

**SCION** 

forests • products • innovation

**2012**  
Annual Report  
Part B

forests • products • innovation



# SCION ANNUAL REPORT 2012

## PART B

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### Annual Report 2012

Our Annual Report is in two parts - A and B. Together they fulfil our annual reporting responsibilities under the Crown Research Institutes Act 1992.

Part A is an illustrated document containing the Chairman and CEO report, descriptions of our research performance, science outreach, communities and staff awards.

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# GOOD EMPLOYER AND EQUAL OPPORTUNITIES

Scion has demonstrated progress against the seven key elements of a “good employer”, developed by the Equal Employment Opportunities Commissioner under the Crown Entities Act, 2004. The institute received a positive rating from the Human Rights Commission for all seven elements in its 2011 Annual Report and has incorporated EEO’s advice in preparation of this report.

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## Leadership, accountability and culture

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Scion’s commitment to developing its “people and culture to be high performing and customer focused” was underpinned in 2011/2012 by a systematic and targeted training and development programme to strengthen staff leadership capabilities. Scion also made appointments to newly created leadership positions following a reshape of the organisation’s leadership structure in November 2011.

Appointments to the new positions were drawn primarily from employees who were developed for leadership following the establishment of Scion’s high performance, high potential group in early 2011. A recent review found the appointees were enthusiastic about their new responsibilities and leadership involvement, and had a genuine willingness for further professional development.

High performing leadership supports Scion’s strategy and is also critical to staff engagement. Some 80.5% of respondents in Scion’s biennial climate survey, completed in September 2011, said their manager treated them with respect; 77.4% said they were supported and encouraged in their job; and 74.9% said their manager behaved in a way consistent with the values of the organisation. Follow-up focus group sessions were held with staff to address areas identified as needing improvement and increasing engagement.

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## Recruitment, selection and induction

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Scion continued to demonstrate commitment to equality of opportunity, rejecting discrimination on any grounds for all employees. Robust recruitment and selection systems are in place to ensure an impartial, transparent process focused on selecting the best person for the job.

During recruitment for two separate positions in 2011/2012, candidates were asked to provide information they considered might influence Scion’s decision on whether to appoint them. Scion assured candidates that the best person for the job would be appointed. A candidate who was pregnant and another with a vision impairment were considered the best candidates and were appointed to the roles.

There was a slight increase in the number of Māori employed at Scion, from 6.7% in 2011, to 7% in the current financial year. In the past year Scion has increased its engagement with Māori organisations, and extended its promotion of career opportunities in science and forestry. Scion also awards two tertiary Māori scholarships each year.

A survey was completed to increase Scion’s understanding of why candidates might decline an offer of employment, or withdraw from the recruitment process. To enhance the recruitment process for candidates, Scion introduced a “time-to-fill” metric of 65 days.

Scion’s revised induction programme was very well-received in the past year with a 100% approval rating for the whakataua hosted by the Executive Management Team.

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## Employee development, promotion and exit

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The development needs of all employees are identified during the organisation’s twice yearly performance review. Scion employees are encouraged to access career development support through:

- Conferences or seminars of professional relevance
- External secondments, particularly with industry
- Participation in organisational projects
- Mentorships and/or coaching
- Scion’s learning and development toolkit which includes: programmes such as Radical Collaboration; Facilitating Complex Meetings; Getting Organised; Presentation Skills; Report Writing; Working Sustainably with Māori Organisations; Te Ara Reo, Belbin Team Roles; and the Myers Briggs Type Indicator.

In 2011/2012, Scion approved sponsorship for five employees for tertiary qualifications study. In addition, two employees completed their PhDs – Brenda Baillie and Richard Yao. Dr Rowland Burdon and Dr Bryan Walford were appointed Emeritus Scientists and Dr Ecki Brockerhoff Principal Scientist. Twenty-nine high performance, high potential employees were promoted to the new leadership team.

To gain insights for ongoing improvement, Scion continues to conduct exit interviews and surveys of staff leaving. Of a total turnover rate of 6.5%, excluding redundancies, there were few regrettable exits. The focus, therefore, remains on the retention of high performance, high potential individuals and employees leaving for reasons that Scion would have wanted to address.

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## Flexibility and work design

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Flexible work arrangements and work-life balance are integral to Scion's employment philosophy. In the past year, six employees reduced working hours, nine employees increased working hours and, of the 65 employees working part-time, 13 were men and 38 women. Four employees took extended leave without pay and four women and three men took extended parental leave (leave without pay in excess of paid annual leave).

Scion grants an ex-gratia gross payment of six weeks' salary for a permanent employee who returns to work having taken parental leave of between six weeks and 12 months and then completed a further six months' service. In the 2011/12 year, five men and one woman received this payment.

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## Remuneration, recognition and conditions

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Scion implemented a transparent pay-for-performance approach within the newly negotiated Collective Employment Agreement, and addressed the provision of several additional entitlements to support greater fairness and consistency. These included the extension of sick leave for employees upon commencement, an increased allocation for call-outs and an increased provision for hours worked on statutory holidays.

Scion operates a job-size review committee comprising a trained representative group of employees, management and union representatives. In 2011/2012, 30 jobs were sized by the committee, 14 of which received an increased job-size evaluation and 14 were new roles.

Gender pay has previously been assessed at Scion, with no reason for concern. However, following recent reviews (including the Human Rights Commission Gender Pay Gap Survey), Scion has decided to complete the Pay and Employment Equity Review Process (as supported by the Department of Labour) from May 2012.

Employee recognition at Scion is formally acknowledged by long service awards, long service leave, Chief Executive Officer quarterly recognition awards, and Emeritus Status awards to retiring staff in recognition of their services. Three staff received long service awards for 20 years and three for 30 years.

Throughout the year, Scion invested in improving its ageing facilities. It carried out key upgrades of science laboratories to support the organisation's core delivery of world-class science and research. Staff amenity facilities were improved and support also provided for healthy activity.

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## Harassment and bullying prevention

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Scion has a zero tolerance position, responding promptly to all accusations of harassment and bullying.

Measuring collaborative behaviours in the annual performance review has enabled Scion to address early indicators of unacceptable behaviour that may lead to harassment and bullying.

The learning and development plan includes provision of both in-house and external coaching services for any potential issues faced by employees and managers. The Radical Collaboration training programme gives employees new tools and safe language for assessing their own behavioural contribution to conflict and also the courage to ask for help at an early stage.

Scion employees are supported with any workplace or personal concerns through free and confidential workplace support services provided by Vitae (on site) and Employee Assistance Programme Services (offsite). As at 30 June 2012, 25 employees had used the Employment Assistance Programme and there had been 958 interactions with Vitae.

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## Safe and healthy environment

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Throughout the year, Scion's active Health and Safety Representative Committee supported the organisation's strategy to progress from secondary to tertiary accreditation in the Accident Compensation Corporation's Workplace Safety Management Practices programme. A new hazard management and incident reporting database was implemented which received a very positive response from staff. A reduction in accidents/serious harm and an increase in reporting of near misses and hazards demonstrated progress in this area.

Personal responsibility is promoted through the inclusion of health and safety objectives in all position descriptions and personal performance plans. In support of this, a quarterly safety award recognises excellent demonstrations of best practice in health and safety. Two awards were made in 2011/2012. Joanne MacKenzie received an award for intervening in a potentially dangerous event and Meeta Patel for performing a successful Heimlich manoeuvre in support of a colleague.

Following the Christchurch earthquake in February 2011, Scion reviewed its emergency procedures and re-established the emergency response team and resources. A full implementation and training programme will begin with all staff in the next few months.

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## Workplace profile

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> As at 30 June 2012

- Total permanent employee complement of 311 - 170 men and 141 women;
- Māori represent 7% of permanent employees;
- 26.6% of employees are in the under 40-years age group, 31.7% are in the 40 to 49 years age group, and 41.7% in the 50 years and over age group; and
- 27.4% of employees are recorded as disclosing a nationality other than New Zealander or Māori, and represent 28 nationalities.

# ENVIRONMENTAL PERFORMANCE

Scion is committed to monitoring and improving its environmental performance. Ongoing data collection enables Scion to measure its performance against the environmental indicators set out in its Sustainability Policy.

In line with this commitment, Scion joined the Enviro-Mark programme in 2010 and in the year under review made significant progress in the management of its facilities and operations, achieving Enviro-Mark Bronze Certification for the Rotorua site.



Environmental Impacts per year	08-09	09-10	10-11	11-12
Total FTEs for all sites	360	338	311	307
FTEs for Rotorua site only	296	294	288	287
Total Energy (kWh/FTE) Rotorua site only	35496	31025	30518	30339
Domestic air travel (km/FTE) all sites	2466	3038	2175	-
Trans-Tasman air travel (km/FTE) all sites	1511	1283	907	-
International air travel (km/FTE) all sites	7034	7125	5743	-
Total tCO <sub>2</sub> eq/FTE (on an "all sites" basis)	7.2	6.9	6.8	6.1
Organics diverted (kg/FTE) Rotorua site only	-	5	5	5
Paper recycled (m <sup>3</sup> /FTE) Rotorua site only	0.2	0.1	0.1	0.2
Cardboard recycled (m <sup>3</sup> /FTE) Rotorua site only	0.2	0.4	0.4	0.4
Waste to landfill (m <sup>3</sup> /FTE) Rotorua site only	10	9	8	9
Water (L/FTE) Rotorua site only	57794	59864	-	23225

Scion continues to operate an on-site recycling programme which diverts food waste, plastic and glass bottles, aluminium and steel cans and scrap metal from landfill. Construction of a new laboratory block inside the shell of the old one in 2011/2012 increased waste to landfill but also increased scrap metal recycling and paper recycling. A significant environmental benefit will be increased energy efficiency as the new laboratories are double glazed. Scion will be monitoring the effect of this change on heating usage in 2012/2013.

