

Half Year Report

Pūrongo a Haurua Tau

G36

2021



Leading agri-based
science innovation

Contents

| | |
|--|----------|
| Chair and Chief Executive's review | 4 |
| Consolidated Financial Statements | 7 |
| Consolidated Statement of Comprehensive Income | 8 |
| Consolidated Statement of Financial Position | 10 |
| Consolidated Statement of Changes in Equity | 14 |
| Consolidated Statement of Cash Flows | 16 |
| Notes to and forming part of the Consolidated Financial Statements | 18 |
| 1 Basis of preparation | 18 |
| 2 Operating expenditure | 19 |
| 3 Other gains / (losses) | 21 |
| 4 Contingencies and commitments | 22 |
| 5 Seasonality of business | 22 |
| 6 Fair value measurement recognised in the statement of financial position | 22 |
| 7 Reconciliation of net surplus / (deficit) after tax with net cash flow from operating activities | 24 |
| 8 Significant events after reporting date | 25 |
| Preparing the report | 26 |
| Statement of responsibility | 27 |
| Directory | 28 |

Chair and Chief Executive's review

AgResearch has completed the first half of the 2020/21 financial year in a strong financial position.

Our total operating revenue was \$81.3m compared to \$64.3 for the same period in FY20. The period under review featured a payment of \$13.6m from the Government's COVID-19 Response and Recovery Fund and \$14.2m compensation payment from NZTA for the sale of land under the Public Works Act. Commercial revenue streams are also robust despite the impact of the global pandemic on the New Zealand economy.

2020 featured significant strategic and organisational change for the company and our people. Chief Executive, Sue Bidrose, joined AgResearch in late July, and the structure of our research teams was overhauled to complement our refreshed Science Plan and strategic direction. This entailed the appointment of four Associate Research Directors (ARDs) and six Innovation Centres of Excellence leaders who together, along with our Research Director, will define, create and grow science vitality at AgResearch.

The AgResearch Science Advisory Panel (SAP) met virtually in October and November to observe and make recommendations in regard to our science capability and strategy. SAP is made up of leading New Zealand and international scientists who provide us with advice and benchmark our science against other leading international research organisations. In their report they said they were “impressed by the sophisticated, holistic measures that are being developed to measure” our science vitality and capability.

AgResearch further strengthened our connectivity with others in the science system when researchers moved into AgResearch, Massey and Riddet Institute's new joint research facility, Te Ohu Rangahau Kai. Three hundred food scientists are located on the new premises located on Massey's Palmerston North campus. The facility has cutting edge food handling facilities and laboratories dedicated to food research and will officially be opened in March, 2021.

AgResearch, the University of Canterbury, Lincoln University, Plant & Food Research and Manaaki Whenua Landcare Research launched a joint postgraduate school “Food Transitions 2050” based in Christchurch.

The school is dedicated to supporting the transition of our regional, national and international food systems with solution-based outputs around themes including zero carbon futures, water, international transportation, plant-based diets, rural economies, artificial intelligence and technical transitions.

In the period under review a number of pan-Crown Research Institutes (CRIs) working groups were established across shared business services, IT, HR and science. By way of example, AgResearch helped coordinate a collective approach to regenerative farming research with Manaaki Whenua Landcare Research, Plant and Food Research and Scion. CRIs are aiming to design a research programme to eliminate the duplication of research and, offer research scale and a ‘best teams’ approach to future ‘regen farming’ research.

We found new ways to remain connected internationally during COVID-19. For example, AgResearch hosted a virtual conference to share and learn about the latest findings on wool, human hair and protein-based materials. The programme included 20 presentations from speakers in New Zealand,

Australia, the USA, Poland, Norway, Japan and China. The conference drew attention from national and international media, and successfully enhanced AgResearch's profile as an international centre for wool and fibre research.

Our mātauranga Māori strategy, Te Ara Tika, was approved by the Board and our focus is now on implementation. AgResearch negotiated two new partnership agreements with Waikato-Tainui (officially signed in January) and with Poutama, an independent charitable trust established to provide business development services to Māori. These agreements are examples of our relationship building with Māori agri-business and the effort we are putting into making sure our Te Ara Tika strategy creates meaningful impact for Māori, as well as benefits for New Zealand.

