

Half Year Report 2020/21

This report presents highlights and financial statements for the six months ending 31 December 2020

Our vision

Prosperity from trees - Mai i te ngahere oranga

Forestry is a massive renewable resource that has the scale needed to provide New Zealand with low-emissions materials and fuels to meet our climate change commitments, grow and transform the economy and improve environmental and social outcomes.

Based in Rotorua, the heartland of forestry, Scion has the connections with industry, the regions and Māori vital to help deliver this transformation.

Scion is globally recognised as a leader in the circular bioeconomy approach from growing renewable resources through to new materials and energy and to new manufacturing methods. For New Zealand, we estimate the circular bioeconomy is a \$30b opportunity.

Scion's Strategy 2030 is centred around driving the innovation needed to realise this opportunity and is well aligned to Government priorities especially

around climate change, regional economic development, meeting Māori aspirations and improving wellbeing.

Our new building Te Whare Nui o Tuteata showcases both the technological innovation and effective partnerships critical to transforming the circular bioeconomy. Te Whare Nui o Tuteata will be officially opened on 5 March at an event cementing Scion's connection to industry, the local community and Māori.

Recent highlights

Te Whare Nui o Tuteata strengthens relationships

Scion's innovation building was completed on time and within budget. At a blessing and naming ceremony on 29 October 2020 the building was gifted the name 'Te Whare Nui o Tuteata'. The name, chosen by mana whenua, acknowledges Tuteata, the tupuna or ancestor of Ngāti Hurungaterangi, Ngāti Taeotu and Ngāti Te Kahu.

Veronica Butterworth, hapū representative based at Scion, says "The gifting of our tupuna name signifies the beginning of a special relationship which is mutually beneficial to the hapū, and to Scion".

Te Whare Nui o Tuteata has been Scion's new front door since the new year and despite little promotion has already become a popular destination among the community who visit the ground floor public café and adjoining innovation exhibition.

Together with Nga Hapū e Toru, who hold mana over the whenua, we will host the official opening of Te Whare Nui o Tuteata by Minister Woods on 5 March 2021. We are excited to welcome many members from our community and businesses as they attend this notable event.





Learning from the Ōhau wildfire

Climate change and the expansion of the urban-rural interface are increasing the risk rural fire poses to life, the environment and property. The 5000-ha Ōhau wildfire in October 2020 was one of the most significant in New Zealand's history in terms of the 48 homes (almost half the Ōhau village) and other structures lost.

Fire and Emergency New Zealand asked members of Scion's rural fire research team to join their fire engineers to assess the house loss at Ōhau with the aim of identifying factors contributing to why one house burned, and others did not. These learnings are critical not only to residents wanting to rebuild in the village, but also to existing and new developments in other parts of the country.

The data collected on house construction, vegetation type and proximity, and fire spread is still being analysed, but will be published as part of a wider case study on the fire in conjunction with Fire and Emergency in coming months.

Making a COVID-19 vaccine

Scion's fermentation capability and biotechnology pilot plant was critical in assisting New Zealand COVID-19 Vaccine

Corporation (CVC) produce its COVID-19 vaccine. Our team allowed the vaccine-producing bacteria to be produced at scale (100L), enabling CVC to ship its first COVID-19 vaccine candidate overseas for pre-clinical testing.

"We really appreciate the extra mile that you have been willing to go ... It's further testament to your flexibility and technical skills that together, we have pulled off a new design and mini-manufacturing in just five weeks. The vaccine design employing CVC's T-cell antigens is unique in COVID-19 vaccine development worldwide; which certainly makes it quite interesting...

"One great thing in our view is how well we have experienced New Zealand's biotechnology skills-base working together to get some real things done: like developing and making a product to address a critical need! We are not well endowed as a country with resources and facilities to conduct the kinds of work we have been doing. This is something which we as CVC and the individuals within it would love to see improved; we should not miss any opportunity to shout this from the rooftops at this time when the importance of biotechnology is so obvious globally, thanks to the pandemic. We are impressed and grateful to Scion for its willingness to switch from business-as-usual to something different but important." (Andy B Herbert (COO/CSO) and Robert Feldman (CEO) COVID-19 Vaccine Corporation Ltd (CVC), 21 December 2020.)

