



A smart  
green  
future.  
Together.

Our purpose is to enhance the value and productivity of New Zealand's horticultural, arable, seafood and food and beverage industries to contribute to economic growth and the environmental and social prosperity of New Zealand

**Presented in this report are the financial statements and highlights for the six months ended 31 December 2020**

## Financial progress

We have had a solid start to the year, recording total revenue of \$90.8M for the half year ended 31 December 2020. Total revenue is \$11.5M higher than the same period last year, with royalty revenue continuing to grow strongly and after recognition of COVID-19 recovery funding provided by the Government of \$4.4M.

The continuing impact of COVID-19, particularly international border restrictions, has contributed to lower spend.

Plant & Food Research continues to benefit from a strong balance sheet with borrowings lower than the same period last year as a result of actions taken in 2020 to strengthen financial resilience during this period of continuing COVID-19 uncertainty.

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[plantandfood.co.nz](https://plantandfood.co.nz)

More information can be found on our company website and via our social media channels.



# Highlights



## Signed hop breeding partnership with NZ Hops

**Signed an agreement to formally partner with NZ Hops to support the development of new varieties.** The new partnership will build a pipeline of new varieties of hops with new unique flavour and aroma profiles.

**Partnered with University of Canterbury, Lincoln University, Manaaki Whenua Landcare Research, and AgResearch to launch a new postgraduate school to support the transition to more future-focused, sustainable food systems and preparation.** The school will be a first for postgraduate research in New Zealand, and will focus on solution-based outputs intended to complement the range of existing food innovation initiatives.

**Recognised for innovations in orchard design and sustainable fishing systems at the Primary Industries Awards.** Our Future Orchard Planting Systems (FOPS) science team received an award for creating a growing system that increases the productivity potential of New Zealand's apple, pear and summerfruit orchards. Our Precision Seafood Harvesting Team were awarded for providing the science to underpin the commercialisation of a sustainable fishing system.

**Received funding from MPI to engage with vegetable growers around New Zealand, providing tools to help them apply effective nitrate management techniques suited to their land and operations.** This work is part of the four-year Sustainable Vegetable Systems project, which aims to boost vegetable growers' efforts to care for the health of the environment while supplying fresh, healthy food.

**Secured an investment of \$80K to develop a novel type II collagen nutraceutical product from sustainable New Zealand fish species.** The product, designed to support joints and manage joint pain, offers an attractive commercial opportunity to gain share of the growing joint supplements market.

**Create “digital twins” of pollination processes in kiwifruit orchards from more than 30 years of field-based data from kiwifruit research with collaborators from the USA.**

These mathematical models of the biology of the plants and behaviour of pollinating bees have been used to predict how growers can optimise their fruitset.

**Released the first new cultivar from the Hot Climate Programme (HCP).** ‘HOT84A1’ is the first variety to be launched from the HCP, a collaboration between Plant & Food Research, Spanish partners IRTA and Fruit Futur, and strategic commercialisation partner T&G Global.

**Welcomed the most students into our summer studentship programme who identify as Māori.** In a pilot initiative called Māori Career Cohort, these 19 students were paired with Māori mentors within the organisation, providing them with pastoral care, coaching, tuakana-teina support, access to increase their networks and guidance to build intentional pathways for rangatahi into research & science.

**Awarded MBIE Endeavour funding for Cyber Physical Seafood Systems (Cyber-Marine) — a new multi-million dollar research programme aimed at achieving 100% utilisation and maximised value for all harvested wild and aquacultured seafood.** The programme will bring together world-leading scientists, technologists and engineers to create new responsive processing technologies, maximising value for New Zealand.



