



NZX/ASX release

24 February 2011

Nuplex announces \$31.1 million half year profit

Nuplex Industries Limited (NZX/ASX: NPX) today reported its results for the first six months of the 2011 financial year. Key elements included:

- Volumes up 6% on 1H10 driven by strength in US and Europe
- Sales of \$761.5 million up 6.5% on 1H10 reflecting higher volumes and price increases
- Earnings before interest, tax, depreciation and amortisation (EBITDA) \$65.1million down 5.3% on 1H10, down 2.3% on a constant currency basis¹
- Half year net profit after tax \$31.1 million down 10% on 1H10
- Settlement of New Zealand Securities Commission claim
– \$1.8 million after tax impact on 1H11 profit after tax
- Return on average funds employed² remained strong at 16%
- Earnings per share down 12% to 16 cents per share
- Maintained dividend of 10 cents per share

Nuplex Chief Executive Mr Emery Severin said “Despite a backdrop of the strengthening New Zealand dollar and rising raw material costs, today’s result highlights the benefit of our geographic diversification.

“We had strong volume growth in Europe and the US. Australian volume was tempered by the wettest spring on record and the cautious Australian consumer, which particularly impacted the composites business. In New Zealand, volumes were impacted by the soft housing market and an unusually wet winter. Overall, Asian volumes were up slightly with the pace of volume growth increasing in the second quarter,” Mr Severin said.

“Raw material prices increased significantly over the period, around 9% or \$35 million. We were able to recover approximately 90% of these increases, with continued recovery into the second half.

“Pleasingly, our safety performance continued to improve with our employee Total Reportable Injury Frequency Rate falling 29% over the half when compared to the rate for last year.

1. Constant currency defined as the same exchange rates for the prior corresponding period

2. Defined as (earnings before interest, tax and unusual items) divided by average funds employed

"Fortunately our manufacturing operations in South East Queensland were not damaged by the January 2011 floods. Most recently we sustained some non-material damage to our warehouses and stocks in Christchurch due to the earthquake on February 22 2011. Throughout the immediate crisis periods and over the subsequent recovery periods, our employees had and continue to have our support and the time they need to get their affairs in order.

"During the past six months our focus has also been on ensuring we are set up for the future. Our organic growth plans in Asia continue to progress. In Vietnam our capacity expansion has commenced and is progressing on time and on budget. In China, we have secured a site in Changshu, near Shanghai for our new eastern China plant, and we are actively pursuing a new site in southern China.

"We invested in a review of our strategy and the diagnostic phase of our step change program NuLEAP. Since the completion of both these activities late last year, we have begun to align our business plans to the outcome of the strategy review and have commenced implementation of the NuLEAP 'quick win' initiatives," said Mr Severin.

Commenting on the key financial aspects of the result, Mr Severin noted Group EBITDA for the half was NZD\$65.1 million, down 5.3% on the prior corresponding period, however three percentage points of this decline was due to the impact of the higher New Zealand dollar over the period.

"In our Resins segment, sales rose 7.2% to \$612.8 million from \$571.4 million. EBITDA was \$52.5 million down 10.1% or 6.2% on a constant currency basis.

"Whilst volumes were up 5%, our EBITDA margin was down 1.7% to 8.5%. Around 40% of the decline in the EBITDA margin was due to a shift in product mix which predominantly occurred in our Australasian coating resins and composites businesses. Approximately 30% was a result of the lag in recovery of raw material prices, which we expect to recover in the second half. The balance of the EBITDA margin decline was a result of the reversal of the benefit from the unusual gain associated with falling raw materials prices in 2010.

"Sales revenue in our Specialties segment rose 3.8% to \$143.2 million. EBITDA was up 22.5% to \$12.6 million as a result of increased sales, a focus on margin management and the management restructure of last year.

"Reflecting the ongoing disciplined approach by management across the Group, the cost savings delivered from the 2008 and 2009 restructure have been preserved and enabled period costs per tonne to be flat half on half when reviewed in constant dollar terms.