Providing critical capability

We have received strong support from the Minister and MBIE for our strategy to deliver benefit for New Zealand and to maintain critical capability that New Zealand needs now and in the future. Our organisational alignment exercise is almost completed.

Long-term funding sustainability remains an issue for Scion

requiring innovative solutions. We are now waiting on completion of the Science Review as the last component of the Long-term Funding Working Group exercise as directed by the Minister. COVID-19 delayed this work for nearly a year, preventing the joint Scion/MBIE group from finishing the work. A level of uncertainty remains until then, and we continue to discuss options with MBIE.

Financial statements

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Note	31 Dec 2020 \$000	31 Dec 2019 (Restated) \$000	30 Jun 2020 \$000
Revenue	2 (a)	30,553	25,262	57,880
Other income	2 (b)	0	0	(16)
Expenditure	3	(26,495)	(25,716)	(51,679)
Finance Costs		(11)	(14)	(27)
Share of profit/(loss) of associates		0	0	(40)
Profit/(Loss) before tax		4,047	(468)	6,118
Tax (expense)/credit		(1,143)	323	(755)
Total comprehensive income for the period attributable to the shareholders of the parent company		2,904	(145)	5,363
Revaluation of Heritage Assets		0	0	0
Revaluation of Carbon Units		0	0	181
Remeasurement of gain/(loss) on defined benefit plan		0	0	0
Total other comprehensive income, net of tax		0	0	181
Total comprehensive income for the period attributable to the shareholders of the parent company		2,904	(145)	5,544

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Ordinary Shares	Re- valuation and Pension Reserve	Retained Earnings	Total	Ordinary Shares	Re- valuation and Pension Reserve	Retained Earnings	Total	Ordinary Shares	Re- valuation and Pension Reserve	Retained Earnings	Total
	31 Dec 2020 \$000	31 Dec 2020 \$000	31 Dec 2020 \$000	31 Dec 2020 \$000	31 Dec 2019 \$000	31 Dec (Restated) 2019 \$000	(Restated) 31 Dec 2019 \$000	(Restated) 31 Dec 2019 \$000	30 Jun 2020 \$000	30 Jun 2020 \$000	30 Jun 2020 \$000	30 Jun 2020 \$000
GROUP												
Balance as at 1 July	17,516	397	30,264	48,177	17,516	216	24,901	42,633	17,516	216	24,901	42,633
Profit for the period	0	0	2,904	2,904	0	0	(145)	(145)	0	0	5,363	5,363
Other comprehensive income	0	0	0	0	0	0	0	0	0	181	0	181
Total Comprehensive Income	0	0	2,904	2,904	0	0	(145)	(145)	0	181	5,363	5,544
Balance at 31 December	17,516	397	33,168	51,081	17,516	216	24,756	42,488	17,516	397	30,264	48,177

The accompanying notes form part of these financial statements.

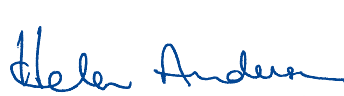
STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 31 DECEMBER 2020

	31 Dec 2020 \$000	31 Dec 2019 \$000 (Restated)	30 Jun 2020 \$000
Equity			
Share capital	17,516	17,516	17,516
Retained earnings	33,168	24,756	30,264
Revaluation & Pension reserve	397	216	397
	51,081	42,488	48,177
Non-Current Liabilities			
Provisions	514	490	514
Defined benefit plan	720	735	690
Deferred tax liability	0	914	0
Lease liability	398	535	446
	1,632	2,674	1,650
Current Liabilities			
Trade and other payables	14,817	14,967	13,202
Provisions	49	46	49
Defined benefit plan	68	70	129
Lease liability	137	132	156
Tax payable/(receivable)	863	(511)	1,702
	15,934	14,704	15,238
Total Equity and Liabilities	68,647	59,866	65,065
Non-Current Assets			
Property, plant and equipment	44,247	40,302	42,796
Biological assets	1,069	1,084	1,069
Intangible assets	698	517	695
Investments in associates	61	61	61
Investments at fair value through P&L	140	180	140
Right-of-use assets	475	610	543
Deferred tax asset	234	0	234
	46,924	42,754	45,538
Current Assets			
Cash and cash equivalents	14,396	9,591	12,802
Trade and other receivables	7,020	7,333	6,487
Inventories	307	188	238
Tax receivable	0	0	0
	21,723	17,112	19,527
Total Assets	68,647	59,866	65,065