## Awarded funding for Cyber-Marine research programme

# STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2020 (unaudited)

	Note	GROUP		
		Dec 2020 \$000	Dec 2019 \$000	Full year to June 2020 \$000
<b>PROFIT AND LOSS</b>				
<b>Revenue</b>				
Strategic funding		21,592	21,551	43,081
COVID-19 recovery funding	(2B)	4,390	-	8,780
Crown-funded research		7,856	7,156	13,138
Commercial science research		56,070	49,637	102,026
Other income		888	939	1,931
		90,796	79,283	168,956
<b>Less operating costs</b>				
Personnel costs		48,216	49,549	98,845
Depreciation & amortisation expense		7,594	6,880	14,499
(Gain) on sale of assets		(21)	(446)	(2,917)
Other operating expenses		24,137	25,907	47,119
		79,926	81,890	157,546
<b>Profit/(loss) before interest and taxation</b>		10,870	(2,607)	11,410
Finance income		127	103	117
Finance costs		(574)	(638)	(1,340)
Share of profit/(loss)/ of associates and joint ventures		482	(150)	(221)
<b>Profit/(loss) before taxation</b>		10,905	(3,292)	9,966
Taxation expense/(benefit)		3,230	(974)	118
<b>Profit/(loss) after taxation attributable to owners</b>		7,675	(2,318)	9,848
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences		(41)	3	39
Cash flow hedges		196	95	(2)
Other comprehensive income		155	98	37
<b>Total comprehensive income attributable to owners</b>		7,830	(2,220)	9,885

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2020 (unaudited)

	ATTRIBUTABLE TO OWNERS OF THE GROUP				
	Share capital \$000	Retained earnings \$000	Foreign currency translation \$000	Cash flow hedge \$000	Total Equity \$000
Balance as at 01 July 2019	17,436	97,385	(38)	(8)	114,775
Changes in equity for					
Loss for the period		(2,318)			(2,318)
Other comprehensive income			3	95	98
Balance as at 31 December 2019	17,436	95,067	(35)	87	112,555
Balance as at 01 July 2020	17,436	107,233	1	(10)	124,660
Changes in equity for					
Profit for the period		7,675			7,675
Other comprehensive income			(41)	196	155
Balance as at 31 December 2020	17,436	114,908	(40)	186	132,490

The accompanying notes form part of these financial statements.

# BALANCE SHEET

as at 31 December 2020 (unaudited)

	GROUP		
	Dec 2020	Dec 2019	Full year to
	\$000	\$000	June 2020
			\$000
<b>Current assets</b>			
Cash and short-term deposits	6,901	1,671	2,888
Receivables and prepayments	39,728	35,301	38,170
Taxation receivable	-	1,601	-
Assets held-for-sale	-	642	-
Inventories	280	158	367
<b>Total current assets</b>	<b>46,909</b>	<b>39,373</b>	<b>41,425</b>
<b>Current liabilities</b>			
Accounts payable and accruals	24,434	16,039	21,650
Employee entitlements	12,697	11,156	11,917
Current borrowings	-	21,350	4,200
Lease liabilities	805	740	804
Taxation payable	1,116	-	2,575
<b>Total current liabilities</b>	<b>39,052</b>	<b>49,285</b>	<b>41,146</b>
<b>Working capital</b>	<b>7,857</b>	<b>(9,912)</b>	<b>279</b>
<b>Non-current assets</b>			
Property, plant and equipment	116,587	119,899	116,098
Right-of-use assets	16,221	15,830	16,093
Intangible assets	2,425	1,193	3,467
Investments	3,333	2,400	2,638
Other assets	3,923	142	3,575
<b>Total non-current assets</b>	<b>142,489</b>	<b>139,464</b>	<b>141,871</b>
<b>Non-current liabilities</b>			
Lease liabilities	15,905	15,251	15,615
Employee entitlements	1,951	1,746	1,875
<b>Total non-current liabilities</b>	<b>17,856</b>	<b>16,997</b>	<b>17,490</b>
<b>NET ASSETS</b>	<b>132,490</b>	<b>112,555</b>	<b>124,660</b>
<b>Represented by:</b>			
<b>Equity</b>			
Share capital	17,436	17,436	17,436
Retained earnings	114,908	95,067	107,233
Foreign currency translation reserve	(40)	(35)	1
Cash flow hedge reserve	186	87	(10)
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>132,490</b>	<b>112,555</b>	<b>124,660</b>

For and on behalf of the Board of Directors:



Nicola Shadbolt, Chair  
26 February 2021



Wendy Venter, Director  
26 February 2021

The accompanying notes form part of these financial statements.