"Operating cash flow for the period was \$22.8 million down from \$53.9 million a year ago. This was the result of the impact of higher revenue, higher income tax instalments and the negative foreign exchange translation impact. Positively, working capital as a percentage of sales remained in-line with the previous half.

"The Balance Sheet remains in strong shape with gearing of 12%, and net debt of \$76.1 million. With A\$300 million in bank facilities, low gearing and solid cash flows, we remain in a good position to fund our existing capacity expansion plans as well as any bolt-on opportunities that may arise" said Mr Severin.

New Zealand Securities Commission case closed

"We were pleased to announce on February 23 2011, the dispute with the New Zealand Securities Commission (NZSC) was settled. An independent committee of Nuplex directors concluded that a settlement was in the best interests of shareholders" Mr Severin said.

As part of the settlement, Nuplex has agreed to provide a sum of up to \$3.055 million to compensate shareholders who acquired and retained shares between December 22, 2008 and February 18, 2009. A full provision has been made for settlement with the NZSC and has had an impact of \$1.8 million on profit after tax.

Dividend

The Board declared an interim dividend of 10 cents per share, maintaining it at the same level as the 2010 interim dividend – which was declared following the 2010 record first half result. The dividend, equivalent to 59% of operating profit after tax, reflects the strength of the business, Nuplex's strong cash flows and its current low gearing level.

Dividends will be 50% franked for Australian shareholders, but will not carry any New Zealand imputation credits. Shareholders will be offered the opportunity to participate in the revised dividend reinvestment plan.

Outlook

"Whilst we expect the positive market conditions in Asia, Europe and the US to continue, the near-term outlook in Australia and New Zealand is more uncertain. Given the magnitude of the recent natural disasters in this region, the timing of the rebuilding activity is unclear.

"We expect our full year earnings to be towards the lower end of our guidance of \$135 to \$145 million EBITDA for the 2011 financial year. This guidance reflects the average foreign exchange rates for the period to date and assumes raw material prices stabilising in the second half. Given the uncertainty around the Australian and New Zealand economies, which represent around 50% of our business activities, we will provide an update on trading conditions after the completion of the third quarter.

"Safety remains a key objective for every Nuplex employee. As part of working towards our safety vision of 'Zero Harm', the DuPont® safety approach has been adopted in Australia and New Zealand and is being progressively implemented in 2011. In other regions, similar best practice behavioural programs have also been adopted and are in the process of being rolled out.

"NuLEAP is moving from the diagnostic phase to the detailed planning and implementation phase. Those initiatives seen as 'quick wins' will be implemented first, whilst the larger initiatives will start to be implemented towards the very end of this financial year and continue on into the 2012 and 2013 financial years. It is expected that the 'quick wins' will cover any related implementation costs in 2011 and still deliver a benefit of \$3 million.

"Longer term, we expect NuLEAP to deliver benefits equivalent to approximately 10% of FY10 controllable costs by the end of the 2013 financial year. This will be achieved through a combination of cost saving and revenue enhancement initiatives and we expect to see significant savings from FY12 onwards.

"Following the investment of over \$2 million in our review of strategy and the diagnostic phase of NuLEAP in the first half, we are well placed to further strengthen our business. The strategic direction of our business has been set and we will be pursuing global leadership in selected product segments supported by our Research and Development activities; investment in capacity in high growth markets; continued participation in ongoing consolidation activity in markets where we have existing competitive positions; and value creating acquisitions to increase our presence in this global industry.

"Expansion activities in Vietnam are progressing well and we expect to commence production in the first half of 2012. We are continuing to seek out a suitable site in southern China and with the permitting process underway for our new site in Changshu, we expect the China plants to be commissioned during the 2013 financial year."