The accompanying notes form part of these financial statements.

For and on behalf of the Board, who authorised the issue of these accounts on 25 February 2021.



Chair



Chair, Audit and Risk Committee

STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Note	31 Dec 2020 \$000	31 Dec 2019 \$000 (Restated)	30 Jun 2020 \$000
Cash Flows from Operating Activities				
Cash was provided from:				
Receipts from customers (excluding government grants)		15,213	22,841	33,914
Receipts from government grants		16,683	8,867	28,523
Interest received		26	135	170
		31,922	31,843	62,607
Cash was applied to:				
Payments to employees		14,859	14,553	28,925
Payments to suppliers		8,257	8,137	16,963
Lease interest		11	14	27
Income tax paid		1,983	113	123
		25,110	22,817	46,038
Net cash flows from operating activities	7	6,812	9,026	16,569
Cash Flows from Investing Activities				
Cash was provided from:				
Proceeds from sale of fixed assets		(15)	714	693
Receipts from grants		0	0	2,500
		(15)	714	3,193
Cash was applied to:				
Purchase of property, plant and equipment		5,110	5,860	12,556
Purchase of intangibles		27	0	37
Additional investment in associate		0	0	0
		5,137	5,860	12,593
Net cash flows used in investing activities		(5,152)	(5,146)	(9,400)
Cash was applied to:				
Repayment of Lease Liability		66	78	156
		66	78	156
Net cash flows used in Financing activities		(66)	(78)	(156)
Net Increase in Cash Held		1,594	3,802	7,013
Add opening cash brought forward		12,802	5,789	5,789
Ending Cash Carried Forward	7	14,396	9,591	12,802

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

1. Statement of Accounting Policies

Reporting Entity

New Zealand Forest Research Institute Limited is a Crown Research Institute registered under the Companies Act 1993. The registered office is Te Papa Tipu Innovation Park, 49 Sala Street, Rotorua. The Interim Condensed Consolidated Financial Statements consist of New Zealand Forest Research Institute Limited and its subsidiaries (the Group). The Interim Condensed consolidated Financial Statements of New Zealand Forest Research Institute Limited for the six month period ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on the date as set out on the Consolidated Statement of Financial Position.

New Zealand Forest Research Institute Limited (the Company) is domiciled and incorporated in New Zealand and is wholly owned by the Crown.

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 interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with NZ IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2020. The consolidated financial statements have been prepared on a historical cost basis, except for forestry assets, carbon credits and certain heritage assets that have been measured at fair value.

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

b) Statement of Compliance

The consolidated financial statements have been prepared in accordance with NZ GAAP. For the purpose of complying with NZ GAAP, the Group is a for profit entity. They comply with New Zealand equivalents to International Financial Reporting Standards, and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The consolidated financial statements comply with International Financial Reporting Standards (IFRS).

1.2 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires judgements, estimates and assumptions that effect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures:

a) Revenue Recognition from contracts with customers

Revenue is predominately recognised based on the percentage of work completed on a project basis over time. Percentage of work completed is based on costs incurred from inception of the project as a percentage of total forecasted project costs. Judgement is required in estimating total forecasted costs which impacts the revenue recognised, the revenue in advance and accrued revenue.

