Te Papa Tipu Innovation Park
49 Sala Street, Private Bag 3020, Rotorua 3046, New Zealand
Telephone +64 7 343 5899 | Facsimile +64 7 348 0952
E mail enquiries@scionresearch.com | www.scionresearch.com

forests · products · innovation

# Scion

## Half Year Report
## To 31 December 2015

# Scion Half Year Report to 31 December 2015

## 1. Chairman's report

The quarter commenced with the submission of Scion's Four Year Review report and associated action plan to the Minister. The Panel's report and recommendations were a primary focus for the Board and Executive strategy workshop in late November. At this time we also reassessed our strategy in the context of changes in our wider external operating environment such as the pending climate change negotiations in Paris, the Trans Pacific Partnership and the National Statement of Science Investment. We had excellent senior level industry, Ministry of Business Innovation and Employment (MBIE) and Ministry for Primary Industries (MPI) participation in the workshop and a clear set of actions for further follow up in Quarter three were agreed. Ultimately the workshop outputs will be reflected in the refresh of Scion's 2016-2021 Statement of Corporate Intent and Science and Innovation investment priorities.

**Science and product development highlights**

Overall Scion is tracking well against its SCI science targets. Highlights included:

- Scion supported the fighting of two recent wildfires in Marlborough. The Prometheus fire growth model provided predictions of fire spread for the Incident Management Teams coordinating the firefighting efforts at the Waikakaho Valley (450ha) and Wairau Valley (1150ha) forest fires (see Impact assessment of Scion science, Section 2).
- Insect flight data collected at ports through the Forest Insect Trapping Network (FITN) (designed by Scion) was used by MPI to support the case for night loading of ships bound for Australia (see Impact assessment of Scion science, Section 2).
- Inaugural test flights of Scion's UAV and data collection with this technology. This has highlighted both the huge potential of this technology for the forest industry but also the data processing and analytics (informatics) challenge (10 minutes of flight data initially took 11 hours of processing time).
- TERAX™ won the Sustainability in Cleantech category at the New Zealand Innovator Awards with 700 people in attendance. Also, the Gates Challenge agreed to fund a three year programme to design and build a composting toilet for use in poor and isolated communities.
- A high level of interest in Scion's work on inter-sectoral land use complementarity, ecosystem services and nutrient limits. Modelling for the Waikato Healthy Rivers Project showed forestry is very competitive with dairy in terms of export earnings and particularly so when the respective impacts of these land-uses on water quality and climate change are accounted for.
- Scion's packaging test facility (unique to New Zealand) was fully commissioned and is attracting growing commercial contracts domestically, Australia and the Northern Hemisphere. Initial box creep trials show the value of being able to simulate cool room conditions encountered in supply chains.
- A well-attended forest grower conference (>100) in Nelson confirmed the value of the Growing Confidence in Forestry's Future research programme to end users and the growing interest they have in the results and advice being generated. Three Scion staff were recognised through the Forest Grower Levy Trust industry awards.
- Scion's Forest Genetics Team, under the auspices of MAPNet, hosted a workshop with over 70 delegates representing nearly all of New Zealand's gene mapping researchers. A key driver for MAPNet is to coordinate scientists from disparate sectors working with common technologies to foster the development of multidisciplinary and cross-sector teams.
- Scion's Fast Pyrolysis plant was commissioned using sawdust to produce bio-oils.
- Six hundred and eighty four turpene modified pines were planted in the GM containment trial.
- The release of the White Ngutukaka by Minister Barry included the involvement of the neighbouring Whakarewarewa School and iwi (see Impact assessment of Scion science, Section 2).

**Other developments**

Refurbishments to the Rotorua Campus reception and foyer; and Scion's new Health & Safety video are all receiving excellent feedback from visitors. The 2015 Annual Report was submitted on schedule and reveals many examples of the impact Scion is creating through its science and positive relationships with government, industry and firms.

Recruitment of a new General Manager for Forest Science was completed with Emeritus Professor Alison Stewart joining Scion from mid-January 2016.

Scion has been engaged in all of the hearings on GMOs in relation to the local government 10-year plans for the Whangarei and Hastings Districts, and Auckland and Northland Regions); and in relation to the proposed Forestry National Environmental Standard (NES). In all cases we have worked closely with the industry representatives and other research providers.

**Financial performance**
With respect to financial performance, Scion has had a solid start to the first half of the year, with revenue in line with plan and profit favourable to plan. Scion's current forecast is to meet budget for both revenue and profit.

## 2. Impact of Scion Science – some examples

| Science & Innovation Area | Key Achievement | Sector and Industry Impact |
|---|---|---|
| **Biosecurity and phytosanitary treatments – Scion data and advice enables night loading of ships**  | MPI used an analysis of Scion's data, collected over the past two and a half years of the flight activity of the burnt pine longhorn beetle (*Arhopalus ferus),* to allow night loading of ships bound for Australia from most New Zealand ports. *Arhopalus* is an extremely adept hitch hiker which is an issue for forestry, dairy and horticultural exporters. Night loading restriction was in place to reduce the perceived risk of infestation during loading. | Roger Hawthorne (Swire Shipping) estimates that this saves a day and a half on the schedule for each ship thereby increasing the number of voyages they can perform for the industry. This equates to $225,000 of savings per year. |
| **Rural Fire – fire danger outlook reports for Rural Fire authorities aids deployment of resources to high risk areas**  | Scion has prepared fire danger outlook reports every month, over summer, for the North and South Islands for the regional rural fire authorities. Scion's expertise and knowledge of fire weather and its effects enables it to describe current fire dangers across the country, along with predictions for the next few months based on prevailing climate influences such as the present El Nino. | The predictions enable rural fire authorities to deploy their machinery and equipment into high risk areas to ensure they are prepared in advance against the threat of fire. The reports prepared to date have been very well received by the NRFA and fire managers: "That's a really useful report thanks, so great work on that." *John Rasmussen, Manager Rural Fire, Palmerston North.* |

| Science & Innovation Area | Key Achievement | Sector and Industry Impact |
|---|---|---|
| **Tree Breeding & Iwi Development**<br>**Restoring taonga species**<br> | Scion's sixty plus years of tree breeding research and its vegetative propagation expertise has brought back the White Ngutukākā that was last seen in the wild in the 1950s and assumed to be extinct. On 23 October 2015 the Minister of Conservation, Hon Maggie Barry, officially launched the release programme and the first plants will be planted out in the Whakapunake area on the East Coast of the North Island. Iwi from nearby Te Reinga Marae and Te Erepeti Marae each received an initial 50 plants for planting out in enclosures. JNL, the Japanese owned forestry/wood processing company, is a lead sponsor for this programme over the next five years. | The restoration of the endangered Ngutukaka has ensured its survival as a significant taonga plant for Maori, who traditionally cultivated it as an ornamental. It was grown around pa sites, used to trap birds and for gifting and trading.<br><br>The recovery programme has been widely appreciated by iwi and strengthened Scion's partnership with hapu on the East Coast which is an important forestry region. |

Tony Nowell
**Chairman**

# Financial Statements to

# 31 December 2015

## (Unaudited)

## STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

| | Note | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|---|
| **Revenue** | 2 (a) | **22,443** | 22,224 | 47,340 |
| Other income/(Expenditure) | 2 (b) | **0** | 0 | 54 |
| Expenditure | 3 (a) | **(22,208)** | (20,722) | (43,901) |
| Finance costs | 3 (b) | **0** | (1) | (1) |
| Share of profit/(loss) of associates | 14 (b) | **(250)** | (62) | (122) |
| Profit/(Loss) before tax | | **(15)** | 1,439 | 3,370 |
| Tax (expense)/credit | 9 (a) | **(75)** | (435) | (940) |
| **Profit/(Loss) after tax attributable to the shareholders of the parent company** | | **(90)** | 1,004 | 2,430 |
| **Other comprehensive income** | | **0** | 0 | 0 |
| **Total comprehensive income for the period attributable to the shareholders of the parent company** | | **(90)** | 1,004 | 2,430 |