We also celebrated some notable science successes. The final deliverable in the microbiomes to predict methane in sheep programme was completed with a report submitted to the Global Research Alliance. Some key tangible features of the research were also introduced to farmers when we took our mobile methane chambers to a number



Te Ohu Rangahau Kai located on the Massey University Campus in Palmerston North

of ram breeders' properties to help them measure and identify low emitting sheep in their flocks. These sheep will be used in future breeding programmes to reduce methane emissions from their flocks.

In September, the Prime Minister, Jacinda Arden, and the Minister of Finance, Grant Robertson, visited Food HQ in Palmerston North where our scientists with specialist knowledge in fermented foods showcased their work and talked about their international collaborations.

AgResearch's net assets at 31 December 2020 were \$268 million.

A snapshot of our financial performance is summarised in the table below (with detailed results provided in the remainder of this half year report).

AgResearch is in a strong position to build on the structural and strategic changes we made in the first half of 2020 in the final half of the financial year.

| in thousands of New Zealand dollars | Unaudited 6 months to Dec 2020 | Restated Unaudited 6 months to Dec 2019 | Audited 12 months to Jun 2020 |
|--|--------------------------------------|--|-------------------------------------|
| Revenue | 81,304 | 62,426 | 156,073 |
| Expenditure | (56,688) | (72,095) | (152,293) |
| Net surplus / (deficit) before tax | 24,616 | (7,831) | 3,780 |
| Tax expense / (benefit) | 1,575 | (2,166) | (2,203) |
| Net surplus / (deficit) after tax for the period | 23,041 | (5,665) | 5,983 |

Table 1. Summary of financial performance



Dr Paul Reynolds
Chair
17 February 2021



Dr Sue Bidrose
Chief Executive
17 February 2021

Consolidated
Financial Statements

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2020

| in thousands of New Zealand dollars | Note | Unaudited 6 months to Dec 2020 | Restated Unaudited 6 months to Dec 2019 | Audited 12 months to Jun 2020 |
|---|------|--------------------------------------|--|-------------------------------------|
| Revenue | | | | |
| Ministry of Business, Innovation and Employment | | | | |
| Strategic Science Investment Fund | | 22,474 | 21,944 | 43,889 |
| Our Land and Water National Science Challenge | | 3,653 | 2,041 | 4,289 |
| COVID-19 Response and Recovery Fund | | 13,570 | - | 13,570 |
| Other | | 7,335 | 7,761 | 17,049 |
| Commercial | | 25,861 | 24,318 | 56,929 |
| Farm produce | | 2,107 | 1,971 | 4,530 |
| Other revenue | | 6,304 | 6,229 | 15,817 |
| Total operating revenue | | 81,304 | 64,264 | 156,073 |
| Operating expenditure | 2 | (70,966) | (73,208) | (149,265) |
| Other gains / (losses) | 3 | 15,226 | 1,807 | (1,046) |
| Finance costs | | (408) | (474) | (962) |
| Share of deficit of associates | | (540) | (220) | (1,020) |
| Surplus / (deficit) before tax | | 24,616 | (7,831) | 3,780 |
| Tax expense / (benefit) | | 1,575 | (2,166) | (2,203) |
| Net surplus / (deficit) after tax for the period | | 23,041 | (5,665) | 5,983 |

Table 2. Consolidated Statement of Comprehensive Income (cont. overleaf)

| in thousands of New Zealand dollars | Note | Unaudited 6 months to Dec 2020 | Restated Unaudited 6 months to Dec 2019 | Audited 12 months to Jun 2020 |
|--|------|--------------------------------------|--|-------------------------------------|
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to surplus or deficit:</i> | | | | |
| Revaluation of properties | | - | - | (1,992) |
| Impairment of revalued properties | | - | - | - |
| Income tax relating to components of other comprehensive income | | - | - | (169) |
| Other comprehensive income for the period net of tax | | - | - | (2,161) |
| Total comprehensive income for the period net of tax | | 23,041 | (5,665) | 3,822 |
| Net surplus / (deficit) is attributable to: | | | | |
| Equity holders of the parent | | 23,041 | (5,665) | 5,983 |
| Total comprehensive income is attributable to: | | | | |
| Equity holders of the parent | | 23,041 | (5,665) | 3,822 |