Ends

For further information, please contact:

Josie Ashton, Investor Relations, +61 9666 0342 or +61 416 205 234

Nuplex Industries Limited is a leading global manufacturer of polymer resins with operations in ten countries on four continents which sells to over 80 countries. Polymer resins are essential ingredients in a wide range of products used every day, from basic necessities, through to consumer durables and luxury goods. Nuplex also distributes raw materials to the chemical, plastics, general industrial, food and pharmaceutical sectors in Australia and New Zealand.



24 February 2011

First Half 2011 Financial Result - Operational Divisions Review

Table 1: Segment Sales & EBITDA	1H11 actual (NZ\$m)	1H11 at prior FX rates	1H 10 actual (NZ\$m)	% change (actual FX rates)	% change (constant FX rates)
Resins					
Revenue	612.8	641.4	571.4	7.2%	12.3%
EBITDA	52.5	54.8	58.4	(10.1)%	(6.2)%
Specialties					
Revenue	148.7	146.6	143.2	3.8%	2.5%
EBITDA	12.6	12.4	10.4	22.5%	19.2%
Group					
Revenue	761.5	788.0	714.6	6.5%	10.3%
EBITDA	65.1	67.2	68.8	(5.3)%	(2.3)%

RESINS (80% of EBITDA)

Overall, whilst Resins volume was up, EBITDA of \$52.5 million was down 10% on pcp. On a constant currency basis, EBITDA would have been \$54.8m, down 6% on pcp. Increased volumes were not sufficient to offset lower margins as a consequence of mix changes and a lag effect of raw material cost increases. The biggest negative impact was in the Australian composites business.

Raw Material costs

All regions experienced higher raw material prices. Consistent with the industry characteristic of increases in raw material prices taking one to three months to recover, a significant proportion of these higher costs were recovered in the half. It is expected that raw material price recovery will continue in the second half.

Coatings

Australasia – Australian domestic volumes were up but the overall margin was down due to the product mix shifting towards lower margin products and the impact of producing coating resins for the Vietnam operations. **New Zealand** - Volume and margins were both down, reflecting very difficult trading conditions.

Asia – In China, volumes increased as Suzhou, our site in eastern China continued to benefit from its exposure to domestic manufacturing growth. Volumes from our site in Foshan, in southern China, were lower as it was decided not to produce low margin product.

Elsewhere in the region, the importing of product into Vietnam from Nuplex in Australasia to support long term customer relationships, impacted its overall margin. Early in the half, Malaysian volumes were impacted by local customers reducing inventories and reduced demand for exports as a consequence of the strength in the Malaysian Ringgit. Indonesia remained steady.

Operations remain largely capacity constrained until our expansions and new plants are commissioned over the next two years.

Europe – Strong sales volume growth combined with higher selling prices (as raw material cost increases flowed through) increased revenue by 22%. Demand continued to lift in the automotive sector and additional sales were achieved in a number of export markets.

There is sufficient installed capacity to meet further growth from these sectors.

US – Volumes were significantly up as domestic markets slowly recovered and market share was gained. The US operations are not capacity constrained and are well placed to benefit as the US markets continue to recover.

Composites

The composites businesses in New Zealand and Vietnam performed well and were up on last year, however, EBITDA in the Australian business was significantly down. This was the result of lower volume in the pool and spa market, adverse product mix in the water storage sector and import price competition in the distributor segment.

Table 2: Resins Segment – Sales and EBITDA by geographic region			
	1H 11 actual (local currencies)	1H10 actual (local currencies)	% change
Sales			
Australasia (A\$ m)	187	185	1%
Asia (\$US m)	93	79	18%
Europe (€ m)	101	83	22%
Americas (\$US m)	48	39	26%
EBITDA			
Australasia (A\$ m)	13.0	18.3	(29)%
Asia (\$US m)	10.9	11.8	(7)%
Europe (€ m)	8.1	6.5	26%
Americas (\$US m)	4.7	3.8	23%

SPECIALTIES (20% of EBITDA)

Sales revenue grew 3.8% to \$148.7 million against a backdrop of mixed trading conditions. EBITDA was \$12.6 million up 22.5% compared with the prior corresponding period. Earnings growth was driven by disciplined margin management and benefited from its exposure to a broad range of industries and sectors in Australia and New Zealand.