The addition of two small Toyota Corollas to Scion's fleet has increased fuel efficiency. These cars are now used frequently for short and long trips by staff.

The planned installation of "Follow Me Printing" at the Rotorua campus is expected to reduce paper use in 2012/2013. Studies have found the use of owner swipe-cards to activate a printer reduces paper waste by up to 30%. Water usage per full-time equivalent staff member at the Rotorua site has fallen by 6% since 2009/2010 due to the closure of high-water-use areas such as the fish laboratory.

Scion's overall carbon footprint in 2011/2012 continued to decline significantly for the fourth year as a result of staff's ongoing commitment to energy, waste and consumables reduction.

# FACILITIES

High quality facilities and equipment are vital to the success of a science organisation. In the past year, Scion has invested significantly in infrastructure, implementing a major component of the 10-year infrastructure development plan. The plan, adopted in 2010, is designed to bring laboratories, office facilities and information technology up to the required standards for a modern research organisation.

A \$5.5 million project aimed at achieving operational excellence in a stimulating workplace began in January with the redevelopment of an ageing block of laboratories at the Rotorua campus. The refurbished space provides 1500 sq m of modern, flexible and safe laboratory facilities, and will be fully operational in August 2012.



A virtual tour for staff at the start of the project gave a good impression of the redeveloped laboratories.

# CORPORATE GOVERNANCE

Scion's Board of Directors is appointed by its shareholding Ministers, the Minister of Science and Innovation, and the Minister of Finance. All members of the Board are independent. The responsibility of the Board is to guide and monitor the business of Scion and its subsidiaries including:

- adopting policies of corporate conduct (including risk management and delegations of authority) and ensuring that systems and procedures are in place to carry out those policies;
- reviewing and approving Scion's Statement of Corporate Intent;
- adopting annual operating and capital plans, and budgets;
- monitoring performance against key objectives and budgets on a monthly basis;
- evaluating the performance of the Chief Executive; and
- reviewing and improving the effectiveness of the Board.

The Board operates in accordance with Scion's Constitution. It has seven directors who meet 11 times over the year either in person or by video conference. The Chief Executive and Chief Financial Officer and Company Secretary attend all meetings. The Board may retain independent advisers, including independent legal counsel or other experts, as it deems appropriate.

The Board has two standing committees, the Audit and Risk Committee and the Remuneration and Organisation Committee.

The function of the Audit and Risk Committee is to assist the Board in discharging its responsibilities regarding financial reporting, regulatory conformance and matters of risk management. The committee is the liaison point for internal and external auditors, assesses the performance of financial management (the investment cases for major items of capital expenditure), reviews audit findings, the annual financial statements and interim financial information, and has oversight of the development and review of policies to ensure compliance with statutory responsibilities.

The function of the Remuneration and Organisation Committee is to assist the Board in the establishment and regular review of remuneration and organisation policies and practices, and to assist the Board in discharging its responsibilities relating to the appointment, remuneration setting and review of Scion's Chief Executive. The committee also approves the appointment and remuneration of senior executives.

Each committee is composed of no less than three members of the Board, appointed by the Board from time to time; and meets at least twice annually and inter-sessionally as required. While the Chairman of the Board is an ex-officio member of each committee and has full voting rights, s/he may not be Chairman of the Audit and Risk Committee.

The Chief Executive and Company Secretary attend all committee meetings and all Directors are entitled to attend all committee meetings. Each committee establishes annual work plans and undertakes an annual review of its objectives and responsibilities, and its terms of reference. Each committee also makes regular reports to the Board.

The Board's risk management policy and procedures involve formal reporting by management of the most significant risks Scion is exposed to, and the Board regularly monitors management of those risks. There is also regular monitoring and reporting on actions against recommendations made by external auditors.

# DIRECTORS' REPORT

## Principal Activities

New Zealand Forest Research Institute Limited (trading as Scion) is a company registered under the Companies Act 1993. Our principal activity is to conduct research in accordance with the purpose and principles specified in Sections 4 and 5 of the Crown Research Institutes Act 1992 (the Act). Scion has met all the obligations under the Act for the year ended 30 June 2012.

Scion is a commercially focused science and technology company, delivering solutions to both commercial and Crown clients. The principal research facility is located in Rotorua.

Scion has two wholly-owned subsidiaries, Atlas Technology Limited and Te Papa Tipu Properties Limited, and has a 33% shareholding in an associate company Biopolymer Network Limited. Scion is also a member of the research consortium WQI Limited with a 5.95% shareholding.

- Te Papa Tipu Properties Limited owns the Group's land assets.
- Atlas Technology Limited is a non-operating shelf company.
- Biopolymer Network Limited is an incorporated joint venture whose purpose is to create technologies for advancing the utilisation of renewable biobased materials in industrial applications.
- WQI Ltd is a consortium with 25 shareholders and carries out research focused on wood quality, appearance and stability that can affect the performance of the wood, and to develop effective segregation methods and technologies that allow the industry to gain maximum value from their timber resource.

## Summary of Group Financial Results to 30 June 2012

	2012	2011
	\$000	
Operating revenue	44,059	43,353
Surplus before taxation	2,164	2,330
Taxation expense	547	513
<b>Net surplus attributable to the shareholders</b>	<b>1,617</b>	<b>1,817</b>
<b>Equity</b>		
Issued and paid up capital	17,516	17,516
Retained earnings	9,990	8,373
Reserve	54	54
<b>Total equity</b>	<b>27,560</b>	<b>25,943</b>

Scion's strategy focuses on delivering science and technologies in the following key areas:

- Commercial forestry
- Wood products and processing
- Wood fibre, biopolymer and biochemical industries
- Risk and adaptation
- Licence to operate
- Bioenergy.

The Statement of Corporate Intent maps out the strategic framework for Scion to achieve outcomes aligned to its Statement of Core Purpose, and the New Zealand Government's overarching objective for Crown Research Institutes to lead the country's economic transformation.

Scion's science and commercial focus is strongly aligned with the opportunities being presented locally, nationally and globally, and when brought together, will continue to enable Scion to provide leadership on issues of local, national and global significance.

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## Remuneration and Compensation

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Remuneration and compensation included performance awards, superannuation benefits, and KiwiSaver subsidy. Some other benefits were not quantified and are therefore excluded, including staff parking, home telephone, and membership of relevant professional societies.

Bands	Number in Each Band
\$390,000 - \$399,999	1
\$220,000 - \$229,999	2
\$200,000 - \$209,999	1
\$190,000 - \$199,999	1
\$180,000 - \$189,999	1
\$170,000 - \$179,999	1
\$160,000 - \$169,999	2
\$150,000 - \$159,999	3
\$140,000 - \$149,999	3
\$130,000 - \$139,999	6
\$120,000 - \$129,999	3
\$110,000 - \$119,999	9
\$100,000 - \$109,999	17

During the year ended 30 June 2012, \$520,684 was paid to 15 employees in relation to cessation of employment with Scion (2011: \$241,952 to 10 employees).

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## Dividend

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No dividend was recommended for the year ended 30 June 2012 (2011: \$0k).

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## Directors' Profiles

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**Mr Anthony (Tony) Nowell (Chairman)** is a professional company Director and Founding Director of Valadenz Limited, a trade and export development company. Previously he was the CEO of Zespri International, and positions he held before then included Managing Director of Griffin's Food Limited and Regional Vice President of Sara Lee Asia. Mr Nowell brings extensive experience in corporate management, governance and international trade and development to the Board. He is currently Chair of Wellington Drive Technologies Limited and a board member of New Zealand Food Innovation Auckland Limited, Food Standards

Australia New Zealand and the Export Advisory Board of Business New Zealand. Mr Nowell also is Deputy Chair of Leadership New Zealand and represents New Zealand on the APEC Business Advisory Council (ABAC). He has previously Chaired the New Zealand Food and Grocery Council, the New Zealand Food and Beverage Taskforce and the New Zealand Packaging Accord Governing Board.

**Ms Alison Andrew (Deputy Chair)** has held leadership positions in industries that include chemicals, dairy, paper and forest products, and oil and energy. She has deep experience in operating businesses, growing businesses and turning businesses around. Based in Auckland she is the General Manager of Orica Chemnet NZ, a role she took on in October 2009 after almost two years as CEO of Lexicon Systems Ltd, an Australasian marketing and advertising company. Previously she held a number of senior executive positions at Fonterra Co-operative and Fletcher Challenge. She has an MBA and BE (Hons) in chemicals and materials.