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

| | Note | Ordinary Shares 31 Dec 2015 $000 | Asset Re-valuation Reserve 31 Dec 2015 $000 | Retained Earnings 31 Dec 2015 $000 | Total 31 Dec 2015 $000 | Ordinary Shares 31 Dec 2014 $000 | Asset Re-valuation Reserve 31 Dec 2014 $000 | Retained Earnings 31 Dec 2014 $000 | Total 31 Dec 2014 $000 | Ordinary Shares 30 Jun 2015 $000 | Asset Re-valuation Reserve 30 Jun 2015 $000 | Retained Earnings 30 Jun 2015 $000 | Total 30 Jun 2015 $000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **GROUP** | | | | | | | | | | | | | |
| **Balance as at 1 July** | | **17,516** | **61** | **16,971** | **34,548** | **17,516** | **61** | **14,541** | **32,118** | **17,516** | **61** | **14,541** | **32,118** |
| Profit for the period | | 0 | 0 | (90) | (90) | 0 | 0 | 1,004 | 1,004 | 0 | 0 | 2,430 | 2,430 |
| Other comprehensive income | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Comprehensive Income** | | **0** | **0** | **(90)** | **(90)** | **0** | **0** | **1,004** | **1,004** | **0** | **0** | **2,430** | **2,430** |
| *Transactions with owners in their capacity as owners:* | | | | | | | | | | | | | |
| Shares issued | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividends paid | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Balance at 31 December** | **5** | **17,516** | **61** | **16,881** | **34,458** | **17,516** | **61** | **15,545** | **33,122** | **17,516** | **61** | **16,971** | **34,548** |

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 31 DECEMBER 2015

| | Note | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|---|
| **Equity** | | | | |
| Share capital | 5 | **17,516** | 17,516 | 17,516 |
| Retained earnings | 5 | **16,881** | 15,545 | 16,971 |
| Revaluation reserve | 5 | **61** | 61 | 61 |
| | | **34,458** | 33,122 | 34,548 |
| **Non-Current Liabilities** | | | | |
| Provisions | 6 | **439** | 404 | 439 |
| Defined benefit plan | 7(a) | **928** | 905 | 898 |
| Deferred tax liability | 9(c) | **1,675** | 2,030 | 1,957 |
| | | **3,042** | 3,339 | 3,294 |
| **Current Liabilities** | | | | |
| Trade and other payables | 8 | **8,997** | 6,775 | 7,682 |
| Provisions | 6 | **157** | 83 | 235 |
| Defined benefit plan | 7(a) | **26** | 155 | 62 |
| Tax payable | | **77** | 271 | 489 |
| | | **9,257** | 7,284 | 8,468 |
| **Total Equity and Liabilities** | | **46,757** | 43,745 | 46,310 |
| **Non-Current Assets** | | | | |
| Property, plant and equipment | 10 | **29,582** | 31,105 | 30,353 |
| Biological assets | 11 | **466** | 504 | 466 |
| Intangible assets | 12 | **482** | 357 | 511 |
| Investments in associates | 14 | **313** | 323 | 313 |
| Other investments | | **30** | 30 | 30 |
| | | **30,873** | 32,319 | 31,673 |
| **Current Assets** | | | | |
| Cash and cash equivalents | 15 | **9,356** | 5,316 | 7,744 |
| Trade and other receivables | 16 | **6,457** | 6,096 | 6,437 |
| Inventories | 17 | **71** | 14 | 456 |
| | | **15,884** | 11,426 | 14,637 |
| **Total Assets** | | **46,757** | 43,745 | 46,310 |

The accompanying notes form part of these financial statements.

For and on behalf of the Board, who authorised the issue of these accounts on 29 February 2016.

Chairman

Director

## STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

| | Note | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | |
| Cash was provided from: | | | | |
| Receipts from customers | | **24,456** | 24,194 | 47,843 |
| Receipts from sale of harvest produce | | **0** | 465 | 240 |
| Interest received | | **183** | 110 | 264 |
| | | **24,639** | 24,769 | 48,347 |
| Cash was applied to: | | | | |
| Payments to employees | | **12,372** | 12,593 | 24,163 |
| Payments to suppliers | | **8,166** | 7,774 | 14,840 |
| Interest paid | | **0** | 1 | 1 |
| Income tax paid | | **770** | 303 | 662 |
| | | **21,308** | 20,671 | 39,666 |
| **Net cash flows from operating activities** | 19 | **3,331** | 4,098 | 8,681 |
| **Cash Flows from Investing Activities** | | | | |
| Cash was provided from: | | | | |
| Proceeds from sale of fixed assets | | **0** | 0 | 18 |
| | | **0** | 0 | 18 |
| Cash was applied to: | | | | |
| Purchase of property, plant and equipment | | **1,341** | 2,336 | 4,216 |
| Purchase of intangibles | | **128** | 33 | 211 |
| Purchase of investment | | **250** | 50 | 165 |
| | | **1,719** | 2,419 | 4,592 |
| **Net cash flows used in investing activities** | | **(1,719)** | (2,419) | (4,574) |
| **Net Increase (Decrease) in Cash Held** | | **1,612** | 1,679 | 4,107 |
| Add opening cash brought forward | | **7,744** | 3,637 | 3,637 |
| **Ending Cash Carried Forward** | 15 | **9,356** | 5,316 | 7,744 |

The accompanying notes form part of these financial statements.

## 1. Statement of Accounting Policies

REPORTING ENTITY

New Zealand Forest Research Institute Limited is a Crown Research Institute registered under the Companies Act 1993. The registered office is Te Papa Tipu Innovation Park, 49 Sala Street, Rotorua. The financial statements consist of New Zealand Forest Research Institute Limited and its subsidiaries.

New Zealand Forest Research Institute Limited (the Company) is a reporting entity for the purposes of the Financial Reporting Act 2013. It is domiciled and incorporated in New Zealand and is wholly owned by the Crown.

The Financial Statements of New Zealand Forest Research Institute Limited for the period were authorised for issue in accordance with a resolution of the directors on the date as set out on the Statement of Financial Position.

The activities of New Zealand Forest Research Institute Limited include a range of research and development programmes aimed at using plant-based renewable resources and waste streams to create new materials, energy sources and environmentally sustainable products and processes.

New Zealand Forest Research Institute Limited trades as Scion and these names have identical meaning in this report.

## 1.1 Summary of Significant Accounting Policies

**a) Basis of Preparation**

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Companies Act 1993 and the Financial Reporting Act 2013. The financial statements have also been prepared on a historical cost basis, except for forestry assets, derivatives, carbon credits and certain heritage assets that have been measured at fair value.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000).

**b) Statement of Compliance**

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards, and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. This includes the New Zealand equivalent to International Financial Reporting Standard 34 – Interim Financial Reporting. The financial statements comply with International Financial Reporting Standards (IFRS).

**c) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant
- activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**c) Basis of Consolidation (continued)**

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**d) Associate Companies**

These are companies in which the group holds substantial shareholdings but does not have control and in whose commercial and financial policy decisions it participates.

Associate companies have been reflected in the consolidated financial statements on an equity accounting basis which shows the group's share of surpluses in the Consolidated Statement of Comprehensive Income and its share of post-acquisition increases or decreases in net assets, in the Consolidated Statement of Financial Position.

**e) Intangible Assets**

Intangible assets acquired separately are capitalised at cost and those acquired from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is recognised in profit and loss.

Intangible assets created within the business are not capitalised and expenditure is charged to profit and loss in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles, annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

A summary of the policies applied to the group's capitalised intangible assets is as follows:

| | **Software** |
|---|---|
| Useful lives | Finite |
| Method used | 4 years – Straight line |
| Type | Acquired |
| Impairment test/Recoverable amount testing | Amortisation method reviewed at each financial year-end; Reviewed annually for indicators of impairment |

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss when derecognised.

*Carbon Credits*

New Zealand emission reduction units (NZU's) are recognised when the Group controls the units, provided that it is probable that economic benefits will flow to the Group and the fair value of the units can be measured reliably. Control of the NZU's arises when the Group is entitled to claim the NZU's from the government.

NZU's are initially measured at fair value on entitlement as an intangible asset unless the Board have determined they are held for sale, in which case they would be recorded at fair value as inventory.

Following initial recognition, the intangible asset is measured at fair value when the Board of Directors consider there is an active market for the sale of NZU's. NZU's determined as held for sale at recognition and recorded as inventory, are subsequently measured at the lower of cost and net realisable value.