Table 2 cont. Consolidated Statement of Comprehensive Income

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

Consolidated Statement of Financial Position

For the six months ended 31 December 2020

| in thousands of New Zealand dollars | Note | Unaudited 6 months to Dec 2020 | Restated Unaudited 6 months to Dec 2019 | Audited 12 months to Jun 2020 |
|--|------|--------------------------------------|--|-------------------------------------|
| Current assets | | | | |
| Cash and cash equivalents | | 72,305 | 38,577 | 55,007 |
| Trade and other receivables | | 38,106 | 20,108 | 22,175 |
| Prepayments | | 2,151 | 2,882 | 2,250 |
| Lease receivable | | 131 | 256 | 196 |
| Biological assets – livestock | | 4,512 | 5,331 | 3,933 |
| Inventory | | 1,002 | 1,440 | 1,142 |
| Total current assets | | 118,207 | 68,594 | 84,703 |
| Non-current assets | | | | |
| Investments in associates and joint ventures | | 6,107 | 6,039 | 6,035 |
| Other investments | | 2,954 | 2,229 | 2,659 |
| Property, plant and equipment | | 211,380 | 209,756 | 210,791 |
| Biological assets – forestry | | 1,245 | 1,157 | 1,245 |
| Goodwill | | 907 | 907 | 907 |
| Intangible assets | | 2,692 | 1,667 | 2,450 |
| Lease receivable | | - | 131 | - |
| Right-of-use assets | | 26,087 | 26,814 | 27,154 |
| Total non-current assets | | 251,372 | 248,700 | 251,241 |
| Total assets | | 369,579 | 317,294 | 335,944 |

| in thousands of New Zealand dollars | Note | Unaudited 6 months to Dec 2020 | Restated Unaudited 6 months to Dec 2019 | Audited 12 months to Jun 2020 |
|--------------------------------------|------|--------------------------------------|--|-------------------------------------|
| Less: | | | | |
| Current liabilities | | | | |
| Trade and other payables | | 56,409 | 33,680 | 42,322 |
| Derivative financial instruments | | 22 | 22 | 11 |
| Provisions | | 5,341 | 5,284 | 6,181 |
| Current tax | | 3,330 | 358 | 2,638 |
| Lease liability | | 1,977 | 1,962 | 2,099 |
| Total current liabilities | | 67,079 | 41,306 | 53,251 |
| Non-current liabilities | | | | |
| Deferred tax | | 9,206 | 14,126 | 11,579 |
| Lease liability | | 24,647 | 25,483 | 25,449 |
| Other non-current liabilities | | 477 | 736 | 536 |
| Provisions – non-current | | 22 | 23 | 22 |
| Total non-current liabilities | | 34,352 | 40,368 | 37,586 |
| Total liabilities | | 101,431 | 81,674 | 90,837 |
| Net assets | | 268,148 | 235,620 | 245,107 |

Table 3 cont. Consolidated Statement of Financial Position (cont. overleaf)

| in thousands of New Zealand dollars | Note | Unaudited 6 months to Dec 2020 | Restated Unaudited 6 months to Dec 2019 | Audited 12 months to Jun 2020 |
|-------------------------------------|------|--------------------------------------|--|-------------------------------------|
| Equity | | | | |
| Share capital | | 47,268 | 47,268 | 47,268 |
| Revaluation reserves | | 90,896 | 93,111 | 90,950 |
| Retained earnings | | 129,984 | 95,241 | 106,889 |
| Total equity | | 268,148 | 235,620 | 245,107 |

