1,178
Goodwill	<u>537</u>
Total Brazil write-down	<u>2,895</u>

The recoverable amount of property, plant and equipment associated with the Group's operations in the UK has been reassessed, resulting in the following write-down:

Property, plant and equipment	<u>4,308</u>
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The recoverable amount of property, plant and equipment associated with the Group's operations in China has been reassessed, resulting in the following write-down:

Property, plant and equipment	<u>3,278</u>
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August 24 2007

Draft financial media statement

Nuplex Lifts Operating Profit and Dividend after Credible Result

- **Record \$40.3 million operating profit**
- **Total dividend for year 36 cents**
- **Prospect of substantial earnings growth in latest financial year**

Nuplex Industries achieved steady growth in audited, after tax operating profit to a record NZ\$40.3 million, up 6.1%, in a global market where demand remained flat and raw material costs escalated during the financial year ending 30 June 2007.

This equates to operating earnings per share of 51 cents (49 cents last year).

Chairman Fred Holland described the result as “credible within the context of the global environment in which Nuplex operates”, with the international manufacturer and distributor of technical materials, resins and polymers focus great attention on maintaining margins and managing cash flow

On the strength of its operating earnings Nuplex has declared a final dividend of 20.5 cents a share (19.5 cents), which will carry a 2 cent per share imputation credit, bringing the total dividend for the year to 36 cents, up 2.5 cents.

Sales increased by 12% to \$1.45 billion with a contributing factor to the increase being “volatile oil prices increasing the average pricing of petrochemical based raw materials”.

“With 90% of our sales being in currencies other than New Zealand dollars, another factor affecting reported performance is currency conversion into a strong New Zealand dollar,” said Mr Holland.

“Our underlying EBITDA earnings remained steady at \$104 million (up \$1 million).”

Mr Holland said during the past 12 months European markets showed the most positive signs of recovery, with Asia also exhibiting some growth.

“The United States market came off after a period of strong growth and Australian and New Zealand markets remained flat,” he said.

After allowing for Unusual items and Amortisation of \$14.1 million (positive \$26.6 million last year) Nuplex’s reported net profit for the year was \$26.2 million (\$62 million).

Included in the net adjustments were one off costs associated with restructuring business operations in the United Kingdom, Brazil, China and New Zealand.

“While world markets are not anticipated to change significantly in the next 12 months, earnings growth is likely to be positive and strong,” said Mr Holland.

“Contributing substantially to this improvement will be the elimination of losses; a full year’s trading from the recent acquisition of Huntsman Composites; and sales from new capacities being commissioned in the United Kingdom and the Netherlands.

“Any continuing weakening of the New Zealand dollar should also increase returns from international operations.

“Raw material costs are expected to remain high for the foreseeable future, requiring a continued focus on margins and working capital.”

The dividend will be paid on Friday, October 19, 2007, to shareholders on the register at the close of trading on Friday, October 5, 2007.

An Australian franking credit at the maximum rate will be attached to dividends, and overseas resident shareholders will also receive a supplementary dividend of 0.71658 cents a share.

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