The agricultural business performed well in both Australia and New Zealand whilst those businesses aligned to the construction industry continued to experience softer trading conditions. The food & nutrition business had a strong half and the contribution from the acquisition of MedChem, made in March 2010 is exceeding expectations.

Ends

Appendix 4D Half Year Report

Nuplex Industries Limited (NPX)



1	Reporting period - Six months ended 31 December, 2010 (Dec '10) Previous corresponding period - Six months ended 31 December, 2009 (Dec '09)			
2	Results for announcement to the market	Dec '10	% change	Dec '09
	2.1 Revenue from ordinary activities	761,546	up 7%	714,655
	2.2 Profit from ordinary activities after tax attributable to members	32,900	down 6%	35,029
	2.3 Net profit for the period attributable to members	31,082	down 10%	34,631
	2.4 Interim Dividend	10.0 cps		10.0 cps
	2.5 Record Date	18 March 2011		18 March 2010
	2.6 See attached Chairman's Report			
3	Net tangible assets per share	\$2.02		\$1.95
4	Acquisition of business - Nil.			
	Disposal of subsidiaries - Nil.			
5	Dividends			
	- Interim Dividend	10.0 cps		10.0 cps
	- Payable in cash or DRP			
	- Supplementary Dividend for Non-resident Shareholders	Nil		Nil
	- New Zealand Imputation Credit	Nil		Nil
	- Australian Franking Credit	50% Franked		80% Franked
	- Record date	18 March 2011		18 March 2010
	- Payment date	1 April 2011		1 April 2010
6	Dividend Reinvestment Plan			
	Nuplex will also offer shareholders the opportunity to participate in the Dividend Reinvestment Plan (DRP). Directors have decided that there will be no discount applied to the share price for calculating the number of shares to be allocated. The strike price will be calculated as the weighted average sale price of all shares traded on the NZX during the period 18th to 22nd March 2011.			
7	Associates		Percentage Holding	
	Quaker Chemical (Australasia) Pty Limited	49%		49%
	Innospec Valvemaster Limited (UK)	50%		50%
	Synthese (Thailand) Co Ltd	47.5%		47.5%
	Contribution to net profit (\$,000)	796		1,040
8	See attached Financial Statements prepared in accordance with NZIFRS.			
9	Audit disputes or qualification - Nil			

Nuplex Industries Limited

Results announcement to the market

Reporting period	6 months to 31 December 2010
Previous reporting period	6 months to 31 December 2009

	Amount (000s)	Percentage change
Revenue from ordinary activities	\$761,546	up 7%
Profit from ordinary activities after tax attributable to security holder	\$32,900	down 6%
Net profit attributable to security holders	\$31,082	down 10%

Net tangible assets per share (NZD)	\$2.02
-------------------------------------	--------

Associates	% holding
Quaker Chemical (Australasia) Pty Ltd	49%
Innospec Valvemaster Limited (UK)	50%
Synthese (Thailand) Co Ltd	47.5%

Interim/Final dividend	Amount per security	Imputed amount per security
Interim	10.0 cents per share	0.0 cents per share

Record date	18 March, 2011
Dividend payment date	1 April, 2011
Dividend Reinvestment Plan to apply at no discount	

Comments Unusual losses after tax for the current year comprise:

	NZD '000
NZ Securities Commission settlement and costs	\$1,818
Total unusual losses after tax	\$1,818



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the half-year ended 31 December 2010

The Directors are pleased to present the Unaudited Financial Statements of the Nuplex Group for the half-year ended 31 December 2010.