Table 3 cont. Consolidated Statement of Financial Position

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



Dr Paul Reynolds
Chair
17 February 2021



Kim Wallace
Director
17 February 2021

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2020

| in thousands of New Zealand dollars | Share capital | Revaluation reserves Property, plant and equipment | Retained earnings | Total Equity |
|---|---------------|---|----------------------|----------------|
| Unaudited 6 months to December 2019 | | | | |
| Balance at 1 July 2019 | 47,268 | 93,111 | 100,906 | 241,285 |
| Deficit after tax for the period | - | - | (5,665) | (5,665) |
| Revaluation of properties | - | - | - | - |
| Changes in fair value of investments | - | - | - | - |
| Transfer of revaluation reserve on sold assets | - | - | - | - |
| Income tax relating to components of other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | (5,665) | (5,665) |
| Balance at 31 December 2019 | 47,268 | 93,111 | 95,241 | 235,620 |
| Audited 12 months to June 2020 | | | | |
| Balance at 1 July 2019 | 47,268 | 93,111 | 100,906 | 241,285 |
| Surplus after tax for the period | - | - | 5,983 | 5,983 |
| Revaluation of properties | - | (1,992) | - | (1,992) |
| Changes in fair value of investments | - | - | - | - |
| Transfer of revaluation reserve on sold assets | - | - | - | - |
| Income tax relating to components of other comprehensive income | - | (169) | - | (169) |
| Total comprehensive income | - | (2,161) | 5,983 | 3,822 |
| Balance at 30 June 2020 | 47,268 | 90,950 | 106,889 | 245,107 |

Table 4. Consolidated Statement of Changes in Equity (cont. overleaf)

| in thousands of New Zealand dollars | Share capital | Revaluation reserves Property, plant and equipment | Retained earnings | Total Equity |
|---|---------------|--|----------------------|----------------|
| Unaudited 6 months to December 2020 | | | | |
| Balance at 1 July 2020 | 47,268 | 90,950 | 106,889 | 245,107 |
| Surplus after tax for the period | - | - | 23,041 | 23,041 |
| Revaluation of properties | - | - | - | - |
| Changes in fair value of investments | - | - | - | - |
| Transfer of revaluation reserve on sold assets | - | (54) | 54 | - |
| Income tax relating to components of other comprehensive income | - | - | - | - |
| Total comprehensive income | - | (54) | 23,095 | 23,041 |
| Balance at 31 December 2020 | 47,268 | 90,896 | 129,984 | 268,148 |

Table 4 cont. Consolidated Statement of Changes in Equity

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 2020

| in thousands of New Zealand dollars | Note | Unaudited 6 months to Dec 2020 | Restated Unaudited 6 months to Dec 2019 | Audited 12 months to Jun 2020 |
|--|------|--------------------------------------|--|-------------------------------------|
| Cash received from operating activities | | | | |
| Receipts from customers | | 96,044 | 81,626 | 175,522 |
| Interest received | | 511 | 700 | 1,155 |
| Total cash received from operating activities | | 96,555 | 82,326 | 176,677 |
| Cash disbursed on operating activities | | | | |
| Payments to employees | | 35,980 | 36,776 | 71,463 |
| Payments to suppliers | | 28,843 | 36,180 | 68,033 |
| Restructuring | | 575 | 333 | 1,173 |
| Income tax paid | | 3,256 | 435 | 662 |
| Interest paid | | 408 | 474 | 962 |
| Total cash disbursed on operating activities | | 69,062 | 74,198 | 142,293 |
| Net cash flow from operating activities | 7 | 27,493 | 8,128 | 34,384 |
| Cash received from investing activities | | | | |
| Disposal of property, plant and equipment | | 2 | - | 17 |
| Disposal of investments and intangible assets | | 47 | 741 | 742 |
| Total cash received from investing activities | | 49 | 741 | 759 |

Table 5. Consolidated Statement of Cash Flows (cont. overleaf)

| in thousands of New Zealand dollars | Note | Unaudited 6 months to Dec 2020 | Restated Unaudited 6 months to Dec 2019 | Audited 12 months to Jun 2020 |
|---|------|--------------------------------------|--|-------------------------------------|
| Cash disbursed on investing activities | | | | |
| Investment in property, plant and equipment | | 7,977 | 15,967 | 22,684 |
| Purchase of other investments and intangible assets | | 701 | 915 | 2,577 |
| Partner contribution to research consortiums | | 400 | - | 925 |
| Total cash disbursed on investing activities | | 9,078 | 16,882 | 26,186 |
| Net cash flow from investing activities | | (9,029) | (16,141) | (25,427) |
| Cash disbursed on financing activities | | | | |
| Repayment of the lease liabilities | | 1,152 | 1,593 | 2,179 |
| Total cash disbursed on financing activities | | 1,152 | 1,593 | 2,179 |
| Net cash flow from financing activities | | (1,152) | (1,593) | (2,179) |
| Total net cash flow | | 17,312 | (9,606) | 6,778 |
| Cash at beginning of period | | 55,007 | 48,186 | 48,186 |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | | (14) | (3) | 43 |
| Cash at end of period | | 72,305 | 38,577 | 55,007 |