In determining if a customer contract can be recognised over time management have considered their right to receive payment for work done up to the point of any termination of contract. In the absence of a termination clause the Group has assessed it has a clear right to be paid for work completed up to the point of termination.

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.

The increase/decrease in value is recognised in the Consolidated Statement of Comprehensive Income through other comprehensive income.

Due to the nature of some heritage assets, management does not believe they can be valued reliably. These assets have been identified and disclosed in the annual financial statements.

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

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 and cost to sell. The valuation process includes several judgements and estimations around discount rates, future costs, and future prices. The Group 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 to value the plan liability include the discount rate and future salary increases as set out in the notes to the annual financial statements. The Group 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 accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020, except for the adoption of NZ IFRS 16 Leases (refer note 1.4 below).

The following standards that have been issued but not yet effective and have not been earlier adopted by the Group and may have an impact on the Group's financial statements:

	Date Applicable for Scion
• NZ IFRS 10 Consolidated Financial Statements	1 July 2025
• NZ IAS 28 Investments in Associates and Joint Ventures	1 July 2025
• NZ IAS 1 Classification of Liabilities as Current or Non-current	1 July 2022

There are no amendments to standards that affect Scion's Consolidated Financial Statements.

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

1.4 Prior Period Restatement

In completing the 30 June 2020 financial statements there was a restatement made to account for Lease liabilities and Right-of-use assets. So, as a result the 31 December 2019 balances have also been restated to account for the movement on the lease liability and right-of-use asset resulting in the net profit after tax figure for the year being reduced by \$3k. The consolidated statement of financial position has been restated at 31 December 2019 to include right-of-use assets and lease liabilities as disclosed in those statements.

The effect of adopting NZ IFRS 16 is as follows:

Impact on the consolidated statement of financial position (increase/(decrease)):

	31 December 2019 \$000
Assets	
Right-of-use assets	610
Total Assets	<u>610</u>
Equity	
Retained earnings	(57)
Total Equity	<u>(57)</u>
Liabilities	
Lease liability	667
Total liability	<u>667</u>

Impact on the consolidated statement of comprehensive income (increase/(decrease)):

	2019 \$000
Expenditure	3
Profit before tax	(3)
Profit for the year after tax	(3)
Total comprehensive income	<u>(3)</u>

Impact on the consolidated statement of cash flow (increase/(decrease)):

	2019 \$000
Payment to suppliers	(78)
Lease interest	14
Net cash flows from operating activities	<u>(64)</u>
Repayment of lease liability	64
Net cash flows from financing activities	<u>64</u>

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	31 Dec 2020 \$000	31 Dec 2019 \$000 (Restated)	30 Jun 2020 \$000
2. Revenue and Other Income			
(a) Revenue			
<i>Revenue from research contracts</i>			
Ministry of Business Innovation and Employment Revenue	5,089	5,373	9,062
Other Government and Crown Research Institute Revenue	4,083	4,385	7,587
Commercial research revenue	6,212	5,511	11,661
	15,384	15,269	28,310
 Government grants	 14,614	 9,477	 28,523
 <i>Other Income</i>			
Commercial lease revenue	506	452	920
Interest revenue	40	54	99
Other revenue	9	10	28
	555	516	1,047
 Total Revenue	 30,553	 25,262	 57,880
 (b) Other Income/(Expenditure)			
 Change in fair value of plantation trees	 0	 0	 (16)
	0	0	(16)
 3. Expenditure and Finance Costs			
(a) Expenditure			
Personnel remuneration and expenses	15,263	14,860	29,589
Other personnel related costs	268	249	415
Contractors and subcontractors	4,274	3,884	7,847
Consumables	583	860	1,394
External services	1,507	1,742	3,412
Travel and accommodation	297	892	1,237
Rental and Equipment hire costs	70	68	154
Depreciation on leases	67	67	134
Depreciation	2,573	2,259	4,960
Amortisation	24	45	85
Loss/(Gain) on disposal of fixed assets	15	(714)	(693)
Impairment of assets	0	0	75
Premises	1,221	1,145	2,287
Directors' fees	120	105	222
Bad debts expense	0	0	26
Realised exchange fluctuations	(2)	0	4
Other	215	254	531
	26,495	25,716	51,679
 (b) Finance Costs			
Lease interest	11	14	27
	11	14	27
 4. Auditor's Remuneration			
Amounts paid or due and payable to the auditors for:			
Auditing financial statements			
Parent entity auditor	34	78	157
	34	78	157

Audit fees costs are included in External services expenses in Note 3 Expenditure.