# CASH FLOW STATEMENT

for the six months ended 31 December 2020 (unaudited)

	Note	GROUP		
		Dec 2020 \$000	Dec 2019 \$000	Full year to June 2020 \$000
<b>Cash flows from/(applied to) operating activities</b>				
Receipts from customers		91,761	85,717	173,864
Interest and dividends received		128	103	117
Payments to employees & suppliers		(71,926)	(78,844)	(145,093)
Interest paid		(538)	(598)	(1,245)
Tax paid		(4,094)	(1,039)	(774)
<b>Net cash flows from operating activities</b>	(4)	15,331	5,339	26,869
<b>Cash flows from/(applied to) investing activities</b>				
Sale of property, plant and equipment		33	905	3,974
Purchase of property, plant and equipment		(6,458)	(12,877)	(16,557)
Purchase of intangible assets		-	-	(1,840)
Purchase of investment		(213)	(751)	(1,051)
<b>Net cash flows (applied to) investing activities</b>		(6,638)	(12,723)	(15,474)
<b>Cash flows from/(applied to) financing activities</b>				
Proceeds from borrowings		-	6,950	-
Repayment of borrowings		(4,200)	-	(10,200)
Repayment of lease liabilities		(437)	(352)	(778)
<b>Net cash flows from financing activities</b>		(4,637)	6,598	(10,978)
<b>Net cash flow</b>		4,056	(786)	417
Effect of foreign currency translation adjustment		(43)	1	15
Opening cash and cash equivalents		2,888	2,456	2,456
<b>Closing cash and cash equivalents</b>		6,901	1,671	2,888

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2020 (unaudited)

## 1. REPORTING ENTITIES

The New Zealand Institute for Plant & Food Research Limited (the “Company” or “Plant & Food Research”) and its subsidiaries (the “Group”) is a Crown Research Institute governed by the Crown Research Institute Act 1992 and is a limited liability company incorporated and domiciled in New Zealand. The whole of the share capital is held by Ministers of the Crown on behalf of the New Zealand Government. The Company’s registered office is 120 Mt Albert Road, Sandringham, Auckland 1025.

The Group is primarily involved in research services.

The Group is designated as a profit-oriented entity for financial reporting purposes.

These interim financial statements have been approved for issue by the Board of Directors on 26 February 2021.

## 2. BASIS OF PREPARATION

The interim financial statements are presented in New Zealand dollars (NZD), which is the Company’s functional and presentation currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars (\$000).

These interim financial statements are for the six months ended 31 December 2020.

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative financial instruments) at fair value. The cashflow statement includes a reclassification of interest on lease liabilities from financing to operating activities in December 2019.

### (A) Statement of Compliance

These interim financial statements have been prepared in accordance with the requirements of the Crown Research Institutes Act 1992, the Public Finance Act 1989, the Companies Act 1993 and the Financial Reporting Act 2013.

The interim financial statements have also been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP).

The interim financial statements have been prepared in accordance with NZ IAS 34 ‘Interim financial reporting’. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2020, which comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), and other Financial Reporting Standards as appropriate for profit-oriented entities. They comply with International Financial Reporting Standards (IFRS).

The Group is a Tier 1 entity.

### (B) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s knowledge of current events and actions that may be undertaken in the future, actual results may ultimately differ from estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### COVID-19 Pandemic

On 11 March 2020 the World Health Organisation declared a global pandemic as a result of the COVID-19 outbreak. Following this the New Zealand Government imposed significant restrictions around travel.

The Government has provided funding under the COVID-19 Response and Recovery Fund of \$8.8M again this financial year. Half of this funding has been recognised in the six months ended 31 December 2020.

Depending on the duration of the COVID-19 crisis and resulting travel restrictions, the Group may continue to experience an impact on commercial science research this year, particularly those that require overseas travel. Continuing Government COVID-19 funding will reduce the impact of any reduction in commercial revenue.