The liability arising from the deforestation of eligible land is measured using the market value approach. A liability exists and is recognised on pre-1990 forests if the land use changes from forestry.

**f) Biological Assets**

Biological assets consist entirely of tree plantations which are measured at fair value less any point of sale costs. Gains and losses arising on initial recognition or change in fair value, less estimated point of sale costs, are included in profit and loss in the period in which they arise.

The fair value of tree plantations is determined by an independent valuer on an annual basis.

The valuation method for immature trees is the net present value of future net harvest revenue less estimated costs of owning, protecting, tending and managing trees. For mature trees fair value is deemed to be the net harvest revenue value.

**g) Property, Plant and Equipment**

All items of property, plant and equipment are valued at the cost of purchase from the Crown as at 1 July 1992 adjusted for subsequent additions at cost, disposals and depreciation. Plant and equipment are recorded at cost less accumulated depreciation. Land and capital work in progress are recorded at cost. Some library books have been identified as heritage assets and are recorded at fair value as determined by an independent valuer. Valuations are obtained every five years or more often where circumstances indicate that a significant change in fair value has occurred.

Expenditure incurred on property, plant and equipment is capitalised where such expenditure will increase or enhance the future benefits provided by the asset. Expenditure incurred to maintain future benefits is classified as repairs and maintenance.

When an item of property, plant and equipment is disposed of the difference between the net disposal proceeds and the carrying amount is recognised as a gain, or loss, in profit and loss.

Depreciation is provided for using the straight-line method to allocate the historical cost, less an estimated residual value, over the estimated useful life of the asset.

The useful lives of the major classes of assets have been calculated as follows:

| | |
|---|---|
| Buildings and Land Improvements | 40–60 years |
| Plant and Equipment | 4–15 years |
| Furniture and Fittings | 10 years |
| Motor Vehicles | 3–7 years |
| Library Books and Periodicals | 20 years |

**h) Recoverable amount of non-current assets**

On an annual basis the group assesses whether there is any indication an asset may be impaired. Where an indicator of impairment exists, the group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, however, if the asset's value in use cannot be estimated to be close to its fair value less costs to sell, and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, it is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**i) Trade Receivables**

Trade receivables are initially recognised at fair value and subsequently valued at amortised cost less impairment allowance.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that it is probable the group will not be able to collect the debt. Financial difficulties and payment defaults without explanation are considered objective evidence of impairment.

**j) Inventories**

Consumable stores are valued at the lower of cost, on a weighted average price of stock on hand, and net realisable value.

Nursery stocks are valued at lower of cost or net realisable value. Changes in net realisable value are recognised in the profit and loss account in the period in which they occur.

**k) Research Costs**

Research costs are expensed in the period incurred.

**l) Provisions and Employee Benefits**

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date using a discounted cash flow methodology.

*(i) Wages, Salaries and Annual Leave*

The liability for wages, salaries and annual leave recognised in the Statement of Financial Position is the amount expected to be paid at balance date. Provision has been made for benefits accruing to employees for annual leave in accordance with the provisions of employment contracts in place at balance date.

*(ii) Long Service Leave*

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

*(iii) Defined Benefit Plan*

The defined benefit plan is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in the profit and loss account in the period in which they arise.

The defined benefit liability recognised in the Statement of Financial Position represents the present value of the defined benefit obligations.

Long service leave and defined benefit plan provisions are based on annual actuarial valuations completed at financial year end.

**m) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of that arrangement at inception date.

*Group as a Lessee*

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits associated with ownership of the leased items, are included as an expense in the profit and loss in equal instalments over the lease term.

*Group as a Lessor*

Leases in which the group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are expensed as incurred.

**n) Cash and Cash Equivalents**

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**o) Goods and Services Tax (GST)**

The financial statements are prepared on a GST exclusive basis.

**p) Foreign Currencies**

*Functional and presentation currency*

Both the functional and presentation currency of New Zealand Forest Research Institute Limited and its subsidiaries is New Zealand dollars.

*Transactions and balances*

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Statement of Financial Position date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**q) Revenue Recognition**

*Research Revenue*

Research revenue from both Government and commercial sources is recorded when earned based on the percentage of work completed. Percentage of work completed is based on management judgement, after considering costs incurred and other contracted commitments. Work completed but not invoiced is recorded as accrued revenue while work invoiced but not completed is recorded as revenue in advance.

*Research Revenue*

Government revenue includes revenue received from the Ministry for Science and Innovation in the form of Core Funding, Public Good Science and Technology investment, and Preseed Accelerator Fund programmes. Funding includes both devolved and milestone related programmes. Government revenue has only been recognised after all appropriate conditions have been met.

*Sale of Goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Risk and reward are considered passed to the buyer at the time of delivery.

*Interest Revenue*

Interest revenue is recognised when earned based on applicable interest rates applied to the group's cash deposit balances.

**r) Taxation**

The income tax expense charged to the profit and loss includes both the current period provision and the income tax effects of temporary differences calculated using the liability method.

Tax effect accounting is applied on a comprehensive basis to all temporary differences. A debit balance in the deferred tax account, arising from temporary differences or income tax benefits from income tax losses, is only recognised if it is probable there will be taxable profits available in the future against which the deferred tax asset can be utilised.

Subsequent realisation of the tax benefit is subject to the requirements of income tax legislation being met.

**s) Borrowing Costs**

Borrowing costs are recognised as an expense when incurred except for those borrowing costs determined as directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale).

**t) Interest-bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

For the purpose of valuing bank borrowings, the bank interest rate is taken as the discount rate. As such the bank borrowings are carried at the value of the debt with the bank.

**u) Trade and Other Payables**

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the group prior to the end of the financial year that are unpaid and arise when the group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days of recognition.

## 1.2 Significant Accounting Judgements, Estimates and Assumptions

**a) Revenue Recognition**

Revenue is recognised based on the percentage of work completed on a project basis. Percentage of work completed is based on management judgement after considering such things as hours completed, costs incurred, milestones achieved, costs to complete and actual results to date.

**b) Heritage Assets**

The group holds several heritage assets which have significant value due to being both rare, and having importance to the nation. Where a heritage cost can be measured reliably they are revalued at least every five years and included as part of property plant and equipment.

Due to the nature of some heritage assets, management does not believe they can be valued reliably. These assets have been identified and disclosed. Details of heritage assets can be found in note 10 and 21.

**c) Biological Assets**

The group's biological assets consist of tree plantations. These are valued at the net present value of future net harvest revenue less estimated costs of owning, protecting, tending and managing trees. The valuation process includes several judgements and estimations around discount rates, future costs, and future prices. Management used the experience of a registered forestry valuer to reduce the risk of misstatement resulting from these judgements and estimates.

A valuation is done on an annual basis at each financial year end.

**d) Defined Benefit Scheme**

The group operates an unfunded defined benefit plan. Significant assumptions used involving the plan include the discount rate and future salary increases as set out in the notes to the financial statements. Management used the experience of a registered actuary to reduce the risk of misstatement resulting from these judgements and estimates.

## 1.3 Accounting Standards Issued But Not Yet Effective

The following standards have had changes that have been issued but not yet made effective:

| | Date Applicable for Scion |
|---|---|
| • NZ IFRS 5 Non-Current Assets Held for Sale | 1 July 2016 |
| • NZ IFRS 7 Financial Instruments – Disclosures | 1 July 2016 |
| • NZ IFRS 9 Financial Instruments (2014) | 1 July 2018 |
| • NZ IFRS 10 Consolidated Financial Statements | 1 July 2016 |
| • NZ IFRS 12 Disclosure of Interest in Other Entities | 1 July 2016 |
| • NZ IFRS 15 Revenue from Contracts with Customers | 1 July 2017 |
| • NZ IAS 1 Presentation of Financial Statements | 1 July 2016 |
| • NZ IAS 16 Property, Plant and Equipment | 1 July 2016 |
| • NZ IAS 19 Employee Benefits | 1 July 2016 |
| • NZ IAS 28 Investments in Associates and Joint Ventures | 1 July 2016 |
| • NZ IAS 38 Intangible Assets | 1 July 2016 |
| • FRS-44 New Zealand Additional Disclosures | 1 July 2016 |

The group has chosen not to apply the changes in the above standards prior to their effective date. While these standards are applicable to the group they are not expected to have a material impact on our accounts.