Table 5 cont. Consolidated Statement of Cash Flows

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 2020

1. Basis of preparation

These consolidated condensed interim 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 interim 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 consolidated condensed interim financial statements of the Group for the six months ended 31 December 2020 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 2020.

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 2020 have been applied to these interim financial statements.

The financial statements were authorised for issue by the Directors on 17 February 2021.

2. Operating Expenditure

| in thousands of New Zealand dollars | Unaudited 6 months to Dec 2020 | Restated Unaudited 6 months to Dec 2019 | Audited 12 months to Jun 2020 |
|--|--------------------------------------|--|-------------------------------------|
| Employee Related | | | |
| Salary and wages * | 34,775 | 35,900 | 71,590 |
| Superannuation contribution | 910 | 956 | 1,863 |
| Operational | | | |
| Amortisation and impairment of intangible assets | 230 | 271 | 501 |
| Depreciation | 5,566 | 5,120 | 10,244 |
| Depreciation of right-of-use assets | 1,295 | 1,756 | 2,634 |
| Short-term and low value lease expenses | 197 | - | 245 |
| Other operating expenses | 9,839 | 11,095 | 21,305 |
| Science 3rd party sub-contracts | 6,268 | 6,885 | 17,158 |
| Site and property expenses | 3,331 | 3,032 | 5,931 |
| Supplies | 6,963 | 6,448 | 14,698 |
| Financial and administration | | | |
| Auditor's Remuneration – for services as auditor | 143 | 131 | 273 |
| Audit fee – additional fee in relation to prior year audit | - | 65 | 65 |
| Bad debts | 3 | (5) | 5 |
| Change in provision for doubtful debts | - | (10) | (1) |
| Directors' fees | 168 | 136 | 275 |
| Donations | 1 | 4 | 4 |
| Financial and legal expenses | 1,277 | 1,424 | 2,475 |
| | 70,966 | 73,208 | 149,265 |

Table 6. Note 2 - Operating Expenditure

* Key management personnel remuneration is included in the salary and wages line above.

AgResearch's remuneration policy is to reward employees at all levels of the organisation fairly and consistently under the following principles:

- Market relativity (market practice, market position, labour market conditions)
- Ability to pay (balancing company responsibilities with commitment to competitive market positioning)
- Internal relativity (recognising different levels of complexity and accountability between roles)
- Performance (reward for delivery and high performance).

The remuneration includes two components – base salary and employer contribution of Kiwisaver. Base salary is agreed with reference to the fixed pay market median data provided by external independent advisors and is reviewed by the Board annually.

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.

The compensation of the Executive Team members is outlined in the table below.

| <i>in thousands of New Zealand dollars</i> | Unaudited 6 months to Dec 2020 | Restated Unaudited 6 months to Dec 2019 | Audited 12 months to Jun 2020 |
|---|--------------------------------------|--|-------------------------------------|
| Salaries and other short term employee benefits | 1,859 | 1,667 | 3,625 |
| Termination payments | 27 | 355 | 355 |
| Total | 1,886 | 2,022 | 3,980 |

Table 7. Note 2 - Remuneration

3. Other gains / (losses)

| in thousands of New Zealand dollars | Unaudited 6 months to Dec 2020 | Restated Unaudited 6 months to Dec 2019 | Audited 12 months to Jun 2020 |
|---|--------------------------------------|--|-------------------------------------|
| Net gain (loss) from foreign currency exchange | (49) | (25) | 9 |
| Net gain (loss) on sale of property, plant and equipment | 99 | 238 | (77) |
| Net gain (loss) on distribution of other investments | 36 | 225 | 625 |
| Change in fair value of other investments | 315 | 133 | 11 |
| Change in fair value of derivative financial instruments | (11) | (27) | (16) |
| Change in fair value of forestry | - | - | 87 |
| Change in fair value of livestock | 820 | 1,288 | (487) |
| (Impairment) / write ups of property, plant and equipment | - | - | (1,216) |
| Other compensation | 14,027 | - | - |
| Impairment of investments | (11) | (25) | (152) |
| Change in fair value of other assets and liabilities | - | - | 170 |
| | 15,226 | 1,807 | (1,046) |