Robert Aitken
Chairman
24 February 2011

David Jackson
Director
24 February 2011

	Pages
Consolidated Statements of Comprehensive Income and Statements of Changes in Equity	1, 2
Consolidated Statements of Financial Position	3
Consolidated Statements of Cash Flows	4
Note 1: Statement of Significant Accounting Policies	5
Note 2: Segment Analysis	6, 7
Notes 3 to 7: Notes to the Financial Statements	8, 9



Independent auditor's review report to the members of Nuplex Industries Limited

To the shareholders of Nuplex Industries Limited

We have completed a review of the attached condensed consolidated interim financial statements in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand. The condensed consolidated interim financial statements provide information about the past financial performance of Nuplex Industries Limited's group ("the group") and its financial position as at 31 December 2010.

Directors' responsibilities

The Directors of Nuplex Industries Limited ("the company") are responsible for the preparation of condensed consolidated interim financial statements which give a true and fair view of the financial position of the group as at 31 December 2010 and the results of its operations and cash flows for the period ended on that date.

Reviewers' responsibilities

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

Basis of opinion

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

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

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the attached condensed consolidated interim financial statements do not give a true and fair view of the financial position of the group as at 31 December 2010, the results of its operations and cash flows for the 31 December 2010 ended on that date in accordance with NZ IAS 34 Interim Financial Reporting.

Our review was completed on 24 February 2011 and our opinion is expressed as at that date.

A handwritten signature in black ink, appearing to be 'KMG' with a stylized flourish.

KPMG

Sydney

Consolidated Statements of Comprehensive Income
for the six months ended 31 December 2010 (Unaudited)

nuplex

(NZD in thousands)	Notes	6 months to 31 Dec 2010	6 months to 31 Dec 2009
		Total	Total
Sales revenue		761,546	714,655
Cost of sales		(594,346)	(541,407)
Gross Profit		167,200	173,248
Other operating income		1,044	930
Distribution expenses		(37,347)	(34,580)
Marketing expenses		(42,539)	(42,189)
Administration expenses		(32,007)	(32,110)
Other operating expenses		(3,915)	(8,071)
Operating profit before financing costs		52,436	57,228
Financial income		871	812
Financial expenses		(10,332)	(12,194)
Net Financing costs		(9,461)	(11,382)
Share of profits of associates		796	1,040
Profit before tax		43,771	46,886
Income tax expense		(11,356)	(10,721)
Profit for the period		32,415	36,165
Other comprehensive income			
Foreign currency translation differences for foreign operations		963	(26,209)
Net gain/(loss) on hedge of net investment in foreign operation		1,926	2,527
Effective portion of changes in fair value of cash-flow hedges		(993)	5,265
Income tax on other comprehensive income		(273)	(2,331)
Other comprehensive income for the period, net of income tax		1,623	(20,748)
Total Comprehensive income for the period		34,038	15,417
Profit attributable to:			
Equity holders of the parent		31,082	34,631
Non-controlling interests		1,333	1,534
		32,415	36,165
Total comprehensive income attributable to			
Equity holders of the parent		33,214	14,833
Non-controlling interests		824	584
		34,038	15,417
Basic earnings per share	5	\$0.161	\$0.182
Diluted earnings per share	5	\$0.158	\$0.176

Statements of Changes in Equity
for the six months ended 31 December 2010 (Unaudited)

nuplex

(NZD in thousands)	Attributable to equity holders of the parent					Total	Non-controlling Interest	Total Equity
	Share capital	Translation reserve	Share based payments reserve	Retained earnings	Hedging reserve			
Balance at 1 July 2010	349,664	(8,932)	-	175,345	(536)	515,541	7,789	523,330
Other Comprehensive Income								
Foreign currency translation differences	-	1,472	-	-	-	1,472	(509)	963
Net gain/(loss) on hedge of net investment in foreign operation, net of tax	-	1,348	-	-	-	1,348	-	1,348
Effective portion of changes in fair value of cash-flow hedges, net of tax	-	-	-	-	(688)	(688)	-	(688)
Total other Comprehensive Income	-	2,820	-	-	(688)	2,132	(509)	1,623
Profit for the period	-	-	-	31,082	-	31,082	1,333	32,415
Total comprehensive income for the period	-	2,820	-	31,082	(688)	33,214	824	34,038
Contributions by and distributions to owners								
Dividend reinvestment plan	9,332	-	-	-	-	9,332	-	9,332
Performance rights plan	-	-	534	-	-	534	-	534
Dividends paid	-	-	-	(21,146)	-	(21,146)	(1,091)	(22,237)
Balance as at 31 December 2010	358,996	(6,112)	534	185,281	(1,224)	537,475	7,522	544,997