**Mr Peter Berg, ONZM, (Director)** is Immediate Past President of the New Zealand Forest Owners Association Inc., Deputy Chairman of Tane's Tree Trust, a Board member of Forest Industry Training and Education Council (FITEC) the New Zealand forest industry training organisation, Chairman of Pentarch Forest Products Limited, Chairman of Berg Forests Limited, on the Board of the NZ Wood, and New Zealand section Chair of the Commonwealth Forestry Association. Previously Mr Berg held various Chief Executive and other senior positions in the forestry sector and public service both in New Zealand and offshore. Mr Berg holds a BSc and BForSc (Aberdeen) and is a member of the New Zealand Farm Forestry Association and Fellow of the New Zealand Institute of Forestry, where he was recognised as Forester of the Year 2006. In 2010 Mr Berg received the Kirk Medal from the New Zealand Institute of Forestry.

**Mr Sheldon Drummond (Director)** has served on the New Zealand Forest Owners Association Executive for three terms. He is the General Manager Forests for Juken New Zealand Ltd as well as sister company First Light Mushroom Ltd. Mr Drummond has a good appreciation of radiata processing and marketing as well as forest management in New Zealand and worldwide. He was instrumental in the establishment of the Government's Wood Processing Strategy and the subsequent benefits such as rural roading and labour and skills strategies which have assisted East Coast and Northland forestry during recent years. Mr Drummond is a long standing member of the Eastland Wood Council and maintains a keen participation in local and national forest issues. He has sound contacts and relationships throughout the industry and Government.

**Mr Chris Karamea Insley, Te Whanau a Apanui and Ngāti Porou (Director)** has extensive experience in plantation forest management in New Zealand and has spent time living and working in the US and Canada. He is highly active in working nationally with Māori to develop scalable sustainable economic development strategies in response to climate change and, is actively working with Iwi to develop medium to long term strategies that will engage the best research, innovation and technology capabilities available to enable these programmes. He is active doing similar work with

other indigenous peoples of the world. He is a Director on several government, private sector and Māori boards, and has a Bachelor of Business Studies, Post-Graduate Diplomas in Marketing and Logistics and Business Research and an MBA from Waikato Management School. As well he has completed executive development programmes in international finance and global strategy at Harvard Business School.

**Dr Brian Rhoades (Director)** is a business adviser and professional director with extensive management and governance experience. Dr Rhoades started his career as a lecturer in mechanical engineering at the University of Canterbury, moved into manufacturing and company management with the AHI/Carter Holt Harvey Group, and is a former Chief Executive of Sealord Products Ltd. He has served on the boards of a broad range of listed and unlisted companies and not-for-profit organisations; and is currently Chairman of the Forest Industries Training and Education Council, Ngai Tahu Seafood Ltd, Polytechnics International New Zealand Ltd, and Brian L Rhoades and Associates Ltd. Dr Rhoades holds BE (Hons) and PhD degrees in Mechanical Engineering and is a Fellow of IPENZ and the Institute of Directors.

**Mrs Judith Stanway (Director)**, a qualified accountant, is the Managing Partner of BDO Rotorua Ltd and until recently was the Chair of BDO New Zealand Ltd, a New Zealand wide Chartered Accountancy and Business Advisory firm. Mrs Stanway is a Fellow of the NZ Institute of Directors and a Director of the Charities Commission, Te Papa Tipu Properties Ltd and a number of private companies. She has also chaired the Lakes District Health Board and been a director of Te Puia. She lives in Rotorua, has worked with the forestry sector for many years and has wide experience in tourism and with charitable organisations and was a Director of the Charities Commission.

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## Changes in Directors

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Mr Peter Berg's term on the Board concluded on 30 June 2012.

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## Directors' Interests

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Any business the company has transacted with organisations in which a Director has an association has been carried out on a commercial "arms-length" basis.

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## Directors' Remuneration

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	Scion 30 June 2012	Te Papa Tipu Properties 30 June 2012	Total 30 June 2012
Tony Nowell	58,000	-	58,000
Alison Andrew	36,000	-	36,000
Peter Berg	30,500	-	30,500
Sheldon Drummond	28,500	-	28,500
Chris Insley	28,500	-	28,500
Brian Rhoades	28,500	-	28,500
Judith Stanway	30,000	8,000	38,000
<b>Total</b>	<b>240,000</b>	<b>8,000</b>	<b>248,000</b>

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## Use of Company Information

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During the year no notices were received from members of the Board requesting to use Scion information received in their capacity as Directors which would not otherwise have been available to them. Additions to the Interests Register are noted in the profiles above.

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## The State of the Company's Affairs

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A commentary on the year's performance is outlined in the Chairman's and Chief Executive's Report (see Part A) and in the opinion of the Directors, the state of the company's affairs continues to be satisfactory and the outlook bright.

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## Auditor

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In accordance with Section 21 of the Crown Research Institutes Act 1992, the Office of the Auditor General is Auditor for the Company and, pursuant to Section 29 of the Public Finance Act 1977, has appointed Ernst & Young to undertake the audit on its behalf.

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## Directors' Indemnity and Insurance

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Scion has insured all Directors and the Directors of its subsidiaries against liabilities to other parties (except to Scion or a related party of Scion) that may arise from their position as Directors. The insurance does not cover liabilities that may arise from criminal actions.



For and on behalf of the Board  
**A Nowell**  
Chairman

30 August 2012

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## Statement of Responsibility

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The following statement from the Board is made in accordance with Section 155 of the Crown Entities Act 2004:

1. The Board is responsible for the preparation of the annual financial statements and the judgements used in these.
2. The Board is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial reporting.
3. In the opinion of the Board, the annual financial statements for the year ended 30 June 2012 fairly reflect the financial position and operations of the New Zealand Forest Research Institute Limited.



**A Nowell**  
Chairman



**J Stanway**  
Director

30 August 2012

# PERFORMANCE TARGETS

	Actual 2012	Budget 2012	Actual 2011
<b>Efficiency:</b>			
- Operating margin	10.3%	9.7%	9.7%
- Operating margin per FTE	\$14,890	\$13,938	\$13,371
<b>Risk:</b>			
- Quick ratio	1.22:1	0.97:1	1.99:1
- Interest coverage	N/A	N/A	N/A
- Operating margin volatility	20.9%	21.2%	39.2%
Forecasting risk	0.9%	0.3%	(0.1)%
<b>Growth/Investment:</b>			
- Adjusted return on equity	6.7%	4.9%	6.0%
- Revenue growth	1.6%	4.6%	(0.3)%
- Capital renewal	3.3x	3.0x	1.3x

## Non-financial targets

Indicator	Measure	2011/2012 Result
End-user collaboration	Formal collaborations with Māori	Nga Rangātira Rōpu established as a special advisory group to the Scion board. In addition, Scion has six operating collaborations with iwi cluster groups and several partnerships in development.
Technology and knowledge transfer	Commissioned reports accepted by users	342
	Website statistics	257,514 page views 39,054 unique visitors
Science quality	Total no. of international awards and invitations to participate on international committees and editorial boards for Scion's published papers in 2011/2012	6 conference chairs 12 international award/editorial or committee invitations 4 national award/editorial or committee invitations
	Average no. of citations per published paper	Rolling average over a 10-year period = 6.28 citations per paper (Source: Scopus)
	Proportion of published papers in the top 25 international journals relevant to Scion per annum	19.8% of Scion's 126 published papers appeared in one of Scion's aspirational journals
	H-index for 2011/2012	Annual weighted average H-index = 46.67. (Rolling 5-year average of weighted H-index = 38.16)

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## Survey of CRI stakeholder experience

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The CRIs' shareholding Ministers are interested in how the performance of a CRI changes over time, and in how a CRI can improve its performance. The CRI Taskforce recommended that each CRI be monitored against key performance indicators. Engagement with stakeholders is vital, as that is how we develop and deliver maximum value from our science research.

The Ministry of Business Innovation & Employment commissioned Colmar Brunton to survey stakeholders on end-user collaboration; research collaboration; technology and knowledge transfer; and overall satisfaction.

The online survey ran from 10-30 July. 500 individuals were invited to participate, and 218 responses across a range of sectors were received. The 44% response rate is satisfactory and gives a high level of confidence. The true response rate is higher as, in some instances, multiple people from an entity (particularly large and diverse entities) collaborated to respond.

### Results

Indicator	Statement	Result %
End user collaboration	Satisfied with the way Scion sets research priorities	71
	Have an effective relationship with Scion	87
Research collaboration	Confident that Scion has the ability to put together the most appropriate research teams	78
Technology and knowledge transfer	Have adopted knowledge or technology from Scion in the past 3 years	92
	Satisfied with their experience of accessing knowledge or technology from Scion	90
Overall satisfaction	Respondents who have interacted with Scion in the past years and are satisfied with the overall quality of their experience	84

### The Operating Principles set out in our Statement of Core Purpose state:

**End-user collaboration:** CRIs are expected to develop strong, long-term partnerships with industry, government and Māori, and to work with them to set research priorities that are well linked to the needs and potential of their end-users.

**Research collaboration:** CRIs are expected to develop collaborative relationships with other CRIs, universities and other research institutions within New Zealand and internationally to form the best teams to deliver the CRI's core purpose.

