

# NIWA

Enhancing the benefits of  
New Zealand's natural resources

GROUP HALF YEARLY REPORT  
for the period ended 31 December 2014



Introducing the face of FitzRoy

# Half Yearly Report For The

## Six Months Ended 31 December 2014

---

### Overview

NIWA is on target to achieve its 2013/14 budget across each of its key financial ratios. At the half year stage revenue, profit and cash flow are all close to or better than budget.

All science objectives as outlined in the 2014/15 Statement of Corporate Intent are on track, and excellent progress has been made with the implementation of initiatives to improve NIWA's operational efficiency and effectiveness.

An ongoing focus on collaborating with other science providers has strengthened NIWA's research capability and supported the application of NIWA's science to industry and government agencies, as illustrated below.

### Financial Results

NIWA's turnover at \$61.051 million was ahead of budgeted revenue of \$55.793 million. An after taxation profit of \$0.592 million was better than budget by \$2.463 million.

Good progress has been made in securing additional revenue to meet the full year budget, which we continue to monitor closely as we head into the second half of the year.

Expenses were \$3.837 million higher than during the same period last year, due to higher spending on science collaboration. Despite this, the after taxation profit of \$0.592 million was better than budget by \$2.463 million.

The closing cash position continues to be favourable, being \$4.836 million ahead of the budgeted cash balance of \$5.180 million.

Overall, NIWA is on target to achieve annual budget across each of its key financial ratios.

## Financial KPIs

All NIWA's financial KPIs are in line with or exceed budget as detailed in its Statement of Corporate Intent (SCI), as illustrated in the table below.

	<b>Actual</b>	<b>SCI</b>	<b>SCI</b>
	<b>YTD</b>	<b>YTD</b>	<b>Full Year</b>
<b>Revenue</b> (\$000s)	61,051	55,793	126,604
<b>Liquidity</b>			
Current Ratio	1.31	1.07	1.19
Quick Ratio (aka Acid test)	1.65	1.29	1.54
<b>Profitability</b>			
Adjusted Return on Equity*	0.7%	-2.4%	6.0%
Return on Equity	0.6%	-1.9%	4.6%
Return on Assets	0.5%	-2.0%	4.7%
EBITDAF Margin (aka Operating profit margin)	12.5%	7.0%	5.1%
<b>Operational Risk</b>			
Profit volatility	30.8%	42.8%	6.5%
Forecasting Risk (non-adjusted ROE)	-1.3%	-1.8%	2.0%
<b>Growth/Investment</b>			
Capital renewal	79.4%	90.3%	92.9%
<b>Financial strength</b>			
Net Cash/(Debt) (\$000s)	10,016	5,180	3,945

\*Agreed with Officials after adjustment in 2006/07 for restatement of certain land and buildings cost figures.

## Operating with effectiveness and efficiency

As indicated in the 2014/15 Statement of Corporate Intent, there are a number of initiatives underway to improve NIWA's operational effectiveness and efficiency. Optimising the "self-service" systems performance through continuous improvement has been the focus, with progress within these initiatives being made as planned. Other initiatives to improve NIWA's productivity, science delivery, customer services levels, external communications, and risk management approach are on track.

## Collaboration

### *End-user collaboration*

Increased focus on the application of NIWA's science for the benefit of New Zealand has continued this year. Some examples of the benefits of this end-user collaboration are included in the *Positive impacts of NIWA Science* section below.

### *Research collaboration*

One measure of the importance and scale of collaborative relationships NIWA has with many national and international organisations, in order to deliver our Core Purpose and ensure that we deliver internationally leading science, is the publication of jointly-authored papers.

- 81 papers involved collaborations with research organisations in 21 countries. The most frequent collaborations were with the USA (27 papers), Australia (22), Germany (17), UK (16), Canada (6), Spain (4) and Norway and Korea (5 papers each). A number of papers involved collaboration with more than one country – the maximum was with 17 countries in a publication on updating the global surface ocean CO<sub>2</sub> atlas.
- 68 papers involved collaboration with a wide variety of New Zealand organisations, including universities, Crown Research Institutes, private research organisations and end-user organisations.