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

5. Property, Plant and Equipment

During the period the Group completed the construction of Te Whare Nui O Tuteata, Scion's collaboration hub.

6. Financial Instruments

Financial Instruments include:

Financial assets at amortised costs

Cash and cash equivalents

Trade receivables

Other debtors

Related party receivables

Financial Liabilities at amortised costs

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 (\$319k) are non-interest bearing and are normally settled within 60 days. Group liabilities all have contractual maturities of less than 120 days.

Credit Risk

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

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

Maximum exposures to credit risk as at balance date are:

	31 Dec 2020 \$000	31 Dec 2019 \$000	30 Jun 2020 \$000
Current account	1	1	1
Call and short-term deposits	14,389	9,584	12,795
Trade receivables	3,737	3,347	4,785
Other debtors	23	0	10
Related party receivables	7	92	2

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 cash deposits. Cash and cash equivalents have increased during the six months to 31 December 2020 to a balance of \$14,396k (2019: \$9,591k).

	31 Dec 2020 \$000	31 Dec 2019 \$000	30 Jun 2020 \$000
Cash in hand	6	6	6
Current account	1	1	1
Call deposits	14,389	9,584	4,025
Short term deposits	0	0	8,770
	14,396	9,591	12,802

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

6. Financial Instruments (continued)

Interest Rate Risk (continued)

The current account is managed at low levels and interest returns on the current account are not material. Cash funds in excess of our current requirements are invested in short-term bank deposits to attract improved interest returns. At 31 December 2020 bank call and short-term deposits were earning interest at rates between 0.15% and 1.60% (2019: 0.75% and 2.30%).

At 31 December 2020, 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	31 Dec 2020		31 Dec 2019		30 Jun 2020	
	Change in Interest Rate	Effect on Post Tax Profit & Equity \$000	Change in Interest Rate	Effect on Post Tax Profit & Equity \$000	Change in Interest Rate	Effect on Post Tax Profit & Equity \$000
	+1%	104	+1%	69	+1%	92
	-1%	(104)	-1%	(69)	-1%	(92)

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.

7. Reconciliation of operating profit after taxation with cash flows from operating activities

Reported profit/(loss) after taxation

Add (less) non-cash items:

Depreciation

Amortisation

Compensation provision

Impairment provision

Provision for Doubtful Debts

Movement on Lease Liability

Movement in deferred tax

31 Dec 2020 \$000	31 Dec 2019 \$000	30 Jun 2020 \$000
2,904	(142)	5,363
2,573	2,190	4,959
24	46	87
0	0	0
0	0	75
0	0	26
67	67	156
0	0	(1,154)
2,664	2,303	4,149
0	0	0
15	(714)	(693)
0	0	40
1,087	1,625	551
0	0	0
0	0	(181)
1,102	911	(283)
(535)	1,493	3,147
(69)	149	98
1,587	4,670	2,313
(840)	(436)	1,782
143	5,876	7,340
6,813	8,948	16,569

Add(less) items classified as investing activity:

Investment contribution included in payables

(Gain) loss on disposal of property, plant and equipment

Share in associate company (profit)/loss

Capital related items in creditors

Fair value movement in biological assets

Fair value movement in carbon credits

Movements in working capital items:

(Increase)/Decrease in debtors and prepayments

(Increase)/Decrease in inventories

Increase/(Decrease) in creditors and accruals

Increase/(Decrease) in taxation payable

Net cash flows from operating activities

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

8. Contingencies

Treaty of Waitangi Issues

Two verified land claims affecting the Group currently exist:

- (i) Ngati Whakaue – covering the whole Rotorua Campus
- (ii) Ngati Wahiao – covering the southern end of the Rotorua Campus

No reliable estimates can be made of the impact of these contingencies.