**Technology and knowledge transfer:** CRIs are expected to transfer technology and knowledge from domestic and international sources to New Zealand industry, government and Māori.

# FINANCIAL STATEMENTS



Chartered Accountants

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF NEW ZEALAND FOREST RESEARCH INSTITUTE LIMITED AND GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

The Auditor-General is the auditor of New Zealand Forest Research Institute Limited (the company) and group. The Auditor-General has appointed me, Simon Brotherton, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the company and group, on her behalf.

We have audited the financial statements of the company and group on pages 16 to 52 that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

#### Opinion on the financial statements

In our opinion the financial statements of the company and group on pages 16 to 52:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the company and group's:
  - financial position as at 30 June 2012; and
  - financial performance and cash flows for the year ended on that date.

#### Opinion on other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 30 August 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and we explain our independence.

#### Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company and group's preparation of the

financial statements that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### **Responsibilities of the Board of Directors**

The Board of Directors is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- give a true and fair view of the company and group's financial position, financial performance and cash flows.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors' responsibilities arise from the Crown Research Institutes Act 1992 and the Financial Reporting Act 1993.


#### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Research Institutes Act 1992.

#### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the company.



Simon Brotherton  
Ernst & Young  
On behalf of the Auditor-General  
Auckland, New Zealand

# FINANCIAL STATEMENTS

## Statement of Comprehensive Income

> For the year ended 30 June 2012

	Note	GROUP			PARENT	
		Actual 2012	Budget (unaudited) 2012	Actual 2011	Actual 2012	Actual 2011
		\$000			\$000	
Revenue	2 (a)	44,059	45,817	43,353	44,027	43,343
Other Income/(Expenditure)	2 (b)	(175)	0	315	(175)	315
Expenditure	3 (a)	(41,734)	(44,033)	(41,370)	(41,996)	(41,610)
Finance Costs	3 (b)	(7)	0	(19)	(7)	(19)
Share of Profit of Associates	14 (b)	21	0	51	0	0
Profit Before Tax		2,164	1,784	2,330	1,849	2,029
Tax Expense	9	(547)	(512)	(513)	(467)	(438)
<b>Profit after tax attributable to the shareholders of the parent company</b>		<b>1,617</b>	<b>1,272</b>	<b>1,817</b>	<b>1,382</b>	<b>1,591</b>
<b>Other comprehensive income</b>						
Deferred tax on heritage assets	9	0	0	6	0	6
<b>Total comprehensive income for the period attributable to the shareholders of the parent company</b>		<b>1,617</b>	<b>1,272</b>	<b>1,823</b>	<b>1,382</b>	<b>1,597</b>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity

> For the year ended 30 June 2012

GROUP	Ordinary Share	Asset Re-valuation Reserve	Retained Earnings	Total	Ordinary Shares	Asset Re-valuation Reserve	Retained Earnings	Total
	2012				2011			
	\$000				\$000			
Balance as at 1 July	17,516	54	8,373	25,943	17,516	48	6,556	24,120
Profit for the period	0	0	1,617	1,617	0	0	1,817	1,817
Other comprehensive income	0	0	0	0	0	6	0	6
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>1,617</b>	<b>1,617</b>	<b>0</b>	<b>6</b>	<b>1,817</b>	<b>1,823</b>
Transactions with owners in their capacity as owners:								
Shares issued	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0
<b>Balance as at 30 June</b>	<b>17,516</b>	<b>54</b>	<b>9,990</b>	<b>27,560</b>	<b>17,516</b>	<b>54</b>	<b>8,373</b>	<b>25,943</b>
PARENT								
Balance as at 1 July	17,516	54	7,647	25,217	17,516	48	6,056	23,620
Profit for the period	0	0	1,382	1,382	0	0	1,591	1,591
Other comprehensive income	0	0	0	0	0	6	0	6
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>1,382</b>	<b>1,382</b>	<b>0</b>	<b>6</b>	<b>1,591</b>	<b>1,597</b>
Transactions with owners in their capacity as owners:								
Shares issued	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0
<b>Balance as at 30 June</b>	<b>17,516</b>	<b>54</b>	<b>9,029</b>	<b>26,599</b>	<b>17,516</b>	<b>54</b>	<b>7,647</b>	<b>25,217</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position

> As at 30 June 2012

EQUITY AND LIABILITIES	Note	GROUP			PARENT	
		Actual 2012	Budget (unaudited) 2012	Actual 2011	Actual 2012	Actual 2011
		\$000			\$000	
<b>Equity</b>						
Share capital	5	17,516	17,516	17,516	17,516	17,516
Retained earnings	5	9,990	9,127	8,373	9,029	7,647
Revaluation reserve	5	54	48	54	54	54
		<b>27,560</b>	<b>26,691</b>	<b>25,943</b>	<b>26,599</b>	<b>25,217</b>
<b>Non Current Liabilities</b>						
Provisions	6	547	526	492	547	492
Defined benefit plan	7(a)	1,302	1,300	1,204	1,302	1,204
Deferred tax liability	9(d)	1,942	2,320	2,377	1,923	2,362
		<b>3,791</b>	<b>4,146</b>	<b>4,073</b>	<b>3,772</b>	<b>4,058</b>
<b>Current Liabilities</b>						
Trade and other payables	8	7,999	7,671	7,103	7,991	7,094
Derivative financial instruments		10	0	41	10	41
Provisions	6	230	94	498	230	498
Defined benefit plan	7(a)	207	0	46	207	46
Tax payable		216	170	0	188	0
		<b>8,662</b>	<b>7,935</b>	<b>7,688</b>	<b>8,626</b>	<b>7,679</b>
<b>Total Equity and Liabilities</b>		<b>40,013</b>	<b>38,772</b>	<b>37,704</b>	<b>38,997</b>	<b>36,954</b>

Statement of Financial Position (continued)

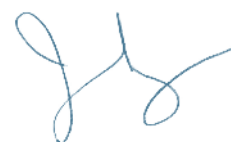
ASSETS	Note	GROUP			PARENT	
		Actual 2012	Budget (unaudited) 2012	Actual 2011	Actual 2012	Actual 2011
		\$000			\$000	
<b>Non Current Assets</b>						
- Property, plant and equipment	10	29,167	30,759	23,146	27,868	21,855
- Biological assets	11	622	482	797	622	797
- Intangible assets	12	639	896	646	629	646
- Investments in subsidiaries	13	0	0	0	0	0
- Investments in associates	14	208	146	197	15	35
		<b>30,636</b>	<b>32,283</b>	<b>24,786</b>	<b>29,134</b>	<b>23,333</b>
<b>Current Assets</b>						
- Cash and cash equivalents	15	2,810	1,103	6,763	2,810	6,750
- Trade and other receivables	16	6,343	5,326	5,672	6,829	6,359
- Tax receivable		0	0	177	0	206
- Inventories	17	224	60	306	224	306
		<b>9,377</b>	<b>6,489</b>	<b>12,918</b>	<b>9,863</b>	<b>13,621</b>
<b>Total Assets</b>		<b>40,013</b>	<b>38,772</b>	<b>37,704</b>	<b>38,997</b>	<b>36,954</b>

The accompanying notes form part of these financial statements.

For and on behalf of the Board, who authorised the issue of these accounts on 30 August 2012.



Chairman



Director

## Statement of Cash Flows

> For the year ended 30 June 2012

CASH FLOWS FROM OPERATING ACTIVITIES	Note	GROUP			PARENT	
		Actual 2012	Budget (Unaudited) 2012	Actual 2011	Actual 2012	Actual 2011
		\$000			\$000	
Cash was provided from:						
- Receipts from customers		43,439	45,289	42,637	43,460	42,631
- Interest received		318	131	251	318	251
		<b>43,757</b>	<b>45,420</b>	<b>42,888</b>	<b>43,778</b>	<b>42,882</b>
Cash was applied to:						
- Payments to employees		24,468	25,307	24,779	24,468	24,779
- Payments to suppliers		14,476	15,952	13,546	14,759	13,774
- Interest paid		7	0	19	7	18
Income tax paid		555	454	1,351	512	1,291
		<b>39,506</b>	<b>41,713</b>	<b>39,695</b>	<b>39,746</b>	<b>39,862</b>
<b>Net cash flows from operating activities</b>	19	<b>4,251</b>	<b>3,707</b>	<b>3,193</b>	<b>4,032</b>	<b>3,020</b>
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash was provided from:						
- Proceeds from sale of fixed assets		8	0	0	8	0
- Proceeds from sale of investments		14	0	0	14	0
- Proceeds from loan repayments		0	0	76	0	76
		<b>22</b>	<b>0</b>	<b>76</b>	<b>22</b>	<b>76</b>
Cash was applied to:						
- Purchase of property, plant and equipment		7,979	8,028	2,661	7,951	2,661
- Purchase of intangibles		247	335	425	247	425
		<b>8,226</b>	<b>8,363</b>	<b>3,086</b>	<b>8,198</b>	<b>3,086</b>
<b>Net cash flows used in investing activities</b>		<b>(8,204)</b>	<b>(8,363)</b>	<b>(3,010)</b>	<b>(8,176)</b>	<b>(3,010)</b>

**Statement of Cash Flows (continued)**

CASH FLOWS FROM FINANCING ACTIVITIES	Note	GROUP			PARENT	
		Actual 2012	Budget (unaudited) 2012	Actual 2011	Actual 2012	Actual 2011
		\$000			\$000	
Cash was provided from:						
- Net advances from subsidiaries		0	0	0	204	210
		0	0	0	204	210
<b>Net cash flows from financing activities</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>204</b>	<b>210</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>(3,953)</b>	<b>(4,656)</b>	<b>183</b>	<b>(3,940)</b>	<b>220</b>
Add opening cash brought forward		6,763	5,759	6,580	6,750	6,530
<b>Ending Cash Carried Forward</b>	15	<b>2,810</b>	<b>1,103</b>	<b>6,763</b>	<b>2,810</b>	<b>6,750</b>

The accompanying notes form part of these financial statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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## 1. Statement of Accounting Policies

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### 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 group consists 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 1993. 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 year 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 1993. The financial statements have also been prepared on a historical cost basis, except for forestry assets, derivatives 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. The financial statements comply with International Financial Reporting Standards (IFRS).