### **Technology and Knowledge transfer**

Technology and knowledge transfer activities continued at a high level for the first half of the year. Some qualitative information on transfer activities to New Zealand industry, government and Māori is contained in the *Positive impacts of NIWA Science* section below. Quantitative information follows.

#### *End-user reports and presentations*

NIWA has completed 31 reports for end users to date, most of which were primarily to support central government agencies and industry. Some additionally supported the development of policy and regulation by central and local government.

NIWA staff also made 247 presentations during the first half of the year at a wide variety of national and international conferences, workshops, seminars and meetings. There was some overlap in audience sectors (end users attended some science meetings in New Zealand), so that 38% were aimed at assisting central and/or local government audiences, while 27% included industry stakeholders and 16% the public or education. In addition, many were aimed at science audiences – 25% at national and 40% at meetings held overseas. Note that end users attended some science meetings in New Zealand.

## Positive impacts of NIWA Science

NIWA's science covers a broad range of activities, as indicated by our National Centre structure (refer to the 2014/15 Statement of Corporate Intent). Some examples of how we have advanced science in our spectrum, and the resulting benefits to end-users, are given below.

**New 'Island Climate Update' product.** A new water stress and water security product was released as part of the Island Climate Update in November. The product provides an overview of the potential for water stress and water security issues in the southwest Pacific. It is linked to the Island Climate Update rainfall outlook as well as regional estimates of rainfall anomalies over the Pacific region, based on the near real-time Tropical Rainfall Measurement Mission satellite data. The product is viewed at: <https://www.niwa.co.nz/island-climate-update-170-november-2014/icu-water-watch>

**New marine environmental baseline datasets.** Environmental baseline data was a key theme of recent work that was presented by NIWA at the recent Geosciences'14 conference in New Plymouth. New Zealand has a vast complex seascape, and a dynamic and biologically diverse marine environment, which pose unique problems for both data acquisition and data discovery. Offshore New Zealand has been the focus of a number of research, industry and publically-funded geophysical surveys and environmental studies that have generated a comprehensive collection of geological, oceanographic, biological and environmental data which collectively provide the means to develop environmental baselines. Acquiring encompassing, unambiguous seafloor data at scales relevant to offshore infrastructures or biohabitat is not achievable in the medium term; however, a combination of datasets allows us to provide a unique view of the topography and composition of the seafloor, its ecological characteristics and biodiversity hotspots. These databases provide significant benefits for all stakeholders of the marine environment, revealing potential for fisheries, environmental management, hazard mitigation, energy and mineral opportunities, and tourism and recreational use. They also provide key baseline knowledge on which to build well-targeted future research.

**Transfer of key bycatch information for the ling fishery.** A recent analysis of the ling longline fishery has shown that levels of fish and invertebrate bycatch over the last 10 years have remained steady. Total bycatch was about 2,000–3,000 t per year, and total discards about 1,200–1,800 t per year during this period, in a fishery that caught 3,500–5,000 t of ling annually. Linear mixed-effect models identified fishery area as the key factor influencing variability in bycatch and discard rates and this factor was used to stratify the analyses, based on fisheries observer and commercial catch effort data. The majority of discards have been Quota Management species (about 65%), followed by non-Quota Management species (29%), ling (6%), and invertebrate species (mainly starfish) (1%). The level of annual discards is currently at about 0.35 kg per 1 kg of ling caught. This is relatively high compared with the equivalent measure in the most efficient fisheries (e.g., the southern blue whiting trawl fishery (0.005 kg) and oreo and orange roughy fisheries (0.03–0.04 kg)), but is low compared with the high-value scampi fishery (4.2 kg). This work was published in a Ministry for Primary Industries Aquatic Environment and Biodiversity Report in November.

