



2024

PŪRONGO A HAURUA TAU

# Half Year Report



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NGĀ AROTAKENGA O TE HEAMANA ME TE TUMUAKI WHAKAHAERE

## Chair and Chief Executive's review

Welcome to AgResearch's half year report. Please find enclosed, in this statutory declaration, our financial position for the first half of the 2023/24 financial year. The period we are reporting on has been financially challenging for our organisation, and the wider agricultural sector. In response, AgResearch has applied several measures under the umbrella of our Business Improvement Programme (BIP) to increase efficiency, offer role clarity, redefine policies and processes and improve overall business operations.

In the half year we focused specifically on the pricing rates for our services and contract improvements, utilisation levels of all staff, and reducing costs. The BIP work is part of a three-year strategy to bring our finances into line by the 2025/26 financial year, and we believe we are on track to achieve this goal.

We are pleased to report that amid difficult trading conditions AgResearch achieved three milestones that we are extremely proud of and positions us to successfully serve the agricultural sector and its future needs.

The first is our revenue growth continues to be overwhelmingly generated from commercial science

which is successfully aligned with our wider industry.

The second major accomplishment was the completion of our new research centre, Tuhiraki.

The form of Tuhiraki – a name gifted to us by Te Taumutu Rūnanga – is distinctive with two wings of contrasting construction methodologies. The

2,763m<sup>2</sup> workplace wing has a timber structure and lightweight cladding, is naturally ventilated and is an open plan workspace.

The 3,928m<sup>2</sup> laboratory wing is primarily constructed with concrete and steel, contains both non-PC and PC2 laboratories, is fully air conditioned and promotes the concept of 'access over ownership'. It contains a

mix of multi-purpose multi-user, single purpose multi-user, and single purpose single-user lab spaces.

Construction of Tuhiraki began in October 2021 and our staff were included in the design and construction of our new facility even earlier. Special thanks go to the many people who contributed to the design of the building and the main contractor, Naylor Love.

We have collaborated closely with Te Taumutu





Rūnanga to develop and implement a meaningful cultural narrative incorporating physical and social elements. It is anticipated that our move to Tuhiraki will increase the quality and quantity of collaborative science projects and improve our productivity and efficiency.

The third major milestone for our organisation in the reporting period was achieved when the AgResearch Board signed off on our new Research Priorities in December.

The five Research Priorities were designed with internal and external stakeholders and will streamline our activities and renew our focus on achieving financial sustainability.

The Research Priorities are:

- Sustainable Agriculture in a Changing Climate
- Thriving Intergenerational Landscapes and Wellbeing
- Transitioning Agri-Food Systems
- Comprehensive Biosecurity
- Enabling Emerging Foods.

They align with AgResearch's strategy 'Tā mātou rautaki' and each Research Priority is underpinned by Te Ao Māori principles, including mātauranga Māori, integrated and transdisciplinary approaches, systems thinking, and value chain coverage. The Research Priorities are proposed as a 'living document', allowing for agile adjustments in response to emerging challenges, scientific advancements, and stakeholder needs.

The next step in our strategic rethink is deciding the scope of Flagship Programmes that will underpin the five focus areas and selecting design teams to do this (by February 2024). The programmes will be co-designed by April 2024, and contracted by June 2024.



**Dr Paul Reynolds QSO**  
Chair  
14 February 2024



**Dr Sue Bidrose**  
Chief Executive Officer  
14 February 2024

PŪRONGO PŪTEA

# Consolidated Financial Statements

*AgResearch technician Ashley Prentice working on the High Metabolisable Energy (HME) ryegrass being developed with industry partners*



## Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2023

in thousands of New Zealand dollars	Note	Unaudited 6 months to Dec 2023	Unaudited 6 months to Dec 2022	Audited 12 months to Jun 2023
<b>Revenue</b>				
Ministry of Business, Innovation and Employment				
Strategic Science Investment Fund		22,481	22,481	44,963
Our Land and Water National Science Challenge		8,923	8,280	7,491
Other		3,231	6,747	11,083
Commercial		34,151	29,836	90,216
Farm produce		1,930	1,780	4,411
Other revenue		8,663	8,156	19,614
<b>Total operating revenue</b>		<b>79,379</b>	<b>77,280</b>	<b>177,778</b>
Operating expenditure	2	(87,854)	(84,910)	(180,454)
Other gains/(losses)		15	(198)	5,129
Finance costs		(346)	(418)	(797)
Share of associates profit/(loss)		(165)	62	(433)
<b>Surplus/(deficit) before tax</b>		<b>(8,971)</b>	<b>(8,184)</b>	<b>1,223</b>
Tax expense/(benefit)		(2,207)	(1,699)	(403)
<b>Net surplus/(deficit) after tax for the year</b>		<b>(6,764)</b>	<b>(6,485)</b>	<b>1,626</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to surplus or deficit:</i>				
Revaluation of properties		-	(125)	6,430
Income tax relating to components of other comprehensive income		-	-	(1,461)
<b>Other comprehensive income for the year net of tax</b>		<b>-</b>	<b>(125)</b>	<b>4,969</b>
<b>Total comprehensive income for the year net of tax</b>		<b>(6,764)</b>	<b>(6,610)</b>	<b>6,595</b>
Net surplus/(deficit) is attributable to:				
Equity holders of the parent		(6,764)	(6,485)	1,626
Total comprehensive income is attributable to:				
Equity holders of the parent		(6,764)	(6,610)	6,595