In addition under the Annual Improvements to NZ IFRS programme, amendments have been made to the following standards, effective 1 July 2016, that affect Scion but are not seen to have a material impact on the financial statements:

- NZ IAS 41 Agriculture

## 1.4 Changes in Accounting Policies

The accounting policies are consistent with those of the previous financial year.

| | | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|---|
| **2.** | **Revenue and Other Income** | | | |
| | **(a) Revenue** | | | |
| | Government research revenue | **13,581** | 15,486 | 28,789 |
| | Commercial research revenue | **8,199** | 5,658 | 16,838 |
| | Software product sales and maintenance | **66** | 119 | 155 |
| | Commercial lease revenue | **370** | 357 | 740 |
| | Sale of trees | **0** | 382 | 382 |
| | Royalty | **45** | 84 | 142 |
| | Interest revenue | **182** | 138 | 294 |
| | | **22,443** | 22,224 | 47,340 |
| | **(b) Other Income** | | | |
| | Change in fair value of carbon credits | **0** | 0 | 54 |
| | | **0** | 0 | 54 |
| **3.** | **Expenditure and Finance Costs** | | | |
| | **(a) Expenditure** | | | |
| | Personnel remuneration and expenses | **12,374** | 11,972 | 23,737 |
| | Other personnel related costs | **178** | 218 | 489 |
| | Contractors and subcontractors | **2,694** | 2,137 | 5,869 |
| | Consumables | **920** | 883 | 961 |
| | External services | **1,451** | 1,498 | 3,195 |
| | Travel and accommodation | **792** | 838 | 1,495 |
| | Lease and rental costs | **71** | 120 | 241 |
| | Depreciation | **2,122** | 1,604 | 3,701 |
| | Amortisation | **100** | 103 | 181 |
| | Loss on disposal of fixed assets | **0** | 6 | 12 |
| | Loss on revaluation of trees | **0** | 0 | 38 |
| | Impairment of assets | **0** | 0 | 397 |
| | Reversal of impairment | **0** | 0 | (14) |
| | Premises | **1,227** | 1,055 | 2,623 |
| | Director's fees | **113** | 125 | 250 |
| | Restructuring costs | **0** | (22) | 196 |
| | Doubtful debt provision | **3** | 0 | (7) |
| | Other | **163** | 185 | 537 |
| | | **22,208** | 20,722 | 43,901 |
| | **(b) Finance Costs** | | | |
| | Bank loan and overdraft interest | **0** | 1 | 1 |
| | | **0** | 1 | 1 |
| **4.** | **Auditor's Remuneration** | | | |
| | Amounts paid or due and payable to the auditors for: | | | |
| | Auditing financial statements | | | |
| | Parent entity auditor | **62** | 60 | 120 |
| | | **62** | 60 | 120 |

Audit fees costs are included in external expenses in Note 3 (a) Expenditure.

## 5. Equity

New Zealand Forest Research Institute Limited has authorised, issued and paid up capital of 17,516,000 ordinary shares at 31 December 2015 (2014: 17,516,000). Shares do not have a par value.

All shares have equal rights with respect to voting, dividends and distribution on winding up. There are no restrictions on the distribution of dividends or repayment of capital.

During the period dividends recognised as distributions to shareholders totalled $0k (2014: $0k).

The asset revaluation reserve is used to record increments and decrements in the fair value of heritage book assets. Movements in the asset revaluation reserve are not reclassified to the profit and loss in subsequent periods.

**Capital Management**

Scion is 100% Crown owned. Scion completes a five year plan on an annual basis and as part of that five year plan, any capital requirements for the future. When managing capital, management's objective is to ensure the entity continues as a going concern while balancing its financial goals of delivering returns in line with market cost of capital, with its public good goals of reinvesting in science that will benefit New Zealand. Management uses total equity as capital. The group has no externally imposed capital requirements.

## 6. Provisions

The group has provisions for long service leave and restructuring. The long service leave provision totals $553k in December 2015 (2014: $484k). The provision was valued by an actuary as at 30 June 2015.

The group has a restructuring provision as at 31 December 2015 of $43k (2014: $3k).

The provisions are made up as follows:

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| Current Provision | **157** | 83 | 235 |
| Non-Current Provision | **439** | 404 | 439 |
| | **596** | 487 | 674 |

Movement in each class of provision during the period is as follows:

| | Long Service Leave $000 | Restructuring $000 | Total $000 | Long Service Leave $000 | Restructuring $000 | Total $000 | Long Service Leave $000 | Restructuring $000 | Total $000 |
|---|---|---|---|---|---|---|---|---|---|
| | 31 December 2015 | | | 31 December 2014 | | | 30 June 2015 | | |
| Balance 1 July | **553** | **121** | **674** | 484 | 110 | 594 | 484 | 110 | 594 |
| Provision reversed during the period | **0** | **0** | **0** | 0 | (37) | (37) | 0 | (55) | (55) |
| Amounts used during the period | **0** | **(78)** | **(78)** | 0 | (70) | (70) | (66) | (55) | (121) |
| Provisions made during the period | **0** | **0** | **0** | 0 | 0 | 0 | 111 | 121 | 232 |
| Discount rate adjustment | **0** | **0** | **0** | 0 | 0 | 0 | 24 | 0 | 24 |
| Balance 31 December | **553** | **43** | **596** | 484 | 3 | 487 | 553 | 121 | 674 |

## 7. Pension Plans

### (a) Defined Benefit Plan

Scion operates an unfunded final salary defined benefit plan. The level of benefits provided depends on the member's length of service and salary at retirement age. The plan is closed to new members and will cease when all current members have either retired or left the group. There are no assets backing the unfunded liability.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in the profit and loss account. Past service cost is recognised immediately.

The defined benefit liability recognised in the Statement of Financial Position as at 31 December represents the present value of the defined benefit obligation, as actuarially determined at 30 June 2015, adjusted for payments during the current period and a provision for current service cost.

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| **Net plan expense** | | | |
| Current service cost | **30** | 30 | 33 |
| Interest cost on benefit obligation | **0** | 0 | 51 |
| Net actuarial (gains)/losses recognised in the year | **0** | 0 | (18) |
| Net plan expense | **30** | 30 | 66 |

The net plan expense is included in the personnel remuneration and expenses line in Note 3(a) Expenditure.

| | 2015 $000 | 2014 $000 | 2013 $000 | 2012 $000 | 2011 $000 |
|---|---|---|---|---|---|
| **Benefit liability included in the Statement of Financial Position** | | | | | |
| Present value of defined benefit obligation as at 30 June for the last five years | **960** | 1,030 | 1,264 | 1,509 | 1,250 |

The defined benefit plan liability is actuarially valued on an annual basis at financial year end. No present value numbers or experience amount is available as at 31 December 2015. Current service cost for the period is an estimate.

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| Changes in the present value of the defined benefit obligation are as follows: | | | |
| Opening balance | **960** | 1,030 | 1,030 |
| Current service cost | **30** | 30 | 33 |
| Interest cost | **0** | 0 | 51 |
| Actuarial (gains)/losses recognised in the period | **0** | 0 | (18) |
| Benefits paid | **(36)** | 0 | (136) |
| Closing balance | **954** | 1,060 | 960 |
| | | | |
| Current provision | **26** | 155 | 62 |
| Non-current provision | **928** | 905 | 898 |
| | **954** | 1,060 | 960 |

The history of experience adjustments is as follows:

| | 2015 $000 | 2014 $000 | 2013 $000 | 2012 $000 | 2011 $000 |
|---|---|---|---|---|---|
| Experience adjustments on plan liabilities as at 30 June for last five years | **(75)** | (59) | (103) | (39) | (9) |

## 7. Pension Plans (continued)

### (a) Defined Benefit Plan (continued)

The principal actuarial assumptions used in determining the defined benefit plan obligations as at 30 June are shown below:

| | 2015 $000 | 2014 $000 |
|---|---|---|
| Discount rate | **4.29%** | 4.95% |
| Future salary increases | **4.50%** | 4.50% |

At 30 June 2015 a change in the assumed rates of salary growth and resignation rates, all other assumptions remaining unchanged, would affect the balance of the liability as follows:

| | GROUP AND PARENT | |
|---|---|---|
| | 30 Jun 2015 $000 | 30 Jun 2014 $000 |
| Current liability | **960** | 1,030 |
| Salary growth | | |
| Reduction of 1% per annum | **892** | 958 |
| Increase of 1% per annum | **1,035** | 1,100 |
| Resignation rates | | |
| 150% of assumed rates | **926** | 992 |
| 50% of assumed rates | **995** | 1,061 |

Interest rate assumptions are based on Treasury's published risk free discount rates

### (b) Defined Contribution Plan

During the period defined contributions totalling $359k (2014: $327k) were made to the Government Superannuation Fund and KiwiSaver.