#### c) Basis of Consolidation

The consolidated financial statements include the parent company and its subsidiaries. All intercompany transactions and unrealised profits and losses between the group of companies are eliminated from the financial statements on consolidation. In the parent company financial statements, investments in subsidiaries are stated at cost less any impairment charges.

#### 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. In the parent company financial statements, investments in associate companies are stated at cost less any impairment charges.

#### e) Intangible Assets

Intangible assets acquired separately are capitalised at cost and 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.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

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 derecognition 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 at the discretion of the Board of Directors 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 (less amortisation and impairment, if any) 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.

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	20 years

### h) Recoverable Amount of Non-current Assets

At each reporting date, 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.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

### 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 an actuarial valuation.

### m) Leases

#### 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 six 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.

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 year's 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.

#### v) Derivative Financial Instruments and Hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. These derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivative assets and liabilities held for the purpose of trading are classified as current in the statement of financial position. Derivative assets and liabilities are classed as non-current when the remaining maturity is more than 12 months, or current when the remaining maturity is less than 12 months.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Any gains and losses arising from changes in the fair value of derivatives are taken directly to profit or loss for the year.

## 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 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.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

Due to the nature of some heritage assets, management does not believe they can be valued reliably. These assets have been identified as 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.

### 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:

	Application date of standard
NZ IAS 1 Presentation of Financial Instruments	1 July 2012
NZ IAS 12 Income Taxes	1 January 2012
NZ IAS 19 Employee Benefits	1 January 2013
NZ IAS 28 Investments in Associates	1 January 2013
NZ IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
NZ IFRS 7 Financial Instruments: Disclosures	1 January 2013
NZ IFRS 9 Financial Instruments (2010)	1 January 2015
NZ IFRS 10 Consolidated Financial Statements	1 January 2013
NZ IFRS 12 Disclosure of Interest in Other Entities	1 January 2013
NZ IFRS 13 Fair Value Measurement	1 January 2013

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.

## 1.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

In addition under the Annual Improvements Project improvements to NZ IFRS have been made to the following standards that affect Scion but are not seen to have a material impact on the financial statements:

- NZ IAS 1 Presentation of Financial Statements
- NZ IAS 24 Related Party Disclosures
- NZ IFRS 7 Financial Instruments: Disclosures
- NZ IFRS 8 Operating Segments.

## 2. Revenue and Other Income

A. REVENUE	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Government research revenue	21,114	20,783	21,105	20,783
Commercial research revenue	21,016	20,647	21,091	20,724
Software product sales and maintenance	956	958	956	958
Commercial lease revenue	639	654	552	567
Gain/(Loss) on disposal of investments	5	0	(6)	0
Royalty	62	12	62	12
Interest revenue	267	299	267	299
<b>Total Revenue</b>	<b>44,059</b>	<b>43,353</b>	<b>44,027</b>	<b>43,343</b>
B. OTHER INCOME/(EXPENDITURE)				
Change in fair value of plantation trees	(175)	315	(175)	315
	<b>(175)</b>	<b>315</b>	<b>(175)</b>	<b>315</b>

### 3. Expenditure and Finance Costs

A. EXPENDITURE	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Personnel remuneration and expenses	24,275	24,613	24,275	24,613
Other personnel related costs	520	513	520	513
Contractors and subcontractors	4,860	4,606	4,855	4,590
Consumables	1,177	832	1,177	832
External services	3,637	3,287	3,635	3,287
Travel and accommodation	1,338	1,261	1,338	1,261
Lease and rental costs	625	731	1,007	1,113
Depreciation	2,202	2,233	2,181	2,213
Amortisation	268	217	268	217
Loss on disposal of fixed assets	78	33	78	34
Impairment of assets	160	280	160	280
Reversal of impairment	(7)	(28)	(7)	(28)
Premises	1,647	1,430	1,564	1,332
Directors' fees	248	268	240	259
Restructuring costs	166	547	166	547
Bad debts written off	41	0	41	0
Doubtful debt provision	(51)	31	(51)	31
Fair value (gain)/loss on foreign exchange contracts	(30)	42	(30)	42
Unrealised exchange fluctuations	1	0	1	0
Other	579	474	578	474
	<b>41,734</b>	<b>41,370</b>	<b>41,996</b>	<b>41,610</b>
 B. FINANCE COSTS				
Bank loans and overdraft	7	19	7	19
	<b>7</b>	<b>19</b>	<b>7</b>	<b>19</b>

## 4. Auditor's Remuneration

Amounts paid or due and payable to the auditors for:

AUDITING FINANCIAL STATEMENTS	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Parent entity auditor	150	150	150	150
Risk advisory	0	25	0	25
	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>

## 5. Equity

New Zealand Forest Research Institute Limited has authorised, issued and paid up capital of 17,516,000 (2011: 17,516,000) ordinary shares. 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.

No dividends were declared or paid to shareholders during the year (2011: \$0).

The asset revaluation reserve is used to record increments and decrements in the fair value of heritage book assets.

### 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 \$655k at June 2012 (2011: \$613k) and was valued by an actuary.

The group has a restructuring provision of \$122k in 2012 (2011: \$377k).

The provisions are made up as follows:

	GROUP & PARENT	
	Actual 2012	Actual 2011
	\$000	
Current Provision	230	498
Non Current Provision	547	492
	<b>777</b>	<b>990</b>

Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

6. Provisions (continued)

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

	Long Service Leave	Restructuring	Total	Long Service Leave	Restructuring	Total
	2012			2011		
	\$000			\$000		
Balance 1 July	613	377	990	620	48	668
Provision reversed during the year	0	0	0	0	0	0
Amounts used during the year	(77)	(377)	(454)	(70)	(212)	(282)
Provisions made during the year	73	122	195	60	541	601
Discount rate adjustment	46	0	46	3	0	3
Balance 30 June	655	122	777	613	377	990

7. Pension Plans

a) Defined Benefit Plan

Scion operates an unfunded defined benefit plan. 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 represents the present value of the defined benefit obligation.

	GROUP & PARENT	
	Actual 2012	Actual 2011
NET PLAN EXPENSE		
	\$000	
Current service cost	50	43
Interest cost on benefit obligation	79	77
Net actuarial gains recognised in the year	156	(16)
Net plan expense	285	104

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

7. Pension Plans (continued)

BENEFIT LIABILITY INCLUDED IN THE STATEMENT OF FINANCIAL POSITION	Defined Benefit Plan				
	2012	2011	2010	2009	2008
	\$000				
Present value of defined benefit obligation	1,509	1,250	1,314	1,278	1,099

	GROUP & PARENT	
	Actual 2012	Actual 2011
	\$000	
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	1,250	1,314
Current service cost	50	43
Interest cost	79	77
Actuarial gains recognised in the year	156	(16)
Benefits paid	(26)	(168)
<b>Closing balance</b>	<b>1,509</b>	<b>1,250</b>
Current provision	207	46
Non-current provision	1,302	1,204
	<b>1,509</b>	<b>1,250</b>

The history of experience adjustments is as follows:

	2012	2011	2010	2009	2008
	\$000				
Experience adjustments on plan liabilities	(39)	(9)	(41)	(38)	(126)

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

	2012	2011
	\$000	
Discount rate	4.33%	6.19%
Future salary increases	4.50%	4.50%

**b) Defined Contribution Plan**

During the period defined contributions totalling \$163k (2011: \$142k) were made to the Government Superannuation Fund.