The statement of accounting policies and the accompanying notes form an integral part of these financial statements.



## Consolidated Statement of Financial Position

As at 31 December 2023

in thousands of New Zealand dollars	Unaudited 6 months to Dec 2023	Unaudited 6 months to Dec 2022	Audited 12 months to Jun 2023
<b>Current assets</b>			
Cash and cash equivalents	7,682	13,708	10,907
Short term investments	32,000	52,000	62,000
Trade and other receivables	21,058	26,359	37,497
Prepayments	3,657	4,413	3,646
Biological assets – livestock	3,479	3,551	3,773
Inventory	1,832	1,469	1,608
Property held for sale	-	75	-
Current tax	359	2,490	27
<b>Total current assets</b>	<b>70,067</b>	<b>104,065</b>	<b>119,458</b>
<b>Non-current assets</b>			
Future tax benefit	1,046	-	804
Investments in associates and joint ventures	5,419	6,062	5,443
Other investments	4,137	4,128	4,487
Property, plant and equipment	331,421	275,268	311,654
Biological assets - forestry	1,398	1,275	1,398
Intangible assets	1,974	2,059	2,098
Right-of-use assets	21,000	21,118	21,424
<b>Total non-current assets</b>	<b>366,395</b>	<b>309,910</b>	<b>347,308</b>
<b>Total assets</b>	<b>436,462</b>	<b>413,975</b>	<b>466,766</b>
<b>Less:</b>			
<b>Current liabilities</b>			
Trade and other payables	54,029	67,944	75,276
Employee entitlements	7,198	6,902	6,850
Lease liability	1,723	2,077	1,883
<b>Total current liabilities</b>	<b>62,950</b>	<b>76,923</b>	<b>84,009</b>

Table continued overleaf

The statement of accounting policies and the accompanying notes form an integral part of these financial statements.

## FINANCIAL STATEMENTS

Consolidated Statement of Financial Position (as at 31 December 2023) continued

in thousands of New Zealand dollars	Unaudited 6 months to Dec 2023	Unaudited 6 months to Dec 2022	Audited 12 months to Jun 2023
<b>Non-current liabilities</b>			
Deferred tax	16,642	16,811	18,549
Lease liability	20,336	20,088	20,880
Other non-current liabilities	298	357	328
<b>Total non-current liabilities</b>	<b>37,276</b>	<b>37,256</b>	<b>39,757</b>
<b>Total liabilities</b>	<b>100,226</b>	<b>114,179</b>	<b>123,766</b>
<b>Net assets</b>	<b>336,236</b>	<b>299,796</b>	<b>343,000</b>
<b>Equity</b>			
Share capital	92,268	62,268	92,268
Revaluation reserves	118,917	113,823	118,917
Retained earnings	125,051	123,705	131,815
<b>Total equity</b>	<b>336,236</b>	<b>299,796</b>	<b>343,000</b>

Dr Paul Reynolds QSO  
Chair  
14 February 2024



Dr Sue Bidrose  
Chief Executive Officer  
14 February 2024



## Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023

in thousands of New Zealand dollars	Share capital	Revaluation reserves Property, plant and equipment	Retained earnings	Total Equity
<b>Unaudited 6 months to December 2022</b>				
Balance at 1 July 2022	62,268	113,948	130,189	306,406
Profit/(loss) after tax for the period	-	-	(6,485)	(6,485)
Revaluation of properties	-	(125)	-	(125)
Total comprehensive income	-	(125)	(6,485)	(6,610)
<b>Balance at 31 December 2022</b>	<b>62,268</b>	<b>113,823</b>	<b>123,705</b>	<b>299,797</b>
<b>Audited 12 months to June 2023</b>				
Balance at 1 July 2022	62,268	113,948	130,189	306,406
Issue of new shares	30,000	-	-	30,000
Profit/(loss) after tax for the year	-	-	1,626	1,626
Revaluation of properties	-	6,430	-	6,430
Income tax relating to components of other comprehensive income	-	(1,461)	-	(1,461)
Total comprehensive income	30,000	4,969	1,626	36,594
<b>Balance at 30 June 2023</b>	<b>92,268</b>	<b>118,917</b>	<b>131,815</b>	<b>343,000</b>
<b>Unaudited 6 months to December 2023</b>				
Balance at 1 July 2023	92,268	118,917	131,815	343,000
Profit/(loss) after tax for the year	-	-	(6,764)	(6,764)
Total comprehensive income	-	-	(6,764)	(6,764)
<b>Balance at 31 December 2023</b>	<b>92,268</b>	<b>118,917</b>	<b>125,051</b>	<b>336,236</b>

The statement of accounting policies and the accompanying notes form an integral part of these financial statements.