**Is climate change affecting New Zealand droughts?** Research conducted into the severe North Island drought of January to March 2013 has recently appeared in 'Explaining Extreme Events of 2013 from a Climate Perspective', a high-profile supplement to the Bulletin of the American Meteorological Society. The New Zealand study investigated the possibility of a human contribution to this drought using results from several different global climate models for which both anthropogenic and natural simulations were available with output data at daily resolution. The team found a small, but significant, anthropogenic influence on this drought, finding that the meteorological conditions were

more favourable for the formation of the drought in the anthropogenic, as against the pre-industrial world.

**New knowledge on Ross Sea ecosystems.** Completion of the MBIE-contestable project *Protecting Ross Sea Ecosystems* resulted in a number of science advances. As part of this project, the feeding ecology of Antarctic toothfish in the Ross Sea was investigated using stable isotope analysis of muscle samples. More than 1,700 toothfish were sampled from 2005/06 to 2013/14, and more than 100 samples each of four bycatch species (grenadiers, icefish, eel cods and deep-sea cod) were also analysed. In a methodological advance, new ways to correct for the effect of the high concentration of lipids (fats) in toothfish were developed. Two main results emerged. First, carbon isotopes of toothfish in the Amundsen Sea region were substantially higher than in the Ross Sea region, implying that most of toothfish sampled from the Amundsen Sea had not mixed with fish from the Ross Sea region for at least 6 months – 2 years before capture, consistent with the regions having separate spawning populations. This has clear implications for how the fish are managed by the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR). Second, isotope values indicate that the bycatch species caught in the same area could have comprised most of the toothfish diet in the Ross Sea slope region, but this was not the case for the seamount region north of the Ross Sea. This difference is consistent with toothfish feeding at a low rate in the northern Ross Sea area and staying there for less than a year – information that is relevant to understanding movement of toothfish and spatial management in the region. This information was presented to the Antarctic Fisheries Working Group and to CCAMLR at their 2014 Ecosystem Monitoring and Management Workshop in Punta Arenas, Chile.



**Christopher Mace**  
*Chairman*



**John Morgan**  
*Chief Executive*

**January 2015**



**National Institute of Water & Atmospheric Research Ltd**  
**Statement of comprehensive income**  
**for the 6 months ended 31 December 2014**

in thousands of New Zealand dollars	Notes	Group		
		6 Months to Dec 14 Unaudited	6 Months to Dec 13 Unaudited	12 Months to Jun 14 Audited
<b>Revenues and other gains</b>	4			
Research		28,252	27,468	65,176
Applied science		32,799	27,981	58,221
Other gains		20	93	142
<b>Total income</b>		<b>61,071</b>	<b>55,542</b>	<b>123,539</b>
<b>Operating expenses</b>	5			
Employee benefits expense		(30,590)	(29,479)	(59,052)
Research collaboration		(6,410)	(4,763)	(11,276)
Materials and supplies		(2,917)	(3,213)	(12,747)
Property costs		(2,902)	(2,912)	(5,974)
Information technology		(2,365)	(2,003)	(4,044)
Other expenses		(8,280)	(7,953)	(10,444)
		<b>(53,464)</b>	<b>(50,323)</b>	<b>(103,537)</b>
<b>Profit/(loss) before interest, income tax, depreciation and amortisation</b>		<b>7,607</b>	<b>5,219</b>	<b>20,002</b>
Depreciation and impairment		(6,662)	(6,191)	(12,504)
Amortisation		(324)	(145)	(381)
<b>Profit/(loss) before interest and income tax</b>		<b>621</b>	<b>(1,117)</b>	<b>7,117</b>
Interest income		201	81	251
Finance expense		–	(27)	(44)
<b>Net interest and other financing costs</b>		<b>201</b>	<b>54</b>	<b>207</b>
<b>Profit/(loss) before income tax</b>		<b>822</b>	<b>(1,063)</b>	<b>7,324</b>
Income tax credit/(expense)		(230)	396	(2,046)
<b>Profit/(loss) for the period</b>		<b>592</b>	<b>(667)</b>	<b>5,278</b>
<b>Other comprehensive income</b>				
Foreign currency translation differences for foreign operations		(22)	(145)	(107)
<b>Total comprehensive income for the period</b>		<b>570</b>	<b>(812)</b>	<b>5,171</b>
<b>Profit/(loss) attributable to:</b>				
Parent interest		605	(664)	5,285
Minority interest		(13)	(3)	(7)
<b>Profit for the period</b>		<b>592</b>	<b>(667)</b>	<b>5,278</b>
<b>Total comprehensive income attributable to:</b>				
Parent interest		583	(809)	5,178
Minority interest		(13)	(3)	(7)
<b>Total comprehensive income for the period</b>		<b>570</b>	<b>(812)</b>	<b>5,171</b>