## 8. Trade and Other Payables

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| Trade payables | **3,316** | 2,314 | 4,370 |
| Other payables | **1** | 0 | 1 |
| Employee payables and accruals | **2,243** | 2,160 | 2,157 |
| Revenue in advance | **3,437** | 2,301 | 1,154 |
| | **8,997** | 6,775 | 7,682 |

The carrying amount disclosed above is a reasonable approximation of fair value. Trade creditors are non-interest bearing and are normally settled within 60 days.

## 9. Income Tax

### (a) Income Tax Expense

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| The major components of income tax expense in the Statement of Comprehensive Income are: | | | |
| **Current income tax** | | | |
| Current income tax charge | **358** | 522 | 1,094 |
| Adjustments to prior year current income tax charge | **0** | 0 | 5 |
| | **358** | 522 | 1,099 |
| **Deferred income tax** | | | |
| Deferred tax expenses/(income) related to prior year | **0** | 0 | 10 |
| Relating to origination and reversal of temporary differences | **(283)** | (87) | (169) |
| | **(283)** | (87) | (159) |
| Income tax expense/(income) reported in the Statement of Comprehensive Income | **75** | 435 | 940 |

## 9. Income Tax (continued)

**(b) Reconciliation between the aggregate tax expense/(income) recognised in the Statement of Comprehensive Income to tax expense/(income) calculated at the statutory income tax rate**

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| Accounting profit/(loss) before income tax | **(15)** | 1,439 | 3,370 |
| Tax at the statutory income tax rate of 28% (2014: 28%) | **(4)** | 403 | 944 |
| **Adjusted by:** | | | |
| Prior year income tax | **0** | 0 | 13 |
| Entertainment | **9** | 6 | 11 |
| Other | **70** | 26 | (28) |
| Income tax expense/(credit) | **75** | 435 | 940 |

Tax losses of loss making entities within the group are fully offset against taxable profits of profit making entities.

**(c) Deferred income tax relates to the following:**

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| *Deferred tax liabilities* | | | |
| Property, plant and equipment | **(2,538)** | (2,965) | (2,768) |
| Nursery inventory | **(16)** | (23) | (125) |
| Standing timber | **(130)** | (141) | (130) |
| | **(2,684)** | (3,129) | (3,023) |
| *Deferred tax assets* | | | |
| Patents and trademarks | **189** | 170 | 189 |
| Payroll provisions | **755** | 783 | 772 |
| Provision for doubtful debts | **12** | 23 | 11 |
| Income in advance | **70** | 98 | 70 |
| Other | **(17)** | 25 | 24 |
| | **1,009** | 1,099 | 1,066 |
| *Net Deferred Tax Asset per Statement of Financial Position* | **(1,675)** | (2,030) | (1,957) |

The group has no unused tax losses (2014: $0k).

## 10. Property, Plant and Equipment

| GROUP | Land & Improvements $000 | Buildings $000 | Plant & Equipment $000 | Furniture & Fittings $000 | Motor Vehicles $000 | Books & Periodicals $000 | Capital Work in Progress $000 | Total $000 |
|---|---|---|---|---|---|---|---|---|
| At 1 July 2015 | | | | | | | | |
| **Carrying amount net of accumulated depreciation and impairment at 1 July 2015** | **1,784** | **15,126** | **10,395** | **987** | **362** | **251** | **1,448** | **30,353** |
| Additions | 0 | 0 | 131 | 0 | 0 | 0 | 1,220 | 1,351 |
| Transfers from CWIP | 0 | 0 | 57 | 0 | 0 | 0 | (57) | 0 |
| Depreciation expensed | (31) | (808) | (1,185) | (45) | (53) | 0 | 0 | (2,122) |
| **Carrying amount net of accumulated depreciation and impairment at 31 December 2015** | **1,753** | **14,318** | **9,398** | **942** | **309** | **251** | **2,611** | **29,582** |
| At 31 December 2015 | | | | | | | | |
| Cost or fair value | 2,220 | 23,260 | 40,988 | 2,755 | 812 | 251 | 2,723 | 73,009 |
| Accumulated depreciation and impairment | (467) | (8,942) | (31,590) | (1,813) | (503) | 0 | (112) | (43,427) |
| **Net carrying amount** | **1,753** | **14,318** | **9,398** | **942** | **309** | **251** | **2,611** | **29,582** |

Books and periodicals include some library books classified as Heritage Assets. The group engaged Rowan Gibbs, an antiquarian bookseller of 37 years' experience of Smith's Bookshop Limited to determine the fair value of the heritage library books as at 30 June 2013. Fair value is the amount for which the books could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at valuation date. Fair value is determined by reference to recent prices realised at national and international auctions and prices being asked for by specialist dealers for comparable items. Refer to note 21 regarding other heritage assets. The heritage asset library books have been valued at $82,008 (2014: $82,008).

## 10. Property, Plant and Equipment (continued)

| GROUP | Land & Improvements $000 | Buildings $000 | Plant & Equipment $000 | Furniture & Fittings $000 | Motor Vehicles $000 | Books & Periodicals $000 | Capital Work in Progress $000 | Total $000 |
|---|---|---|---|---|---|---|---|---|
| At 1 July 2014 | | | | | | | | |
| **Carrying amount net of accumulated depreciation and impairment at 1 July 2014** | **1,839** | **16,239** | **9,661** | **1,058** | **363** | **251** | **830** | **30,241** |
| Additions | 0 | 223 | 1,362 | 0 | 109 | 0 | 780 | 2,474 |
| Transfers from CWIP | 0 | 43 | 377 | 0 | 0 | 0 | (420) | 0 |
| Disposals | 0 | 0 | (6) | 0 | 0 | 0 | 0 | (6) |
| Depreciation expensed | (28) | (332) | (1,139) | (46) | (59) | 0 | 0 | (1,604) |
| **Carrying amount net of accumulated depreciation and impairment at 31 December 2014** | **1,811** | **16,173** | **10,255** | **1,012** | **413** | **251** | **1,190** | **31,105** |
| | | | | | | | | |
| At 30 June 2014 | | | | | | | | |
| Cost or fair value | 2,220 | 23,269 | 38,779 | 2,743 | 695 | 251 | 830 | 68,787 |
| Accumulated depreciation and impairment | (381) | (7,030) | (29,118) | (1,685) | (332) | 0 | 0 | (38,546) |
| **Net carrying amount** | **1,839** | **16,239** | **9,661** | **1,058** | **363** | **251** | **830** | **30,241** |
| | | | | | | | | |
| At 31 December 2014 | | | | | | | | |
| Cost or fair value | 2,220 | 23,535 | 40,348 | 2,743 | 804 | 251 | 1,190 | 71,091 |
| Accumulated depreciation and impairment | (409) | (7,362) | (30,093) | (1,731) | (391) | (0) | (0) | (39,986) |
| **Net carrying amount** | **1,811** | **16,173** | **10,255** | **1,012** | **413** | **251** | **1,190** | **31,105** |