for the six months ended 31 December 2009 (Unaudited)

(NZD in thousands)	Attributable to equity holders of the parent					Total	Non-controlling Interest	Total Equity
	Share capital	Translation reserve	Share based payments reserve	Retained earnings	Hedging reserve			
Balance at 1 July 2009	341,944	28,929	-	146,248	(5,449)	511,672	9,950	521,622
Other Comprehensive Income								
Foreign currency translation differences	-	(25,259)	-	-	-	(25,259)	(950)	(26,209)
Net gain/(loss) on hedge of net investment in foreign operation, net of tax	-	1,769	-	-	-	1,769	-	1,769
Effective portion of changes in fair value of cash-flow hedges, net of tax	-	-	-	-	3,692	3,692	-	3,692
Total other Comprehensive Income	-	(23,490)	-	-	3,692	(19,798)	(950)	(20,748)
Profit for the period	-	-	-	34,631	-	34,631	1,534	36,165
Total comprehensive income for the period	-	(23,490)	-	34,631	3,692	14,833	584	15,417
Contributions by and distributions to owners								
Dividends paid	-	-	-	(16,133)	-	(16,133)	(2,370)	(18,503)
Balance as at 31 December 2009	341,944	5,439	-	164,746	(1,757)	510,372	8,164	518,536



Consolidated Statements of Financial Position
As at 31 December 2010 (Unaudited)

(NZD in thousands)

	as at 31 Dec 2010	as at 30 June 2010	as at 31 Dec 2009
Equity attributable to members of the parent company			
Share capital	358,996	349,664	341,944
Translation reserve	(6,112)	(8,932)	5,439
Share based payments reserve	534	-	-
Retained earnings	185,281	175,345	164,746
Hedging reserve	(1,224)	(536)	(1,757)
Non-controlling interests	7,522	7,789	8,164
Total Equity	544,997	523,330	518,536
Property, plant and equipment	269,471	272,163	296,283
Intangible assets	150,188	146,334	148,357
Investments in associates	3,979	4,371	3,292
Deferred tax assets	7,800	9,393	8,080
Non-current Assets	431,438	432,261	456,012
Inventories	199,892	192,780	173,129
Trade and other receivables	274,450	287,113	252,869
Income tax receivable	4,605	10,077	11,366
Cash and cash equivalents	60,145	82,063	71,146
Current Assets	539,092	572,033	508,510
Total Assets	970,530	1,004,294	964,522
Borrowings	132,759	154,067	52,742
Employee benefits	22,763	23,413	25,400
Deferred tax liability	14,044	13,953	19,225
Non-current Liabilities	169,566	191,433	97,367
Borrowings	403	356	117,436
Trade and other payables	216,949	238,735	200,166
Employee benefits	15,972	23,585	19,418
Provisions	11,765	10,637	6,376
Income tax payable	10,878	16,218	5,223
Current Liabilities	255,967	289,531	348,619
Total Liabilities	425,533	480,964	445,986
Total Net Assets	544,997	523,330	518,536



Consolidated Statements of Cash Flows
For the six months ended 31 December 2010 (Unaudited)

(NZD in thousands)