Table 8. Note 3 - Other gains / (losses)

During the six months ended 31 December 2020, the Group signed an agreement with New Zealand Transport Agency (NZTA) to transfer a portion of the land at its Ballantrae Hill Country Research Station to NZTA under Public Works Act 1981. NZTA agreed to pay \$14.2m in total to the Group as compensation. \$14m is the compensation for the detrimental impact on the Group's ability to fully use the land for research purposes and the remaining \$0.2m is for the value of the land transferred.

The comparative amounts for the 6 months ending 31 December 2019 are restated under NZ IFRS 16 in these condensed interim financial statements.

The summary of the restatement is disclosed as follows:

- The application of NZ IFRS 16 in an increase in Other gains / losses of \$238k.

4. Contingencies and Commitments

There are no significant known contingent liabilities or pending litigation. As at 31 December 2020, the total capital commitments were \$5.4m.

Contingent Assets

Currently there is a claim with the Group's insurer in respect of damage as a result of the Christchurch earthquakes. The quantum is still to be determined.

5. Seasonality of business

The timing of research contracts negotiations and delivery gives rise to a higher level of income in the second half of the year.

6. Fair value measures recognised in the Statement of Financial Position

The following tables provide an analysis of items that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| in thousands of New Zealand dollars | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|--------------|------------|----------------|----------------|
| 31 December 2020 | | | | |
| Financial assets | | | | |
| Other investments | 2,133 | 258 | 30 | 2,421 |
| Non-financial assets | | | | |
| Livestock | - | - | 4,512 | 4,512 |
| Forestry | - | - | 1,245 | 1,245 |
| Land and land improvements | - | - | 64,206 | 64,206 |
| Buildings | - | - | 115,853 | 115,853 |
| | 2,133 | 258 | 185,846 | 188,237 |
| Financial Liabilities | | | | |
| Derivative financial liabilities | 22 | - | - | 22 |
| | 22 | - | - | 22 |

Table 9. Note 6 - Fair value measures recognised in the Statement of Financial Position (cont. overleaf)

| in thousands of New Zealand dollars | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|--------------|------------|----------------|----------------|
| 31 December 2019 | | | | |
| Financial assets | | | | |
| Other investments | 1,951 | 248 | 29 | 2,228 |
| Non-financial assets | | | | |
| Livestock | - | - | 5,331 | 5,331 |
| Forestry | - | - | 1,157 | 1,157 |
| Land and land improvements | - | - | 69,757 | 69,757 |
| Buildings | - | - | 119,173 | 119,173 |
| | 1,951 | 248 | 195,447 | 197,646 |
| Financial Liabilities | | | | |
| Derivative finance liabilities | 22 | - | - | 22 |
| | 22 | - | - | 22 |
| 30 June 2020 | | | | |
| Financial assets | | | | |
| Other investments | 1,776 | 455 | 10 | 2,241 |
| Non-financial assets | | | | |
| Livestock | - | - | 3,933 | 3,933 |
| Forestry | - | - | 1,245 | 1,245 |
| Land and land improvements | - | - | 64,486 | 64,486 |
| Buildings | - | - | 124,970 | 124,970 |
| | 1,776 | 455 | 194,644 | 196,875 |
| Financial Liabilities | | | | |
| Derivative finance liabilities | 11 | - | - | 11 |
| | 11 | - | - | 11 |

Table 9 cont. Note 6 - Fair value measures recognised in the Statement of Financial Position