## Consolidated Statement of Cash Flows

For the six months ended 31 December 2023

in thousands of New Zealand dollars	Note	Unaudited 6 months to Dec 2023	Unaudited 6 months to Dec 2022	Audited 12 months to Jun 2023
<b>Cash received from operating activities</b>				
Receipts from customers		84,725	80,996	163,985
Interest received		1,855	1,031	2,735
Dividends received		195	85	139
Income tax received		153	-	429
<b>Total cash received from operating activities</b>		<b>86,928</b>	<b>82,112</b>	<b>167,288</b>
<b>Cash disbursed on operating activities</b>				
Payments to employees		37,624	36,428	72,669
Payments to suppliers		50,699	45,533	90,377
Income tax paid		-	209	-
Interest paid		346	418	797
<b>Total cash disbursed on operating activities</b>		<b>88,669</b>	<b>82,588</b>	<b>163,843</b>
<b>Net cash flow from operating activities</b>		<b>(1,741)</b>	<b>(476)</b>	<b>3,445</b>
<b>Cash received from investing activities</b>				
Disposal of property, plant and equipment		20	65	86
Disposal of investments and intangible assets		-	2	5,213
Other compensation		236	-	-
<b>Total cash received from investing activities</b>		<b>256</b>	<b>67</b>	<b>5,299</b>
<b>Cash disbursed on investing activities</b>				
Investment in property, plant and equipment		30,278	29,245	60,209
Purchase of other investments and intangible assets		26	504	500
Partner contribution to research consortiums		-	26	30
<b>Total cash disbursed on investing activities</b>		<b>30,304</b>	<b>29,775</b>	<b>60,739</b>
<b>Net cash flow from investing activities</b>		<b>(30,048)</b>	<b>(29,708)</b>	<b>(55,440)</b>
<b>Cash received from financing activities</b>				
Capital drawdown		-	-	30,000
<b>Total cash received from financing activities</b>		<b>-</b>	<b>-</b>	<b>30,000</b>

The statement of accounting policies and the accompanying notes form an integral part of these financial statements.

*Consolidated Statement of Cash Flows (for the six months ended 31 December 2023) continued*

in thousands of New Zealand dollars	Unaudited 6 months to Dec 2023 Note	Unaudited 6 months to Dec 2022	Audited 12 months to Jun 2023
<b>Cash disbursed on financing activities</b>			
Loan to associates/joint ventures	-	140	140
Repayment of the lease liabilities	1,436	1,136	2,126
<b>Total cash disbursed on financing activities</b>	<b>1,436</b>	<b>1,276</b>	<b>2,266</b>
<b>Net cash flow from financing activities</b>	<b>(1,436)</b>	<b>(1,276)</b>	<b>27,734</b>
<b>Total net cash flow</b>	<b>(33,225)</b>	<b>(31,460)</b>	<b>(24,261)</b>
Cash at beginning of period	72,907	97,168	97,168
Effect of exchange rate changes on the balance of cash held in foreign currencies	-	-	-
<b>Cash at end of period</b>	<b>39,682</b>	<b>65,708</b>	<b>72,907</b>

The statement of accounting policies and the accompanying notes form an integral part of these financial statements.

## Notes to and forming part of the Consolidated Financial Statements

For the six months ended 31 December 2023

### 1. Basis of preparation

These consolidated condensed interim financial statements ("financial statements") of AgResearch Limited and its subsidiaries ("the Group") have been prepared in accordance with the requirements of the Crown Research Institutes Act 1992, the Public Finance Act 1989, the Crown Entities Act 2004 and the Companies Act 1993.

These financial statements have been prepared in accordance with New Zealand Equivalent to International Accounting Standard (NZ IAS) 34 Interim Financial Reporting. The Group is profit-orientated.

The financial statements of the Group for the six months ended 31 December 2023 have been prepared applying the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the Group's Annual Report for the year ended 30 June 2023.

The same significant judgements, estimates and assumptions included in the notes to the financial statements in the Group's Annual Report for the year ended 30 June 2023 have been applied to these interim financial statements.

The financial statements were authorised for issue by the Directors on 13 February 2024.