	Notes	6 months to 31 Dec 2010	6 months to 31 Dec 2009
Receipts from customers		835,121	762,151
Payments to suppliers and employees		(793,194)	(692,277)
Interest received		871	812
Interest paid		(10,332)	(11,079)
Dividends received		1,360	854
Income taxes paid		(11,011)	(6,547)
Net cash from operating activities	3	22,815	53,914
Proceeds on disposal of property, plant and equipment		48	14
Acquisition of property, plant and equipment		(8,248)	(4,239)
Net cash from investing activities		(8,200)	(4,225)
Proceeds from borrowings		5,204	-
Repayment of borrowings		(29,180)	(74,134)
Dividends paid to shareholders		(11,814)	(16,133)
Dividends paid to non-controlling interests		(1,091)	(2,370)
Net cash from financing activities		(36,881)	(92,637)
Decrease in cash		(22,266)	(42,948)
Cash at 1 July		82,063	119,499
Exchange rate adjustment		348	(5,405)
Cash at 31 December		60,145	71,146
Comprising:			
Cash balances		50,030	67,005
Cash on call deposit		10,115	4,141
		60,145	71,146

Notes to the condensed consolidated interim financial statements
for the six months ended 31 December 2010 (unaudited)



1. Statement of significant accounting policies

Nuplex Industries Limited is a Company domiciled in New Zealand. The condensed consolidated interim financial statements of the Company comprise the Company and its subsidiaries (the 'Group') and the Group's interest in associated entities as of and for the six months ended 31 December 2010. The Group is a profit orientated entity.

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

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standard NZ IAS 34 Interim Financial Reporting. The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2010.

These condensed consolidated interim financial statements were approved by the Board of Directors on 24 February 2011.

(b) Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 30 June 2010, with the exception of the policy below relating to the Nuplex Performance Share Rights Plan established in November 2010.

(i) Share based payment transactions

The grant date fair value of performance share rights granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period the employees become entitled to the rights. The amount recognised as an expense is adjusted to reflect the actual number of rights for which the related service and non-market vesting conditions are met.

Notes to the condensed consolidated interim financial statements
for the six months ended 31 December 2010 (unaudited)

2. Segment analysis

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

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.

Information about reportable segments

	6 months to 31 Dec 2010			6 months to 31 Dec 2009		
	Resins	Specialties	Total Group	Resins	Specialties	Total Group
(NZD in thousands)						
Sales to outside customers	612,835	148,711	761,546	571,440	143,215	714,655
Inter-segment sales	160	3,774		177	3,534	
Segment sales	<u>612,995</u>	<u>152,485</u>		<u>571,617</u>	<u>146,749</u>	
EBITDA	52,458	12,666	65,124	58,442	10,339	68,781
Depreciation and amortisation	(10,513)	(591)	(11,104)	(10,295)	(689)	(10,984)
Segment result	<u>41,945</u>	<u>12,075</u>	<u>54,020</u>	<u>48,147</u>	<u>9,650</u>	<u>57,797</u>
Net financing costs			(9,461)			(11,382)
Share of profits of associates			796			1,040
Non-controlling interest			(1,333)			(1,534)
Tax on operating profits			(11,122)			(10,392)
Operating profit after tax			<u>32,900</u>			<u>35,029</u>
NZ Securities Commission settlement and legal costs			(1,584)			-
Remediation provisions			(234)			(569)
Income tax expense on non-operating items						171
Net profit attributable to equity holders of the parent			<u>31,082</u>			<u>34,631</u>
Net profit attributable to non-controlling interests			<u>1,333</u>			<u>1,534</u>
Profit for the period			<u>32,415</u>			<u>36,165</u>
Assets						
Unallocated assets	733,301	164,679	897,980	727,424	146,506	873,930
			<u>72,550</u>			<u>90,592</u>
			<u>970,530</u>			<u>964,522</u>