## 10. Property, Plant and Equipment (continued)

| GROUP | Land & Improvements $000 | Buildings $000 | Plant & Equipment $000 | Furniture & Fittings $000 | Motor Vehicles $000 | Books & Periodicals $000 | Capital Work in Progress $000 | Total $000 |
|---|---|---|---|---|---|---|---|---|
| At 1 July 2014 | | | | | | | | |
| **Carrying amount net of accumulated depreciation and impairment at 1 July 2014** | **1,839** | **16,239** | **9,661** | **1,058** | **363** | **251** | **830** | **30,241** |
| Additions | 0 | 228 | 2,547 | 20 | 117 | 0 | 1,315 | 4,227 |
| Transfers from CWIP | 0 | 43 | 538 | 0 | 0 | 0 | (581) | 0 |
| Disposals | 0 | (4) | (19) | 0 | 0 | 0 | (4) | (27) |
| Impairment provision made | 0 | (251) | (34) | 0 | 0 | 0 | (112) | (397) |
| Reversal of impairment provision | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 10 |
| Depreciation expensed | (55) | (1,139) | (2,298) | (91) | (118) | 0 | 0 | (3,701) |
| **Carrying amount net of accumulated depreciation and impairment at 30 June 2015** | **1,784** | **15,126** | **10,395** | **987** | **362** | **251** | **1,448** | **30,353** |
| At 30 June 2015 | | | | | | | | |
| Cost or fair value | 2,220 | 23,260 | 40,851 | 2,755 | 812 | 251 | 1,560 | 71,709 |
| Accumulated depreciation and impairment | (436) | (8,134) | (30,456) | (1,768) | (450) | 0 | (112) | (41,356) |
| **Net carrying amount** | **1,784** | **15,126** | **10,395** | **987** | **362** | **251** | **1,448** | **30,353** |

## 11. Biological Assets

Biological assets consist of tree plantations. The group has 73.2 hectares of trees planted initially for experimental purposes. When experiments are completed, they are classified as biological assets. Trees will be harvested when they reach maturity.

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| Carrying amount 1 July | **466** | 504 | 504 |
| Gain/(loss) from changes in fair value less estimated point-of-sale costs | **0** | 0 | (38) |
| Carrying amount 31 December | **466** | 504 | 466 |

The above biological assets are level 3 in the fair value hierarchy.

The group has tree plantations at three locations:

(a) 31 hectares of immature Radiata Pine is located at Puruki. The trees were planted for experimental purposes. The group has a forestry right which expires in 2067.

(b) 5.5 hectares of Mexican Cypress are located at Tikokino. The trees were planted for experimental purposes. The Mexican Cypress has a clear fell date of June 2033.

(c) 34.5 hectares of immature Radiata Pine is located at Mamaku plus 2.2 hectares of mature Sitka Spruce. The trees were planted for experimental purposes. The group has a forestry right which terminates when the trees are harvested or in 2024, whichever is the earlier.

The tree plantations were valued as at 30 June 2015 by PF Olsen Limited, an independent forestry management and consultancy company.

The valuation method for immature trees is the net present value of future net harvest revenue less estimated costs of owning, protecting, tending and managing trees. For mature trees fair value is deemed to be the net harvest revenue value.

Fair value is sensitive primarily to log prices. Significant increase (decreases) in log prices would result in a significantly higher (lower) fair value.

## 12. Intangible Assets

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| **Software** | | | |
| Opening balance 1 July | | | |
| At cost | **3,817** | 3,618 | 3,618 |
| Less accumulated amortisation | **(3,439)** | (3,270) | (3,270) |
| Opening net carrying amount 1 July | **378** | 348 | 348 |
| | | | |
| Opening net carrying amount 1 July | **378** | 348 | 348 |
| External additions | **71** | 33 | 211 |
| Current year amortisation | **(100)** | (103) | (181) |
| Closing carrying amount 31 December | **349** | 278 | 378 |
| | | | |
| Closing balance 31 December | | | |
| At cost | **3,889** | 3,650 | 3,817 |
| Less accumulated amortisation | **(3,540)** | (3,372) | (3,439) |
| Closing net carrying amount 31 December | **349** | 278 | 378 |

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| **12. Intangible Assets (continued)** | | | |
| **Carbon Credits** | | | |
| Carrying amount 1 July | **133** | 79 | 79 |
| Increase/(Decrease) in fair value | **0** | 0 | 54 |
| Carrying amount 31 December | **133** | 79 | 133 |
| Total intangible assets 31 December | **482** | 357 | 511 |

| | Parent 31 Dec 2015 $000 | Parent 31 Dec 2014 $000 | Parent 30 Jun 2015 $000 |
|---|---|---|---|
| **13. Investments in Subsidiaries** | | | |
| Opening shares in subsidiaries | **0** | 0 | 0 |
| Acquired in current year | **0** | 0 | 0 |
| Closed in current year | **0** | 0 | 0 |
| Closing shares in subsidiaries | **0** | 0 | 0 |

| | Shares | Percentage Held 31 Dec 2015 | Percentage Held 31 Dec 2014 | Percentage Held 30 Jun 2015 | Balance Date |
|---|---|---|---|---|---|
| **Subsidiaries** | | | | | |
| Te Papa Tipu Properties Limited | 100 | 100% | 100% | 100% | 30 June |
| Forest Research Holdings Limited | 100 | 0% | 100% | 100% | 30 June |
| Sala Street Holdings Limited | 100 | 100% | 0% | 0% | 30 June |

Sala Street Holdings Limited was incorporated on 9 November 2015 and will hold investments in Scion's Terax technologies. It has not traded to the period ended 31 December 2015.

On 27 May 2014 New Zealand Forest Research Institute Limited acquired 100% of the shares of Forest Research Holdings Limited for nil consideration. The company was acquired for the purpose of holding investments in Scion Terax technologies. The fair value of the assets acquired was nil. The company did not trade and was voluntarily de-registered on 25 November 2015.

Te Papa Tipu Properties Limited was incorporated on 25 March 2004. The company owns the Group's land assets.

New Zealand Forest Research Institute Limited is the registered holder of 100% of the shares of Future Forests Research Limited however these shares are held in trust for the members and therefore it has not been treated as a subsidiary for consolidation purposes.

All subsidiaries are incorporated in New Zealand.

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| **14. Investments in Associates** | | | |
| **(a) Investment Details** | | | |
| Biopolymer Network Limited | **240** | 250 | 240 |
| Terax 2013 Limited | **0** | 0 | 0 |
| Terax Limited Partnership | **73** | 73 | 73 |
| | **313** | 323 | 313 |

New Zealand Forest Research Institute Limited has a 33.33% (2014: 33.33%) shareholding in Biopolymer Network Limited, a company carrying on research, development and commercialisation of biopolymers.

New Zealand Forest Research Institute Limited has a 50% shareholding in Terax 2013 Limited. The company was incorporated in February 2012. Terax 2013 Limited manages Terax Limited Partnership in which Scion also has a 50% interest. Terax Limited Partnership was registered on 8 April 2013.

The group's proportion of voting power held in each associate is the same as its ownership interest.

All of the companies are incorporated in New Zealand.

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| **(b) Movements in the carrying amount of the Group's investments in Associates** | | | |
| Opening share of increase/(decrease) in net assets | **313** | 285 | 285 |
| Investment in associates | **250** | 100 | 150 |
| Share of increase/(decrease) in net assets of associate | **(250)** | (62) | (122) |
| Closing share of increase/(decrease) in net assets | **313** | 323 | 313 |

**(c) Summarised financial information**

The following table illustrates summarised financial information relating to the group's associates:

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| **Extract from the associates' Statement of Financial Position:** | | | |
| Current assets | **1,102** | 1,229 | 1,102 |
| Non-current assets | **250** | 224 | 250 |
| | **1,352** | 1,453 | 1,352 |
| Current liabilities | **501** | 559 | 501 |
| | **501** | 559 | 501 |
| Net assets | **851** | 894 | 851 |
| | | | |
| Share of associates' net assets | **313** | 323 | 313 |
| | | | |
| Extract from the associates' Statement of Comprehensive Income: | | | |
| Revenue | | 1,965 | 4,005 |
| Net Profit | | 113 | (240) |

There are no known contingent liabilities relating to Associates.

Associates' accounts extracts are as at 30 June 2015. Accounts for Biopolymer Network Limited have been received subsequently and show no material change in Scion's share of net assets from June 2015. No December 2015 accounts have been received from Terax.