## 8. Trade and Other Payables

TRADE AND OTHER PAYABLES	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Trade payables	3,529	2,740	3,529	2,740
Other payables	0	6	0	5
Employee payables and accruals	2,715	2,788	2,715	2,788
Payable to associates	0	10	0	10
Revenue in advance	1,755	1,559	1,747	1,551
	<b>7,999</b>	<b>7,103</b>	<b>7,991</b>	<b>7,094</b>

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	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
The major components of income tax expense in the Statement of Comprehensive Income are:				
<b>Current income tax:</b>				
Current income tax charge	865	561	790	489
Adjustments to prior year current income tax charge	116	(37)	116	(38)
	<b>981</b>	<b>524</b>	<b>906</b>	<b>451</b>
<b>Deferred income tax:</b>				
Deferred tax expenses/(income) related to prior year	(106)	21	(106)	23
Relating to origination and reversal of temporary differences	(259)	130	(264)	126
Amount of deferred tax expense/(income) related to change in building depreciation rates	(69)	(162)	(69)	(162)
	<b>(434)</b>	<b>(11)</b>	<b>(439)</b>	<b>(13)</b>
<b>Income tax expense/(income) reported in the Statement of Comprehensive Income</b>	<b>547</b>	<b>513</b>	<b>467</b>	<b>438</b>

Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

9. Income Tax (continued)

	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
<b>B. AMOUNTS CHARGED OR CREDITED DIRECTLY TO OTHER COMPREHENSIVE INCOME</b>				
<b>Deferred income tax related to items charged (credited) directly to other comprehensive income</b>				
Net gain on revaluation of heritage assets	0	6	0	6
<b>C. RECONCILIATION BETWEEN THE AGGREGATE TAX EXPENSE RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME TO TAX EXPENSE CALCULATED AT THE STATUTORY INCOME TAX RATE</b>				
	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Accounting profit before income tax	2,164	2,330	1,849	2,029
Tax at the statutory income tax rate of 28% (2011: 30%)	606	699	518	609
<b>Adjusted by:</b>				
Prior year income tax	10	(2)	10	(3)
Deferred tax adjustment for prior year change in building depreciation rates	(69)	(245)	(69)	(245)
Deferred tax adjustment for tax rate change	0	83	0	84
Entertainment	5	6	5	6
Non-deductible legal fees	0	6	0	6
Tax exempt income	(1)	(2)	2	(2)
Intercompany receivable	(6)	(15)	0	0
Other	2	(17)	1	(17)
<b>Income tax expense</b>	<b>547</b>	<b>513</b>	<b>467</b>	<b>438</b>

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

9. Income Tax (continued)

D. DEFERRED INCOME TAX RELATES TO THE FOLLOWING:	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(3,053)	(3,218)	(3,034)	(3,203)
Nursery inventory	(47)	(70)	(47)	(70)
Standing timber	(174)	(223)	(174)	(223)
	<b>(3,274)</b>	<b>(3,511)</b>	<b>(3,255)</b>	<b>(3,496)</b>
<b>Deferred tax assets</b>				
Patents and trademarks	148	130	148	130
Payroll provision	957	911	957	911
Provision for doubtful debts	14	28	14	28
Income in advance	154	0	154	0
Other	59	65	59	65
	<b>1,332</b>	<b>1,134</b>	<b>1,332</b>	<b>1,134</b>
<b>Net Deferred Tax Asset/(Liability) per Statement of Financial Position</b>	<b>(1,942)</b>	<b>(2,377)</b>	<b>(1,923)</b>	<b>(2,362)</b>

The group has no unused tax losses (2011: \$0k).

E. IMPUTATION CREDITS

Under section ME 1(2)g of the Income Tax Act 1994 New Zealand Forest Research Institute Limited is not required to maintain an imputation credit account due to it being a Crown Research Institute.

Te Papa Tipu Properties Limited, a wholly owned subsidiary of New Zealand Forest Research Institute Limited, has an imputation credit account with a balance of \$202,351 at 30 June 2012 (2011: \$125,505).

## 10. Property, Plant and Equipment

GROUP	Land and Improve- ments	Buildings	Plant and Equipment	Furniture and Fittings	Motor Vehicles	Books and Periodicals	Capital Work in Progress	Total
\$000								
<b>At 1 July 2011</b>								
Carrying amount net of accumulated depreciation and impairment at 1 July 2011	1,649	14,243	5,420	194	199	244	1,197	23,146
Additions	37	239	1,752	7	162	0	6,281	8,478
Transfers from CWIP	0	68	917	6	0	0	(991)	0
Transfers to intangibles from CWIP	0	0	0	0	0	0	(19)	(19)
Reclassifications	0	5	(5)	0	0	0	0	0
Disposals	0	(78)	(5)	0	0	0	0	(83)
Reversal of impairment provision	0	8	0	0	0	0	0	8
Provisions for impairment	0	(141)	(20)	0	0	0	0	(161)
Depreciation expensed	(41)	(440)	(1,649)	(33)	(39)	0	0	(2,202)
Carrying amount net of accumulated depreciation and impairment at 30 June 2012	1,645	13,904	6,410	174	322	244	6,468	29,167
<b>At 30 June 2012</b>								
Cost or fair value	1,925	19,924	33,284	1,668	493	244	6,468	64,006
Accumulated depreciation and impairment	(280)	(6,020)	(26,874)	(1,494)	(171)	0	0	(34,839)
Net carrying amount	1,645	13,904	6,410	174	322	244	6,468	29,167

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 2008. Fair value is the amount for which the books could be exchanged between a knowledgeable willing buyer

and a knowledgeable willing seller in an arms 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 \$75,000.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

10. Property, Plant and Equipment (continued)

GROUP	Land & Improvements	Buildings	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Books & Periodicals	Capital Work in Progress	Total
	\$000							
<b>At 1 July 2011</b>								
Carrying amount net of accumulated depreciation and impairment at 1 July 2010	1,619	15,089	4,946	162	88	244	866	23,014
Additions	59	13	1,314	50	124	0	1,175	2,735
Transfers from CWIP	0	(4)	737	16	0	0	(749)	0
Transfers to intangibles from CWIP	0	0	0	0	0	0	(77)	(77)
Reclassifications	8	(4)	(6)	0	0	0	0	(2)
Disposals	0	(9)	(11)	0	0	0	(18)	(38)
Reversal of impairment provision	0	22	0	0	0	0	0	22
Provisions for impairment	0	(273)	(2)	0	0	0	0	(275)
Depreciation expensed	(37)	(591)	(1,558)	(34)	(13)	0	0	(2,233)
Carrying amount net of accumulated depreciation and impairment at 30 June 2011	1,649	14,243	5,420	194	199	244	1,197	23,146
<b>At 30 June 2010</b>								
Cost or fair value	1,821	20,077	32,165	1,590	216	244	866	56,979
Accumulated depreciation and impairment	(202)	(4,988)	(27,219)	(1,428)	(128)	0	0	(33,965)
Net carrying amount	1,619	15,089	4,946	162	88	244	866	23,014
<b>At 30 June 2011</b>								
Cost or fair value	1,889	20,068	30,843	1,655	340	244	1,197	56,236
Accumulated depreciation and impairment	(240)	(5,825)	(25,423)	(1,461)	(141)	0	0	(33,090)
Net carrying amount	1,649	14,243	5,420	194	199	244	1,197	23,146

Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

10. Property, Plant and Equipment (continued)

PARENT	Land & Improvements	Buildings	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Books & Periodicals	Capital Work in Progress	Total
	\$000							
<b>At 1 July 2011</b>								
Carrying amount net of accumulated depreciation and impairment at 1 July 2011	358	14,243	5,420	194	199	244	1,197	21,855
Additions	8	239	1,752	7	162	0	6,281	8,449
Transfers from CWIP	0	68	917	6	0	0	(991)	0
Transfers to intangibles from CWIP	0	0	0	0	0	0	(19)	(19)
Reclassifications	0	5	(5)	0	0	0	0	0
Disposals	0	(78)	(5)	0	0	0	0	(83)
Reversal of impairment provision	0	8	0	0	0	0	0	8
Provisions for impairment	0	(141)	(20)	0	0	0	0	(161)
Depreciation expensed	(20)	(440)	(1,649)	(33)	(39)	0	0	(2,181)
<b>Carrying amount net of accumulated depreciation and impairment at 30 June 2012</b>	<b>346</b>	<b>13,904</b>	<b>6,410</b>	<b>174</b>	<b>322</b>	<b>244</b>	<b>6,468</b>	<b>27,868</b>
<b>At 30 June 2012</b>								
Cost or fair value	517	19,924	33,284	1,668	493	244	6,468	62,598
Accumulated depreciation and impairment	(171)	(6,020)	(26,874)	(1,494)	(171)	0	0	(34,730)
<b>Net carrying amount</b>	<b>346</b>	<b>13,904</b>	<b>6,410</b>	<b>174</b>	<b>322</b>	<b>244</b>	<b>6,468</b>	<b>27,868</b>

Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

10. Property, Plant and Equipment (continued)

PARENT	Land & Improvements	Buildings	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Books & Periodicals	Capital Work in Progress	Total
\$000								
<b>At 1 July 2010</b>								
Carrying amount net of accumulated depreciation and impairment at 1 July 2010	309	15,089	4,946	162	88	244	866	21,704
Additions	58	13	1,314	50	124	0	1,175	2,734
Transfers from CWIP	0	(4)	737	16	0	0	(749)	0
Transfers to intangibles from CWIP	0	0	0	0	0	0	(77)	(77)
Reclassifications	8	(4)	(6)	0	0	0	0	(2)
Disposals	0	(9)	(11)	0	0	0	(18)	(38)
Reversal of impairment provision	0	22	0	0	0	0	0	22
Provisions for impairment	0	(273)	(2)	0	0	0	0	(275)
Depreciation expensed	(17)	(591)	(1,558)	(34)	(13)	0	0	(2,213)
Carrying amount net of accumulated depreciation and impairment at 30 June 2011	358	14,243	5,420	194	199	244	1,197	21,855
<b>At 30 June 2010</b>								
Cost or fair value	441	20,077	32,165	1,590	216	244	866	55,599
Accumulated depreciation and impairment	(132)	(4,988)	(27,219)	(1,428)	(128)	0	0	(33,895)
Net carrying amount	309	15,089	4,946	162	88	244	866	21,704
<b>At 30 June 2011</b>								
Cost or fair value	508	20,068	30,843	1,655	340	244	1,197	54,855
Accumulated depreciation and impairment	(150)	(5,825)	(25,423)	(1,461)	(141)	0	0	(33,000)
Net carrying amount	358	14,243	5,420	194	199	244	1,197	21,855

## 11. Biological Assets

Biological assets consist of tree plantations. The group has 94 hectares of trees planted for experimental purposes. Trees will be harvested for sale when experimental work is completed and they have reached maturity.