The accompanying 'Notes to the financial statements' are an integral part of, and should be read in conjunction with, these financial statements.

**National Institute of Water & Atmospheric Research Ltd**  
**Statement of changes in equity**  
**for the 6 months ended 31 December 2014**

<b>Group</b> in thousands of New Zealand dollars	<b>Notes</b>	<b>Share capital</b>	<b>Retained earnings</b>	<b>Minority interest</b>	<b>Foreign currency translation reserve</b>	<b>Total equity</b>
Balance at 1 July 2013 Unaudited		24,799	75,578	176	(117)	100,436
Profit for the year		–	(664)	(3)	–	(667)
Translation of foreign operations		–	–	–	(145)	(145)
Total comprehensive income		–	(664)	(3)	(145)	(812)
Dividends to equity holders		–	(2,000)	–	–	(2,000)
<b>Balance at 31 December 2013</b>		<b>24,799</b>	<b>72,914</b>	<b>173</b>	<b>(262)</b>	<b>97,624</b>
Balance at 1 July 2013 Audited		24,799	75,578	176	(117)	100,436
Profit for the year		–	5,285	(7)	–	5,278
Translation of foreign operations		–	–	–	(107)	(107)
Total comprehensive income			5,285	(7)	(107)	5,171
Dividends to equity holders		–	(2,000)	–	–	(2,000)
<b>Balance at 30 June 2014</b>		<b>24,799</b>	<b>78,863</b>	<b>169</b>	<b>(224)</b>	<b>103,607</b>
Balance at 1 July 2014 Unaudited		24,799	78,863	169	(224)	103,607
Profit for the year		–	605	(13)	–	592
Translation of foreign operations		–	–	–	(22)	(22)
Total comprehensive income		–	605	(13)	(22)	570
Dividends to equity holders		–	(4,000)	–	–	(4,000)
<b>Balance at 31 December 2014</b>		<b>24,799</b>	<b>75,468</b>	<b>156</b>	<b>(246)</b>	<b>100,177</b>

The accompanying 'Notes to the financial statements' are an integral part of, and should be read in conjunction with, these financial statements.



**National Institute of Water & Atmospheric Research Ltd**  
**Statement of financial position**  
**as at 31 December 2014**