## 15. Cash and Cash Equivalents

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| Cash on hand | **8** | 7 | 8 |
| Bank | **1** | 52 | 1 |
| Call deposits | **1,749** | 225 | 2,181 |
| Short term deposits | **7,598** | 5,032 | 5,554 |
| | **9,356** | 5,316 | 7,744 |

Deposits earn interest at rates ranging from 2.75% to 3.55% (2014: 3.5% to 4.2%). For the purposes of the Statement of Cash Flows, Cash and Cash equivalents are equivalent to cash and cash equivalents presented in the Statement of Financial Position.

## 16. Trade and Other Receivables

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| Trade receivables | **3,052** | 2,653 | 4,794 |
| Allowance for impairment loss | **(40)** | (83) | (37) |
| Other debtors | **40** | 39 | 41 |
| Prepayments | **711** | 935 | 567 |
| Accrued revenue | **2,106** | 2,343 | 608 |
| Related party receivables: | | | |
| Associates | **229** | 207 | 352 |
| Other related parties | **359** | 2 | 112 |
| | **6,457** | 6,096 | 6,437 |

(a) The carrying amount disclosed above is a reasonable approximation of fair value due to the short term nature of the receivables.

(b) Allowance for Impairment Loss
Trade receivables are non-interest bearing and are generally on 30–60 day terms. A provision for impairment loss is recognised when there is objective evidence that a trade receivable is impaired. An increase in the allowance for impairment loss of $3k (2014: $0k) has been recognised for specific debtors. The allowance is included in a separate line item in Note 3 (a) Expenditure.

Movements in the allowance for impairment loss were as follows:

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| Opening balance 1 July | **37** | 83 | 83 |
| Reversal of prior year provision | **0** | 0 | (11) |
| Charge for the year | **3** | 0 | 1 |
| Bad debts written off | **0** | 0 | (36) |
| Closing balance 31 December | **40** | 83 | 37 |

## 16. Trade and Other Receivables (continued)

At 31 December, the ageing analysis of trade receivables is as follows.

Movements in the allowance for impairment loss were as follows.

| | | Total $000s | 0-30 Days CNI* $000s | 0-30 Days CI* $000s | 31-60 Days CNI* $000s | 31-60 Days CI* $000s | 61-90 Days PDNI* $000s | 61-90 Days CI* $000s | +91 Days PDNI* $000s | +91 Days CI* $000s |
|---|---|---|---|---|---|---|---|---|---|---|
| **31 Dec 2015** | **Consolidated** | **3,052** | **2,316** | **0** | **489** | **0** | **154** | **0** | **53** | **40** |
| 31 Dec 2014 | Consolidated | 2,653 | 1,827 | 0 | 356 | 0 | 81 | 0 | 306 | 83 |
| 30 Jun 2015 | Consolidated | 4,794 | 4,367 | 0 | 183 | 0 | 118 | 0 | 89 | 37 |

* Current not impaired (CNI)
* Past due not impaired (PDNI)
* Considered impaired (CI)

(c) For related party terms and conditions refer to Note 24.

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| **17. Inventories** | | | |
| Consumable stores (at cost) | **13** | 14 | 9 |
| Nursery stock | **58** | 0 | 447 |
| Closing carrying amount | **71** | 14 | 456 |

Consumable stores recognised as an expense for the six months ended 31 December 2015 are $18k (2014: $31k) for the Group and the parent company. The expense has been included in the “consumables” line in Note 3(a). There were no consumable stores inventory write-downs in the period.

## 18. Financial Instruments

**Financial Instruments include:**
*Loans and Receivables*
Cash and Cash Equivalents
Trade Receivables
Other Debtors
Related Party Receivables

**Other Financial Liabilities**
Trade
Other Payables
Related Party Payables

All the above financial instruments apart from derivative financial instruments are measured at amortised cost. Due to their short term nature their carrying amount is a reasonable approximation of their fair value. Derivative financial instruments are measured at fair value.

All financial instruments held at fair value are Level 2.

Management have not identified any concentrations of risk for any of the below risk categories.

**Liquidity Risk**
The group’s objective is to maintain a balance between continuity of funding and flexibility through the use of a bank debt facility and a bank overdraft. Management monitors, on a monthly basis, our free capacity within the debt facility and our forecasted ability to pay for that debt.

Trade payables ($3,316k) are non-interest bearing and are normally settled within 60 days. The company and group liabilities all have contractual maturities of less than 120 days.

**18. Financial Instruments (continued)**

**Credit Risk**

Financial instruments that potentially subject the group to credit risk consist of bank balances and accounts receivable. The group generally does not require any security.

Significant new non-Government customers are credit checked. Trade receivable ageing is reviewed monthly and all aged trade receivables are followed up. Credit stops are used for non-paying customers.

Maximum exposures to credit risk as at balance date are:

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| Current account | **1** | 52 | 1 |
| Call and short term deposits | **9,347** | 5,257 | 7,735 |
| Trade receivables | **3,012** | 2,570 | 4,757 |
| Other debtors | **40** | 39 | 41 |
| Related party receivables | **588** | 209 | 464 |

The above maximum exposures are net of any provision for impairment on these financial instruments.

**Market Risk**

Market risk on financial instruments comprise the following three types of risk:

*Interest Rate Risk*

The group's exposure to market interest rates relates primarily to the groups cash deposits. Cash and cash equivalents have increased during the six months to 31 December 2015 to a group balance of $9,356k (2014: decreased to $5,316k).

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| Cash on hand | **8** | 7 | 8 |
| Current account | **1** | 52 | 1 |
| Call deposits | **1,749** | 225 | 2,181 |
| Short term deposits | **7,598** | 5,032 | 5,554 |
| | **9,356** | 5,316 | 7,744 |

The current account is managed at low levels and interest returns on the current account are not material. Cash funds in excess of our current requirements are invested in short-term bank deposits to attract improved interest returns. At 31 December 2015 short term deposits were earning 3.4% to 3.55% interest (2014: 4% and 4.2% respectively). Money at call was earning interest at 2.75%.

At 31 December 2015, if interest rates moved as indicated in the table below, with all other variables being held constant, post tax profit and equity would have been affected as follows:

| | Parent and Group | | | | | |
|---|---|---|---|---|---|---|
| | 31 December 2015 | | 31 December 2014 | | 30 June 2015 | |
| Judgement of reasonably possible movements in interest rates: | Change in Interest Rate | Effect on Post Tax Profit $000 | Change in Interest Rate | Effect on Post Tax Profit $000 | Change in Interest Rate | Effect on Post Tax Profit $000 |
| | **+1** | **67** | +1 | 19 | +1 | 56 |
| | **-1** | **(67)** | -1 | -19 | -1 | (56) |

Management has taken account of Reserve Bank of New Zealand indications of future interest rate movements in the OCR and various other market indicators and after considering these indicators, believes the interest rate changes are reasonable and possible.

*Currency Risk*

Only small balances are held in currencies other than New Zealand dollars, with these materially all in debtors. Collection on all these debtors is expected within 60 days resulting in minimal foreign exchange risk.

*Other Price Risk*

Other price risk primarily relates to the market price of financial instruments. As Scion does not trade in financial instruments there is no perceived risk in this category.

## 19. Reconciliation of operating surplus after taxation with cash flows from operating activities

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| Reported surplus after taxation | **(90)** | 1,004 | 2,430 |
| Add (less) non-cash items: | | | |
| Depreciation | **2,122** | 1,604 | 3,701 |
| Amortisation | **100** | 103 | 181 |
| Impairment provision | **0** | 0 | 383 |
| Movement in deferred tax benefit | **(283)** | (87) | (159) |
| Revaluation of biological assets | **0** | 0 | 38 |
| Fair value of carbon credits | **0** | 0 | (54) |
| | **1,939** | 1,620 | 4,090 |
| Add(less) items classified as investing activity: | | | |
| Investment purchases included in payables | **0** | 0 | (15) |
| (Gain) loss on disposal of property, plant and equipment | **(1)** | 6 | 12 |
| Share in associate company loss | **250** | 62 | 122 |
| Capital related items in creditors | **48** | (217) | (10) |
| | **297** | (149) | 109 |
| Movements in working capital items: | | | |
| (Increase)/Decrease in debtors and prepayments | **(19)** | 2,106 | 1764 |
| (Increase)/Decrease in inventories | **385** | 394 | (48) |
| Increase/(Decrease) in creditors and accruals | **1,231** | (1,096) | (101) |
| Increase/(Decrease) in taxation payable | **(412)** | 219 | 437 |
| | **1,185** | 1,623 | 2,052 |
| **Net cash flows from operating activities** | **3,331** | 4,098 | 8,681 |

## 20. Contingent Liabilities

**Treaty of Waitangi Issues**

Two verified land claims affecting the group currently exist:

(i) Ngati Whakaue – covering the whole Rotorua Campus

(ii) Ngati Wahiao – covering the southern end of the Rotorua Campus

No reliable estimates can be made of these potential liabilities.