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

(NZD in thousands)	6 months to 31 Dec 2010	6 months to 31 Dec 2009
Profit for the period	32,415	36,165
Non-cash items:		
Depreciation	9,854	9,563
Tax	11,356	10,721
Amortisation	1,250	1,421
Doubtful debts provisions	(162)	94
Stock obsolescence provisions	(1,085)	(186)
Non current provisions	(576)	1,748
Performance share rights expense	534	-
Equity earnings of associate	(796)	(1,040)
	20,375	22,321
Classified as investing/financing:		
Loss/(profit) on sale of fixed assets	(30)	27
Foreign exchange (gain)/loss on loan balances	1,100	1,115
	1,070	1,142
(Increase)/Decrease in working capital:		
Receivables	14,441	(7,969)
Inventories	(1,536)	(4,386)
Creditors and current provisions	(34,299)	12,334
	(21,394)	(21)
Income tax paid	(11,011)	(6,547)
Dividend received from associate	1,360	854
Cash Flow from Operating Activities	22,815	53,914

Reconciliation of statement of financial position working capital movements to operating cashflow

(NZD in thousands)	Receivables	Inventories	Creditors and current provisions	Total Working Capital
Balance as at 1 July 2010	287,113	192,780	(272,957)	206,936
Balance as at 31 December 2010	274,450	199,892	(244,686)	229,656
Balance Sheet Movement	12,663	(7,112)	(28,271)	(22,720)
Retranslation of foreign currency balances	1,616	4,491	(5,586)	521
Decrease in provision for doubtful debts	162	-	-	162
Decrease in provision for obsolete stock	-	1,085	-	1,085
Movement in Hedges	-	-	(442)	(442)
Working capital cashflow from operating activities	14,441	(1,536)	(34,299)	(21,394)

4. Dividend

On 24 February 2011, the directors declared an interim dividend of 10 cents per share. The dividend is not imputed for New Zealand tax residents and is 50% imputed for Australian tax residents and is payable on 1 April 2011.

5. Earnings per share

The calculation of basic earnings per share is based on:

	6 months to 31 Dec 2010	6 months to 31 Dec 2009
Net surplus attributable to ordinary shareholders (NZD in thousands)	31,082	34,631
Shares on issue at 31 December	195,061	189,798

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

Weighted average number of ordinary shares ('000):

Ordinary shares on issue at 1 July	192,233	189,798
Dividend reinvestment plan shares issued 8 October 2010	1,291	-
	193,524	189,798

Basic earnings per share	\$0.161	\$0.182
--------------------------	---------	---------

The calculation of diluted earnings per share is based on:

Net surplus attributable to ordinary shareholders	31,082	34,631
Interest expense on convertible notes, net of tax	1,711	1,711
Net surplus attributable to ordinary shareholders (diluted)	32,793	36,342

Basic weighted average number of ordinary shares (in thousands of shares)	193,524	189,798
Effect of conversion of convertible notes	14,147	17,103
Diluted weighted average number of ordinary shares	207,671	206,901

Diluted earnings per share	\$0.158	\$0.176
----------------------------	---------	---------

6. Contingent liabilities and other contingent commitments

There have been no significant changes in contingent liabilities in the six months to 31 December 2010 except for the settlement of the NZ Securities Commission proceedings as noted in note 7 below.

7. NZ Securities Commission proceedings

In April 2010, the Securities Commission commenced civil proceedings against the Company and six of its present or past directors. The Commission alleged in those civil proceedings that the Company should have announced to the market in connection with the forecast and (subsequent) confirmed breach by the Company of the Senior Debt Cover Ratio in its banking facility agreement as at 31 December 2008. On 22 February 2011, the parties reached a full and final settlement of the matters raised in the Commission's proceedings. As part of that settlement, the Company will make available a sum of NZD3.055m as compensation for all shareholders who acquired and retained shares in the Company over the period from 22 December 2008 to 18 March 2009. The Company has also agreed to pay NZD148k as a contribution to the Commission's investigation and court costs. The court proceedings against the Company and the directors will be discontinued. Full provision has been made for this matter in these financial statements.