7. Reconciliation of net surplus / (deficit) after tax with net cash flow from operating activities

| in thousands of New Zealand dollars | Unaudited 6 months to Dec 2020 | Restated Unaudited 6 months to Dec 2019 | Audited 12 months to Jun 2020 |
|--|--------------------------------------|--|-------------------------------------|
| Surplus / (deficit) after tax | 23,041 | (5,665) | 5,983 |
| Non-cash items: | | | |
| Depreciation | 5,566 | 5,120 | 10,244 |
| Intangible assets amortisation and impairment | 230 | 271 | 501 |
| Depreciation of right-of-use | 1,295 | 1,756 | 2,634 |
| Net (gain) / loss on sale of property, plant and equipment | (99) | (238) | 77 |
| Share of deficit of associates | 540 | 220 | 1,020 |
| Investment write down / revaluation | 11 | 25 | 152 |
| Change in fair value of forestry | - | - | (87) |
| Change in fair value of livestock | (820) | (1,288) | 487 |
| Change in fair value of other investments | (315) | (133) | (637) |
| Property Plant and Equipment impairment / (write up) | - | - | 1,216 |
| Net (gain) / loss from foreign currency exchange | 49 | 25 | (10) |
| Change in fair value of derivative financial instruments | 11 | 27 | 16 |
| Net (gain) / loss on distribution of investments and intangible assets | (36) | (225) | - |
| Bad debt provision | 3 | (15) | 4 |
| Other non-cash items | (84) | (126) | (368) |

Table 10. Note 7 - Reconciliation of net surplus / (deficit) after tax with net cash flow from operating activities (cont. overleaf)

| in thousands of New Zealand dollars | Unaudited 6 months to Dec 2020 | Restated Unaudited 6 months to Dec 2019 | Audited 12 months to Jun 2020 |
|---|--------------------------------------|--|-------------------------------------|
| Movements in working capital: | | | |
| Change in current taxation | 692 | (360) | 1,920 |
| Change in deferred tax | (2,373) | (2,241) | (4,958) |
| (Increase) / decrease in inventory | 140 | (438) | (115) |
| (Increase) / decrease in livestock | 241 | 145 | (229) |
| (Increase) / decrease in receivables | (15,974) | 12,244 | 9,592 |
| (Increase) / decrease in prepayments | 99 | (861) | (290) |
| (Increase) / decrease in other current assets | 68 | 366 | 250 |
| Increase / (decrease) in provisions | (990) | (133) | 763 |
| Increase / (decrease) in payables | 14,237 | (5,992) | 3,139 |
| Items classified as investing and financing activities: | | | |
| Increase / (decrease) in PPE, intangibles and investment accruals | (1,961) | 5,644 | 3,080 |
| Net cash flow from operating activities | 27,493 | 8,128 | 34,384 |

Table 10 cont. Note 7 - Reconciliation of net surplus / (deficit) after tax with net cash flow from operating activities

8. Significant events after reporting date

There are no significant events post balance date.



*Inside Te Ohu
Rangahau Kai*

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.

A handwritten signature in black ink, appearing to read 'Paul', followed by a long horizontal line extending to the right.

Dr Paul Reynolds
Chair
17 February 2021

Statement of Responsibility

For the six months ended 31 December 2020

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 2020 fairly reflect the financial position and operations of AgResearch Limited and its subsidiaries that collectively comprise the Group.



Dr Paul Reynolds
Chair
17 February 2021



Kim Wallace
Director
17 February 2021

Directory

Executive Management Team

Dr Sue Bidrose
Chief Executive Officer

Tony Hickmott
Finance and Business Performance Director

Dr Trevor Stuthridge
Research Director

Jo Brady
Communications and Marketing Director

Fleur Evans
People and Culture Director
(Appointed Dec 2020)

Stuart Hall
Partnerships and Programmes Director

John O’Dea
Infrastructure Director

Greg Rossiter
Technology and Digital Services Director

Chris Koroheke
Kaiurungi Ahuwhenua Māori

Natasha Barnett
Health and Safety Director
(Until Oct 2020)

Board of Directors

Dr Paul Reynolds QSO
Chair

Kim Wallace
Deputy Chair
Chair – Audit and Risk Committee

Jackie Lloyd
Chair – People and Culture Committee

Colin Armer
Director

Rukumoana Schaafhausen
Director

Dr Louise Cullen
Director

Lain Jager
Director

Information

Auditors
Deloitte on behalf of the Auditor-General

Bankers
ANZ Bank New Zealand Limited
Westpac Banking Corporation

AgResearch Limited

NZBN: 9429 038 966 224

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