## 21. Contingent Assets

**Heritage Assets**

The company has identified its library, herbarium and germplasm collections as heritage assets. For the herbarium and germplasm collections the Directors believe that there is no practical basis upon which to reliably value these collections. For the library refer to note 10.

## 22. Commitments

**Operating Lease Commitments – Group as Lessee**:

The group has entered into commercial leases on certain motor vehicles and items of office equipment. The leases have lives of three or four years with renewal options included in the motor vehicle leases only. There are no restrictions placed on the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| Lease commitments under non-cancellable operating leases: | | | |
| Within one year | **22** | 38 | 28 |
| One to five years | **43** | 65 | 53 |
| | **65** | 103 | 81 |

## 22. Commitments (continued)

**Operating Lease Commitments – Group as Lessor:**

The group has entered into commercial property leases on its surplus corporate buildings and land. These non-cancellable leases have remaining terms of up to four years on buildings and 30 years on land leases. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| Lease commitments under non-cancellable operating leases: | | | |
| Within one year | **249** | 224 | 340 |
| One to five years | **477** | 420 | 468 |
| Greater than five years | **523** | 619 | 570 |
| | **1,249** | 1,263 | 1,378 |
| **Capital Commitments**: | | | |
| Capital expenditure contracted for at balance date but not provided for | **0** | 0 | 121 |

## 23. Transactions with Related Parties

**a) Parent**

New Zealand Forest Research Institute Limited is wholly owned by the New Zealand Government (the ultimate parent). All transactions with the Government, Government departments and agencies and Government entities are conducted at arm's length. Government Core funding and Public Good Science funding comprises close to 50% of research revenue earned by Scion.

During the year New Zealand Forest Research Institute Limited entered into the following transactions:

| | | PARENT | |
|---|---|---|---|
| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
| **b) Subsidiary Company** | | | |
| *Te Papa Tipu Properties Ltd* | | | |
| Charge for services | **38** | 38 | 76 |
| Payment of rent | **(199)** | (199) | (398) |
| Net Paid on behalf | **93** | 111 | 231 |
| Amount (payable)/receivable at balance date | | | |
| – Intercompany account | **23** | 132 | 91 |
| **c) Associates** | | | |
| *Biopolymer Network Ltd* | | | |
| Supplied goods and services | **855** | 900 | 1,779 |
| Received goods and services | **0** | 0 | (1) |
| Receivable at balance date | **163** | 163 | 167 |
| *Terax 2013 Ltd* | | | |
| Supplied goods and services | **209** | 77 | 177 |
| Receivable at balance date | **65** | 14 | 35 |
| *Terax Limited Partnership* | | | |
| Services provided | **68** | 41 | 68 |
| Receivable/(Payable) at balance date | **0** | 0 | 16 |
| **d) Other Related Parties** | | | |
| *WQI Ltd* | | | |
| Supplied goods and services | **76** | 88 | 243 |
| Received goods and services | **(9)** | (6) | (9) |
| Receivable/(Payable) at balance date | **1** | 31 | 134 |

| | PARENT | | |
|---|---|---|---|
| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
| **23. Transactions with Related Parties (continued)** | | | |
| **d) Other Related Parties (continued)** | | | |
| *Future Forests Research Ltd* | | | |
| Services provided | **562** | 216 | 726 |
| Co-funding | **0** | (20) | (40) |
| Receivable at balance date | **358** | 2 | 112 |

New Zealand Forest Research Institute Limited has a 5.05% shareholding in WQI Limited (2014: 5.05%). The company's policy is to record such investments at fair value but these shareholdings have not been recorded in the financial statements as their value is not considered to be material to the parent and group. Refer to Note 13 for details on the company's shareholding in Future Forests Research Limited and Note 14 for shareholdings in associates.

*Other Related Parties*

The group's transactions during the six months, and period end balances with other related parties, are as follows:

*i) New Zealand Forest Owners Association Incorporated (related party up to 30 September 2015)*

Provided services totalling $0k (2014: $1,302k). The amount receivable at period end was $0k (2014: $818k). No goods or services were received during the period (2014: $0k).

*ii) Juken New Zealand Ltd (related party up to 30 September 2015)*

Provided services totalling $12k (2014: $120k). No services were received during the period (2014: $6k). The amount receivable at period end was $0k (2014: $87k). The amount payable at period end was $0k (2014: $7k).

*iii) Waiariki Institute of Technology*

Provided services totalling $3k (2014: $4k). Services received during the period totalled $20k (2014: $15k). No amounts were receivable or payable at the end of the period.

*iv) Grow Rotorua Limited (related party up to 15 September 2015)*

Provided services totalling $2k (2014: $5k) during the period. No services were received. There was no receivable at period end (2014: $0k).

*v) Te Arawa Group Holdings Limited*

Provided services totalling $0k during the period (2014: $2k). No services were received. There was no receivable at period end (2014: $0k).

Mr Sheldon Drummond, a director of New Zealand Forest Research Institute Limited, was a director of New Zealand Forest Owners Association Inc and an employee of Juken New Zealand Ltd up to 30 September 2015. Ms Colleen Neville, a director of New Zealand Forest Research Institute Limited, is Chief Executive Officer of Te Arawa Group Holdings Limited.

Mrs Judith Stanway is Chair of Te Papa Tipu Properties Limited and a Director at Terax 2013 Limited.

Dr Warren Parker, CEO of New Zealand Forest Research Institute Limited, is a director of Te Papa Tipu Properties Limited, and until 15 September 2015, a director of Grow Rotorua Limited.

Mr Rob Trass, CFO and Company Secretary of New Zealand Forest Research Institute Limited, is an Audit and Risk Committee member at Waiariki Institute of Technology.

**e) Terms and conditions of transactions with related parties**

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year-end are unsecured and interest free. No guarantees are provided or received for any related party receivables or payables.

No related party debts were written off during the year (2014: $0k) and no impairment allowance has been raised for any of these debts.

| | 31 Dec 2015 $000 | 31 Dec 2014 $000 | 30 Jun 2015 $000 |
|---|---|---|---|
| **24. Key Management Personnel** | | | |
| Short term employee benefits | **1,074** | 1,125 | 2,094 |
| KiwiSaver employee benefits | **17** | 10 | 19 |
| | **1,091** | 1,135 | 2,113 |

## 25. Segment Information

The group operates principally in New Zealand providing scientific research and technology to Government and commercial clients.

## 26. Reporting Period

These financial statements cover the period 1 July 2015 to 31 December 2015 and have not been audited.

# Scion Directory 2015/2016

## Board of Directors

Mr Tony Nowell (Chairman)
Mrs Judith Stanway (Deputy Chair)
Ms Elizabeth Chambers – resigned 30 December 2015
Mr Sheldon Drummond
Dr Barry O'Neil
Ms Colleen Neville

Mr Rob Trass – Company Secretary

## Executive Management

Dr Warren Parker – Chief Executive Officer
Dr Russell Burton – General Manager, Research and Investments
Dr Elspeth MacRae – Science General Manager, Manufacturing and Bioproducts
Dr Brian Richardson – Science General Manager, Forest Science
Mr Steve Sopora – General Manager, Business Development and Commercialisation – resigned 18 December 2015
Ms Keri-Anne Tane – General Manager, People and Performance
Mr Rob Trass – Chief Financial Officer

## Auditors

Ernst & Young, Auckland, on behalf of the Auditor-General

## Bankers

ANZ Bank New Zealand Limited

## Solicitors

Bell Gully, Auckland

## Registered Office

Te Papa Tipu Innovation Park
49 Sala Street, Private Bag 3020
Rotorua 3010, New Zealand