9. Transactions with Related Parties

a) Group

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 on normal terms between government agencies. Government Endeavour Funding, Strategic Science Investment Funding and Preseed Accelerator funding from the Ministry of Business Innovation and Employment comprises of over 65% of research revenue earned by Scion and is disclosed in Note 2 (a).

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

	PARENT		
	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$000	\$000	\$000
b) Associates of Parent			
<i>Terax 2013 Ltd</i>			
Supplied goods and services	0	0	0
Cash contributions made	0	0	0

(c) Other

The Group has transactions with other parties that are related by virtue of the relationship Scion directors have with that other party, but these relationships do not alter the nature and amount of those transactions. These relationships and transactions are summarised below where annual transactions with a given related party in either FY21 or FY20 are greater than \$100k.

Dr Helen Anderson, the Chair of New Zealand Forest Research Institute Limited, is a director of NIWA.

Mr Jon Ryder, a director of New Zealand Forest Research Institute Limited, is CEO of Oji Fibre Solutions.

i) NIWA

Scion provided services during the period totalling \$92k (2020: \$90k) and received services totalling \$376k (2020: \$698k). The amount receivable at year end was \$31k (2020: \$32k).

ii) Oji Fibre Solutions

Scion provided services during the period totalling \$251k (2020: \$315k) and received services totalling \$3k (2020: \$4k). The amount receivable at year end was \$138k (2020: \$44k).

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 period (2019: \$0k) and no impairment allowance has been raised for any of these debts.

10. Key Management Personnel

Short term employee benefits
KiwiSaver employee benefits

	31 Dec 2020	31 Dec 2019	30 Jun 2020
	\$000	\$000	\$000
	1,347	1,251	2,367
	31	29	55
	1,378	1,280	2,422

NOTES TO AND FORMING PART OF THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

11. Reporting Period

These financial statements cover the period 1 July 2020 to 31 December 2020 and have not been audited.

12 Current and Future Impact of Covid-19

The impact of Covid-19 looking forward remains uncertain however Scion continues to recognise the importance of the research we do for New Zealand. In support of this the Ministry of Business, Innovation and Employment provided Scion with additional Covid-19 response and recovery funding of \$4.79m (\$4.79m also provided for the 19/20 financial year) which was paid and recognised in the first 6 months of the year. The Covid-19 response and recovery funding had no deliverables attached to it but is there to help ensure that capability is retained so this means that even though the funding has been fully recognised there are still costs associated which will be incurred in the second half of the year.

Scion Directory

DIRECTORS

Dr Helen Anderson (Chair)
Mr Greg Mann
Ms Colleen Neville
Dr Barry O'Neil
Ms Stana Pezic
Dr Jon Ryder
Mr Steve Wilson

REGISTERED OFFICE

Te Papa Tipu Innovation Park
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NZBN Number: 9429038975189

Mr Rob Trass - Company Secretary

Executive Management

Dr Julian Elder - Chief Executive Officer

Mr Arron Judson – General Manager, Marketing and Partnerships
Mr Hēmi Rolleston – General Manager, Te Ao Māori and Science Services
Dr Roger Hellens – General Manager, Forests to Timber Products
Dr Tara Strand – General Manager, Forests and Landscapes
Dr Florian Graichen – General Manager, Forests to Biobased Products
Mr Cameron Lucich – General Manager, People, Culture and Safety
Mr Rob Trass – General Manager, Finance and Corporate Services (leaving 26 February 2021)
Mrs Sharon Cresswell – Acting General Manager, Finance and Corporate Services (commencing 18 January 2021)

BANKERS: ANZ Bank of New Zealand Limited

AUDITORS: Simon Brotherton – Ernst & Young, Auckland on behalf of the Audit-General

SOLICITORS: Bell Gully, Auckland

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