in thousands of New Zealand dollars	Note	Group		
		6 Months to Dec 14 Unaudited	6 Months to Dec 13 Unaudited	12 Months to Jun 14 Audited
<b>Equity</b>				
Share capital	7	24,799	24,799	24,799
Equity reserves		75,222	72,652	78,639
<b>Shareholders' interest</b>		<b>100,021</b>	<b>97,451</b>	<b>103,438</b>
Minority interest		156	173	169
<b>Total equity</b>		<b>100,177</b>	<b>97,624</b>	<b>103,607</b>
<b>Non-current liabilities</b>				
Provision for employee entitlements		449	490	488
Deferred tax liability		7,621	7,797	7,618
<b>Total non-current liabilities</b>		<b>8,070</b>	<b>8,287</b>	<b>8,106</b>
<b>Current liabilities</b>				
Unsecured loans		–	388	–
Payables and accruals		9,551	9,939	12,713
Revenue in advance		10,802	11,465	3,474
Provision for employee entitlements		1,218	1,158	1,198
Accrued employee entitlements		5,904	5,636	7,483
Tax payable		–	–	1,714
Forward exchange derivatives		61	–	27
<b>Total current liabilities</b>		<b>27,536</b>	<b>28,586</b>	<b>26,609</b>
<b>Total equity and liabilities</b>		<b>135,783</b>	<b>134,497</b>	<b>138,322</b>
<b>Non-current assets</b>				
Property, plant and equipment		98,733	100,530	100,127
Identifiable intangibles		1,084	440	1,188
Receivables		–	157	265
Prepayments		47	21	32
<b>Total non-current assets</b>		<b>99,864</b>	<b>101,148</b>	<b>101,612</b>
<b>Current assets</b>				
Cash and cash equivalents		10,016	5,321	12,992
Receivables		10,662	13,643	15,271
Prepayments		2,395	3,042	1,962
Taxation receivable		438	772	–
Uninvoiced receivables		10,066	7,908	4,361
Inventories		2,342	2,642	2,124
Forward exchange derivatives		–	21	–
<b>Total current assets</b>		<b>35,919</b>	<b>33,349</b>	<b>36,710</b>
<b>Total assets</b>		<b>135,783</b>	<b>134,497</b>	<b>138,322</b>

The accompanying 'Notes to the financial statements' are an integral part of, and should be read in conjunction with, these financial statements.

**National Institute of Water & Atmospheric Research Ltd**  
**Cash flow statement**  
**for the 6 months ended 31 December 2014**

in thousands of New Zealand dollars	Note	Group		
		6 Months to Dec 14 Unaudited	6 Months to Dec 13 Unaudited	12 Months to Jun 14 Audited
<b>Cash flows from operating activities</b>				
Cash was provided from:				
Receipts from customers		67,549	64,136	126,050
Dividends received		2	1	1
Interest received		201	81	251
Cash was disbursed to:				
Payments to employees and suppliers		(58,805)	(56,970)	(103,986)
Interest paid		–	(27)	(44)
Taxation paid		(2,379)	(366)	(502)
<b>Net cash inflow from operating activities</b>		<b>6,568</b>	<b>6,855</b>	<b>21,770</b>
<b>Cash flows from investing activities</b>				
Cash was provided from:				
Sale of property, plant and equipment		20	116	166
Cash was applied to:				
Purchase of property, plant and equipment		(5,325)	(3,907)	(9,681)
Purchase of intangible assets		(220)	(37)	(1,021)
<b>Net cash outflow in investing activities</b>		<b>(5,525)</b>	<b>(3,828)</b>	<b>(10,536)</b>
<b>Cash flows from financing activities</b>				
Cash was applied to:				
Minority shareholder loan (repaid)		–	–	(395)
Dividends paid		(4,000)	(2,000)	(2,000)
<b>Net cash inflow (outflow) from financing activities</b>		<b>(4,000)</b>	<b>(2,000)</b>	<b>(2,395)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,957)</b>	<b>1,027</b>	<b>8,839</b>
Effects of exchange rate changes on the balance of cash held in foreign currency		(19)	22	(119)
Opening balance of cash and cash equivalents		12,992	4,272	4,272
<b>Closing cash and cash equivalents balance</b>		<b>10,016</b>	<b>5,321</b>	<b>12,992</b>
Made up of:				
Cash		1,058	1,289	1,501
Short-term deposits		8,958	4,032	11,491
<b>Closing cash and cash equivalents balance</b>		<b>10,016</b>	<b>5,321</b>	<b>12,992</b>

The accompanying 'Notes to the financial statements' are an integral part of, and should be read in conjunction with, these financial statements.

**National Institute of Water & Atmospheric Research Ltd**  
**Notes to the financial statements**  
**for the 6 months ended 31 December 2014**

**1. Reporting Entity**

The National Institute of Water & Atmospheric Research Ltd (NIWA) and Group is a profit-orientated company registered in New Zealand under the Companies Act 1993.