	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Carrying amount 1 July	797	482	797	482
(Loss)/Gain from changes in fair value less estimated point-of-sale costs	(175)	315	(175)	315
Carrying amount 30 June	622	797	622	797

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) 20.8 hectares of immature Radiata Pine and 5.5 hectares of Mexican Cypress are located at Tikokino. The trees were planted for experimental purposes. The Mexican Cypress has zero value at 30 June 2012.

(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.

No biological assets have been harvested during the year.

The tree plantations were valued as at 30 June 2012 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.

## 12. Intangible Assets

SOFTWARE	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
<b>Opening balance</b>				
At cost	3,089	3,227	3,089	3,227
Less accumulated amortisation	(2,443)	(2,789)	(2,443)	(2,789)
Opening net carrying amount 1 July	<b>646</b>	<b>438</b>	<b>648</b>	<b>438</b>
<b>Opening carrying amount 1 July</b>				
Opening carrying amount 1 July	646	438	646	438
External additions	247	425	247	425
Current year amortisation	(268)	(217)	(268)	(217)
Closing carrying amount 30 June	<b>625</b>	<b>646</b>	<b>625</b>	<b>646</b>
<b>Closing balance 30 June</b>				
At cost	3,336	3,089	3,336	3,089
Less accumulated amortisation	(2,711)	(2,443)	(2,711)	(2,443)
Closing net carrying amount 30 June	<b>625</b>	<b>646</b>	<b>625</b>	<b>646</b>
<b>CARBON CREDITS</b>				
Carrying amount 1 July	0	0	0	0
Acquisition at fair value	14	0	4	0
Carrying amount 30 June	<b>14</b>	<b>0</b>	<b>4</b>	<b>0</b>
<b>Total intangible assets 30 June</b>	<b>639</b>	<b>646</b>	<b>629</b>	<b>646</b>

### 13. Investments in Subsidiaries

	PARENT	
	30 June 2012	30 June 2011
	\$000	
Opening shares in subsidiaries	0	0
Acquired in current year	0	0
Closed in current year	0	0
Closing shares in subsidiaries	0	0

Subsidiaries	Shares	Percentage Held	Balance Date
Te Papa Tipu Properties Limited	100	100%	30 June
Atlas Technology Limited	100	100%	30 June

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

Atlas Technology Limited does not trade.

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.

## 14. Investments in Associates

A. INVESTMENT DETAILS	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Frontline Biosecurity Limited	0	0	0	0
Beacon Pathway Limited	0	10	0	20
Biopolymer Network Limited	208	187	15	15
	<b>208</b>	<b>197</b>	<b>15</b>	<b>35</b>

New Zealand Forest Research Institute Limited has a 33.33% (2011: 33.33%) shareholding in Biopolymer Network Limited, a company carrying on research, development and commercialisation of biopolymers.

During the period Frontline Biosecurity Limited ceased trading and repurchased Scion's 25% shareholding for \$3k.

During the period Beacon Pathway was wound up. New Zealand Forest Research Institute Limited had a 20% share in the company and recognised a loss at \$10k on windup.

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.

B. MOVEMENTS IN THE CARRYING AMOUNT OF THE GROUP'S INVESTMENTS IN ASSOCIATES	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Opening share of increase/(decrease) in net assets	152	101	(10)	(10)
Gain/(Loss) from disposal of share in associate	(10)	0	(20)	0
Current year share of increase/(decrease) in net assets of associates	21	51	0	0
Closing share of increase/(decrease) in net assets	<b>163</b>	<b>152</b>	<b>(30)</b>	<b>(10)</b>
Cost of investments	45	45	45	45
Carrying amount of investments to 30 June	<b>208</b>	<b>197</b>	<b>15</b>	<b>15</b>

Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

14. Investments in Associates (continued)

C. SUMMARISED FINANCIAL INFORMATION	GROUP	
	Actual 2012	Actual 2011
	\$000	
The following table illustrates summarised financial information relating to the group's associates:		
Extract from the associates' Statement of Financial Position:		
Current assets	780	964
Non-current assets	265	24
	<b>1,045</b>	<b>988</b>
Current liabilities	421	411
	<b>421</b>	<b>411</b>
Net assets	<b>624</b>	<b>577</b>
Share of associates' net assets	<b>208</b>	<b>197</b>
Extract from the associates' Statement of Comprehensive Income:		
Revenue	2,942	3,039
Net Profit	59	60

There are no known contingent liabilities relating to associates.

## 15. Cash and Cash Equivalents

	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Cash on hand	5	5	5	5
Bank	444	143	444	130
Call deposits	185	1,485	185	1,485
Short term deposits	2,176	5,130	2,176	5,130
	<b>2,810</b>	<b>6,750</b>	<b>2,810</b>	<b>6,750</b>

Cash at bank earns interest at 0.22% on daily credit balances over \$250,000 (2011: 0.16%). Deposits earn interest at rates ranging from 2.50% to 3.60% (2011: 2.50% to 5.00%). 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**

	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Trade receivables	3,898	3,375	3,893	3,367
Allowance for impairment loss	(49)	(100)	(49)	(100)
Other debtors	8	61	8	60
Prepayments	735	599	735	599
Accrued revenue	764	819	764	819
Related party receivables:				
- Associates	271	200	271	200
- Other related parties	716	718	716	718
- Subsidiaries	0	0	491	696
Carrying amount 30 June	<b>6,343</b>	<b>5,672</b>	<b>6,829</b>	<b>6,359</b>

(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. A reduction in the allowance for impairment loss of \$51k (2011: impairment loss \$31k) has been recognised for the Group and a reduction of \$51k (2011: impairment loss \$31k) by the Parent 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:

	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Opening balance 1 July	100	69	100	69
Reversal of prior year provision	(51)	(11)	(51)	(11)
Charge for the year	0	42	0	42
Closing balance 30 June	<b>49</b>	<b>100</b>	<b>49</b>	<b>100</b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

### 16. Trade and Other Receivables (continued)

At 30 June, the ageing analysis of trade receivables is as follows:

		Total	0-30 days	0-30 days	31-60 days	31-60 days	61-90 days	61-90 days	+91 days	+91 days
			CNI*	CI*	CNI*	CI*	PDNI*	CI*	PDNI*	CI*
		\$000s								
2012	Consolidated	3,898	3,486	0	272	0	42	0	49	49
	Parent	3,893	3,481	0	272	0	42	0	49	49
2011	Consolidated	3,375	3,070	0	147	0	49	0	9	100
	Parent	3,367	3,063	0	146	0	49	0	9	100

\* Current not impaired (CNI)

\* Past due not impaired (PDNI)

\* Considered impaired (CI)

(c) For related party terms and conditions refer to Note 23.

### 17. Inventories

	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Inventories				
Consumable stores (at cost)	55	57	55	57
Nursery stock	169	249	169	249
Closing carrying amount	<b>224</b>	<b>306</b>	<b>224</b>	<b>306</b>

Consumable stores recognised as an expense for the year are \$59k (2011: \$48k) for the Group and \$59k (2011: \$48k) for the parent company. The expense has been included in the "other" line item in Note 3 (a). Consumable inventory write-down in the period was \$1k (2011: \$0k).

### 18. Financial Instruments

#### Financial Instruments include:

Loans and Receivables  
Cash and cash equivalents  
Trade receivables  
Other debtors  
Related party receivables

#### Other Financial Liabilities

Trade payables  
Other payables  
Related party payables

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

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 (\$3,529k) 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.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

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:

	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Current account	444	143	444	130
Call and short term deposits	2,361	6,615	2,361	6,615
Trade receivables	3,898	3,275	3,893	3,267
Other debtors	8	61	8	60
Related party receivables	987	918	1,478	1,614

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 cash deposits. Cash and cash equivalents have reduced during the year to a year ended 30 June 2012 group balance of \$2,810k (2011: \$6,763k).