### 2. Operating expenditure

in thousands of New Zealand dollars	Unaudited 6 months to Dec 2023	Unaudited 6 months to Dec 2022	Audited 12 months to Jun 2023
<b>Employee Related</b>			
Salary and wages *	36,871	36,108	71,570
Superannuation contribution	1,028	999	2,002
<b>Operational</b>			
Amortisation and impairment of intangible assets	138	127	286
Depreciation	5,825	5,778	11,664
Depreciation of right-of-use assets	1,156	1,177	2,412
Short-term and low value lease expenses	(46)	42	264
Other operating expenses	13,744	14,057	27,699
Science 3rd party sub-contracts	17,434	15,316	39,689
Site and property expenses	4,227	3,808	7,898
Supplies	5,725	6,015	13,612
<b>Financial and administration</b>			
Auditor's Remuneration – for services as auditor	204	183	381
Bad debts	-	1	1
Change in provision for doubtful debts	6	-	(8)
Directors' fees	209	177	354
Donations	-	2	-
Financial and legal expenses	1,333	1,120	2,630
	<b>87,854</b>	<b>84,910</b>	<b>180,454</b>

Key Management remuneration (\* included in previous table) comprises of two components: base salary and employer contribution of Kiwisaver per the following table:

in thousands of New Zealand dollars	Note	Unaudited 6 months to Dec 2023	Unaudited 6 months to Dec 2022	Audited 12 months to Jun 2023
Salaries and other short term employee benefits		1,524	1,565	3,168
<b>Total</b>		<b>1,524</b>	<b>1,565</b>	<b>3,168</b>

A number of key management personnel provide directorship services to subsidiaries and other entities as part of their employment without receiving any additional remuneration.

The Group purchases directors and officers insurance for the benefit of key management personnel in relation to the services they provide to the Group.

### 3. Contingencies and Commitments

There are no significant known contingent liabilities or pending litigation. As at 31 December 2023, the total capital commitments were \$5.6m.

#### Contingent Assets

There are no significant known contingent assets.

### 4. Significant events after reporting date

There are no significant events post balance date.

## Report declarations

### Preparing the Report

In preparing this Half Year Report and the consolidated condensed interim financial statements contained herein, I certify on the behalf of the Board that the Group has operated in accordance with provisions of the Crown Research Institutes Act 1992, the Public Finance Act 1989, the Crown Entities Act 2004 and the Companies Act 1993.

**Dr Paul Reynolds QSO**  
Chair  
14 February 2024



### Statement of Responsibility

For the six months ended 31 December 2023

AgResearch Limited certifies that:

1. The Board of AgResearch Limited accepts responsibility for the preparation of the consolidated condensed interim financial statements and judgements used in them
2. The Board of AgResearch Limited accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
3. In the opinion of the Board of AgResearch Limited, the consolidated condensed interim financial statements for the six months ended 31 December 2023 fairly reflect the financial position and operations of AgResearch Limited and its subsidiaries that collectively comprise the Group.

**Dr Paul Reynolds QSO**  
Chair  
14 February 2024

**Dr Sue Bidrose**  
Chief Executive Officer  
14 February 2024





## Directory

### Executive Management Team

**Dr Sue Bidrose**  
Chief Executive Officer

**Stuart Hall**  
Deputy Chief Executive, Commercial Partnerships

**Tony Hickmott**  
Director Finance and Business Performance

**Dr Sara Edwards**  
Director Research Operations

**Dr Dave Houlbrooke**  
Director Research Capability

**Ariana Estoras**  
Director Māori Research and Partnerships

**Dr Marie Bradley**  
Director Strategy and Communications

**Greg Rossiter**  
Director Information Technology

**Fleur Evans**  
Director People and Culture

**Dr Axel Heiser**  
Chief Scientist

### Board of Directors

**Dr Paul Reynolds QSO**  
Chair

**Kim Wallace**  
Deputy Chair  
Chair – Audit and Risk Committee

**Dr Louise Cullen**  
Chair – People and Culture Committee

**Mary-Anne Macleod**  
Director

**Rukumoana Schaafhausen**  
Director

**Jessie Chan**  
Director

### Information

**Auditors**  
Deloitte Limited on behalf of the Auditor-General

**Bankers**  
ANZ Bank New Zealand Limited



# SCIENCE WORKING FOR AOTEAROA NEW ZEALAND

The Crown Research  
Institutes (CRIs)  
proudly work,  
individually and  
collectively, to create  
a more prosperous,  
sustainable and  
innovative Aotearoa  
New Zealand.



**4,400**  
SMART AND  
PASSIONATE PEOPLE

**54**  
SITES ACROSS  
AOTEAROA  
NEW ZEALAND

**6,000**  
SCIENCE PROJECTS  
EACH YEAR

**40**  
NATIONALLY  
SIGNIFICANT DATABASES  
& COLLECTIONS

[WWW.SCIENCENEWZEALAND.ORG](http://WWW.SCIENCENEWZEALAND.ORG)