## 3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2020.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the six months ended 31 December 2020 (unaudited)

### 4. RECONCILIATION OF PROFIT/(LOSS) AFTER TAX WITH CASHFLOWS FROM OPERATING ACTIVITIES

	GROUP		
	Dec 2020	Dec 2019	Full year to June 2020
	\$000	\$000	\$000
Profit/(Loss) after tax	7,675	(2,318)	9,848
<i>Add/(less) non-cash items:</i>			
Share of retained (profit)/loss of associates and joint ventures	(482)	150	221
Depreciation and amortisation	7,594	6,880	14,499
Movement in foreign exchange	-	-	6
Other non-cash movements	-	(18)	-
Decrease/(increase) in future tax benefit	91	(42)	(3,230)
Increase in employee entitlements	856	592	1,482
	8,059	7,562	12,978
<i>Add/(less) items classified as investing and financing activities:</i>			
(Gain) on sale of property, plant and equipment	(21)	(446)	(2,917)
<i>Movements in working capital:</i>			
Decrease/(increase) in receivables and prepayments	(1,828)	7,563	4,250
Decrease/(increase) in inventory	87	85	(124)
Increase/(decrease) in trade payables and accruals	2,818	(4,845)	920
Increase/(decrease) in taxation payable	(1,459)	(2,262)	1,914
	(382)	541	6,960
<b>Net cash flow from operating activities</b>	<b>15,331</b>	<b>5,339</b>	<b>26,869</b>

### 5. CAPITAL COMMITMENTS

Property, plant and equipment that has been committed to by the Group, but is not recognised in the financial statements as at 31 December 2020 is \$4.9M (31 December 2019 \$4.7M).

### 6. CONTINGENCIES

#### *Contingent Liabilities*

A number of organisations within New Zealand have identified issues with the calculation of leave entitlement under the Holidays Act 2003. Plant & Food Research has contracted an external consultant to complete an analysis of its payroll system. Preliminary findings of this review have identified some issues in the calculation of certain leave entitlements. Further detailed analysis now needs to be undertaken as at present there is insufficient information to quantify any potential liability (31 December 2019 \$0).

#### *Contingent Assets*

There were no contingent assets known to exist at 31 December 2020 (31 December 2019 \$0).

### 7. OTHER

Plant & Food Research and Zespri are in discussions regarding the proposed establishment of new 50/50 joint venture Kiwifruit Breeding Centre, dedicated to breeding new kiwifruit cultivars. This arrangement would build on the success of the current breeding partnership in place between the parties. Any final decision on the establishment of the new joint venture will require the approval of the Boards of both Plant & Food Research and Zespri, as well as the shareholding Ministers of Plant & Food Research.

### 8. AUDIT

These interim financial statements have not been audited.

## STATEMENT OF RESPONSIBILITY

In the financial half-year ended 31 December 2020, the Board and management of The New Zealand Institute for Plant & Food Research Limited were responsible for:

- the preparation of the financial statements and the judgements used therein; and
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial performance reporting.

In the opinion of the Board and management of The New Zealand Institute for Plant & Food Research Limited, these financial statements fairly reflect the financial position and operations of The New Zealand Institute for Plant & Food Research Limited for the six months ended 31 December 2020.



Nicola Shadbolt, Chair  
26 February 2021



Wendy Venter, Director  
26 February 2021

# DIRECTORY

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## Directors

Nicola Shadbolt  
Chair

Parmjot Bains

Colin Dawson

Dean Moana

Nadine Tunley

Wendy Venter

## Chief Executive Officer

David Hughes

## Senior Leadership Team

Kath Clarke  
Group General Manager  
People & Culture

Dr Kieran Elborough  
Group General Manager  
Technology Development

Professor Richard Newcomb  
Chief Scientist

Dr Gavin Ross  
Group General Manager  
Marketing & Innovation

Quentin Smith  
Group General Manager,  
Finance, Information & Infrastructure

Philippa Stevens (retired January 2021)  
Group General Manager  
Science Services

Stacey Whitiora  
Group General Manager  
Māori

## Registered office

120 Mt Albert Road  
Sandringham  
Auckland 1025

## Auditors

PricewaterhouseCoopers on behalf of  
the Auditor-General

## Bankers

ANZ Bank New Zealand Ltd

Westpac New Zealand Ltd

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