	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Cash in hand	5	5	5	5
Current account	444	143	444	130
Call deposits	185	1,485	185	1,485
Short term deposits	2,176	5,130	2,176	5,130
	<b>2,810</b>	<b>6,763</b>	<b>2,810</b>	<b>6,750</b>

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 30 June 2012 bank call and short term deposits were earning interest at rates between 2.50% and 3.60% (2011: 2.50% and 5.00%).

Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

18. Financial Instruments (continued)

At 30 June 2012, 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:

Judgement of reasonably possible movements in interest rates:

GROUP AND PARENT			
2012		2011	
Change in Interest Rate	Effect on Post Tax Profit & Equity \$000	Change in Interest Rate	Effect on Post Tax Profit & Equity \$000
+1%	17	+3%	139
-1%	(17)	-1%	(46)

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

*Currency Risk*

Only small balances are held in currencies other than New Zealand dollars, 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

	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Reported surplus/(loss) after taxation	1,617	1,817	1,382	1,591
Add (less) non-cash items:				
- Depreciation (Refer note 3 and 10)	2,202	2,233	2,181	2,213
- Amortisation	268	217	268	217
- Impairment provision	153	252	153	252
- Doubtful debts	(10)	31	(10)	31
- Movement in deferred tax (Refer note 9)	(434)	(11)	(439)	(13)
- Revaluation of biological assets	175	(315)	175	(315)
- Fair value of carbon credits	(14)	0	(4)	0
	2,340	2,407	2,324	2,385
Add (less) items classified as investing activity:				
- (Gain) loss on disposal of property, plant and equipment	78	33	78	34
- Share in associate company profit	(25)	(51)	6	0
- Capital related items in creditors	(482)	10	(482)	10
	(429)	(8)	(398)	44
Movements in working capital items:				
- (Increase)/Decrease in debtors and prepayments	(663)	(309)	(460)	(93)
- (Increase)/Decrease in inventories	82	(87)	82	(87)
- Increase/(Decrease) in creditors and accruals	912	200	912	229
- Increase/(Decrease) in taxation payable	392	(827)	394	(839)
- Increase/(Decrease) in intercompany debtors	0	0	(204)	(210)
	723	(1,023)	724	(1,000)
Net cash flows from operating activities	4,251	3,193	4,032	3,020

## 20. Contingencies

### Treaty of Waitangi Issues

Two verified land claims affecting the group currently exist:

- (i) Ngāti Whakaue - covering the whole Rotorua Campus
  - (ii) Ngāti Wahiao - covering the southern end of the Rotorua Campus
- No reliable estimates can be made of the impact of these contingencies.

## 21. 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. In addition the parent company leases land from its subsidiary Te Papa Tipu Properties Limited.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Lease commitments under non-cancellable operating leases:				
- Within one year	221	306	603	688
- One to five years	113	239	113	239
	<b>334</b>	<b>545</b>	<b>716</b>	<b>927</b>

### Operating Lease - Group as Lessor:

The group has entered into commercial property leases for 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 at a specified review date of between one and five years basis according to prevailing market conditions.

Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

22. Commitments (continued)

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Within one year	232	185	145	98
One to five years	608	480	259	132
Greater than five years	841	885	0	0
	<b>1,681</b>	<b>1,550</b>	<b>404</b>	<b>230</b>
<b>Capital Commitments</b>				
Capital expenditure contracted for at balance date but not provided for	681	852	681	852

## 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 arms length. Government Public Good Science funding and Capability funding comprises close to 50% of research revenue earned by Scion.

B. SUBSIDIARY COMPANIES

*Te Papa Tipu Properties Ltd*

	PARENT	
	30 June 2012	30 June 2011
	\$000	
Charge for services	76	76
Payment of Rent	(382)	(382)
Net Paid on behalf	102	96
Amount (payable)/receivable at balance date - Intercompany account	491	696

Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

23. Transactions with Related Parties (continued)

	GROUP AND PARENT	
	30 June 2012	30 June 2011
	\$000	
C. ASSOCIATES		
<i>Beacon Pathway Ltd</i>		
Receivable/(Payable) at balance date	0	(10)
<i>Biopolymer Network Ltd</i>		
Supplied goods and services	1,251	1,350
Receivable at balance date	125	200
D. OTHER RELATED PARTIES		
<i>WQI Ltd</i>		
Supplied goods and services	337	473
Received goods and services	(25)	(19)
Receivable at balance date	147	162
<i>Future Forests Research Ltd</i>		
Services provided	6,626	6,479
Goods received	(50)	(2)
Receivable at balance date	716	468
Payable at balance date	(18)	0

The payable is included in the Trade payables line in Note 8.

New Zealand Forest Research Institute Limited has a 5.95% shareholding in WQI Limited (2011: 6.02%). 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**

The Group's transactions during the year and year end balances with other parties are as follows:

i) *New Zealand Forest Owners Association Incorporated*  
 Provided services totalling \$187k (2011: \$236k) and received services totalling \$2k (2011: \$9k). The amount receivable at year end was \$63k (2011: \$97k). There was no payable at year end (2011: \$0k).

ii) *FITEC*

Provided services totalling \$46k (2011: \$44k). The amount receivable at year end was \$6k (2011: \$6k). No services were received during the year (2011: \$0k). There was no payable at year end (2011: \$0k).

iii) *New Zealand Farm Forestry Association Incorporated*

Provided services totalling \$10k (2011: \$0k) and received services totalling \$3k (2011: \$0k). There was no receivable at year end (2011: \$0k). The amount payable at year end was \$3k (2011: \$0k).

iv) *Wood Council of New Zealand*

No services were provided or received during the year (2011: \$3k provided and \$0k received). There was no receivable or payable at year end (2011: receivable of \$0k and payable of \$0k).

Notes to and forming part of the Financial Statements for the year ended 30 June 2012 (continued)

23. Transactions with Related Parties (continued)

v) *Juken New Zealand Ltd*

Provided services totalling \$42k (2011: \$30k).  
No services were received (2011: \$0k).  
The amount receivable at year end was \$10k (2011: \$2k).  
There was no payable at year end (2011: \$0k).

vi) *Tane's Tree Trust*

Provided services totalling \$31k (2011: \$21k).  
No services were received (2011: \$0k).  
The amount receivable at year end was \$1k (2011: \$3k).  
There was no payable at year end (2011: \$0k).

vii) *Orica New Zealand Ltd*

No services were provided (2011: \$0k).  
Received services totalling \$2k (2011: \$4k).  
There was no receivable or payable at year end (2011: receivable of \$0k and payable of \$1k).

viii) *New Zealand Institute of Forestry Incorporated*

No services were provided or received during the year (2011: \$5k provided and \$0k received).  
There was no receivable or payable at year end (2011: receivable of \$0k and payable of \$0k).

Mr Peter Berg, a director of New Zealand Forest Research Institute Ltd, is a director or member of Wood Council of New Zealand, New Zealand Forest Owners Association Incorporated, New Zealand Institute of Forestry Incorporated, New Zealand Farm Forestry Association Incorporated, FITEC and Tane's Tree Trust. Mr Sheldon Drummond, a director of New Zealand Forest Research Institute Ltd, is a director of the New Zealand Forest Owners Association and WQI Limited and an employee of Juken New Zealand Ltd. Mr Brian Rhoades, a director of New Zealand Forest Research Institute Ltd, is Chairman of FITEC. Ms Alison Andrew, a director of New Zealand Forest Research Institute Ltd, is an employee of Orica.

Dr Warren Parker, CEO of New Zealand Forest Research Institute Ltd from 7 March 2011, is a director of Future Forests Research Ltd and Te Papa Tipu Properties Ltd.

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

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 (2011: \$0k) and no impairment allowance has been raised for any of these debts.

24. Key Management Personnel

	GROUP		PARENT	
	Actual 2012	Actual 2011	Actual 2012	Actual 2011
	\$000		\$000	
Short term employee benefits	1,881	2,060	1,872	2,052
Termination employee benefits	0	42	0	42
	<b>1,881</b>	<b>2,102</b>	<b>1,872</b>	<b>2,094</b>

# COMPANY DIRECTORY

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## Board of Directors

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Mr Tony Nowell - Chairman  
Ms Alison Andrew - Deputy Chair  
Mr Peter Berg (resigned 30 June 2012)  
Mr Sheldon Drummond  
Mr Chris Karamaia Insley  
Dr Brian Rhoades  
Mrs Judith Stanway

Mr Rob Trass - Company Secretary

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## Executive Management

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Dr Warren Parker - Chief Executive Officer

Dr Russell Burton - General Manager, Investments  
Dr Elspeth MacRae - General Manager, Manufacturing  
and Bioproducts  
Ms Chelydra Percy - General Manager, Corporate Services  
(resigned 20 January 2012)  
Dr Brian Richardson - General Manager, Forest Science  
Dr Trevor Stuthridge - General Manager, Sustainable  
Design  
Mrs Keri-Anne Tane - General Manager, People and  
Performance  
Mr Rob Trass - Chief Financial Officer

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## Auditors

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

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## Bankers

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National Bank of New Zealand

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## Solicitors

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Bell Gully, Auckland

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## Registered Office Details

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### Registered Office

Te Papa Tipu Innovation Park  
49 Sala Street, Private Bag 3020  
Rotorua 3046, New Zealand

### Contact Details

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### Scion - Wellington

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