The financial statements for NIWA and the Group are presented in accordance with the requirements of the Crown Research Institutes Act 1992, the Crown Entities Act 2004, the Public Finance Act 1989, the Companies Act 1993, and the Financial Reporting Act 1993. The consolidated (or 'Group') financial statements comprise NIWA (the 'Parent Company'), its subsidiaries and the Group's interest in associates.

**2. Nature of activities**

The NIWA Group conducts research in water and atmospheric sciences in New Zealand and internationally.

**3. Statement of accounting policies**

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with the New Zealand equivalents to international financial reporting standards (NZ IFRS) and other applicable financial reporting standards appropriate for profit-oriented entities.

The financial statements comply with international reporting standards (IFRS).

These interim financial statements have been prepared in accordance with the requirements of NZ IAS 34: Interim Financial Reporting. They should be read in conjunction with the 2014 annual report.

**Basis of preparation**

The measurement basis adopted in the preparation of these financial statements is historical cost, except for financial instruments as identified in specific accounting policies. Cost is based on the fair value of consideration given in exchange for assets.

The presentation and functional currency used in the preparation of these financial statements is New Zealand dollars.

Accounting policies are selected and applied in a manner to ensure that the resulting financial information meets the concepts of relevance and reliability, ensuring that the substance of the underlying transaction or event is reported.

The accounting policies have been consistently applied in preparing the financial statements for the six months ended 31 December 2014; the comparative information for the six months ended 31 December 2013, the comparative year ended 30 June 2014.

## Accounting judgements and major sources of uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

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

## Comparatives

The financial statements for the six months ended 31 December 2014 and for the comparative six month period to 31 December 2013 are unaudited. The comparative figures for the year ended 30 June 2014 are audited.

### 4. Revenues and other gains

#### Revenue

	Group		
in thousands of New Zealand dollars	6 Months to Dec 14 Unaudited	6 Months to Dec 13 Unaudited	12 Months to Jun 14 Audited
Sale of goods	2,210	2,513	4,587
Rendering of services	58,839	52,935	118,809
Dividends	2	1	1
<b>Total operating revenue</b>	<b>61,051</b>	<b>55,449</b>	<b>123,397</b>

#### Other gains

	Group		
in thousands of New Zealand dollars	6 Months to Dec 14 Unaudited	6 Months to Dec 13 Unaudited	12 Months to Jun 14 Audited
Net gain on sale from property, plant and equipment	20	93	142
<b>Total other gains</b>	<b>20</b>	<b>93</b>	<b>142</b>

### 5. Operating expenses and other gains

#### Employee benefit expense

	Group		
in thousands of New Zealand dollars	6 Months to Dec 14 Unaudited	6 Months to Dec 13 Unaudited	12 Months to Jun 14 Audited
Defined contribution plans	1,432	1,322	2,619
Termination benefits	–	102	134
Other employee benefits	29,158	28,055	56,299
<b>Employee benefit expense</b>	<b>30,590</b>	<b>29,479</b>	<b>59,052</b>

## Other expenses

	Group		
in thousands of New Zealand dollars	6 Months to Dec 14 Unaudited	6 Months to Dec 13 Unaudited	12 Months to Jun 14 Audited
Operating expenses include:			
Rental and operating lease costs	1,160	1,145	2,317
Remuneration of directors	152	151	297
Bad debts written off	–	–	1

## Other gains and (losses) included in operating expenses

	Group		
in thousands of New Zealand dollars	6 Months to Dec 14 Unaudited	6 Months to Dec 13 Unaudited	12 Months to Jun 14 Audited
Operating expenses include:			
Movement within doubtful debt provision	–	–	(30)
Change in the fair value of derivatives	(34)	–	27
(Gain)/loss on foreign currency cash held	(30)	(20)	3

## Auditor's remuneration

	Group		
in thousands of New Zealand dollars	6 Months to Dec 14 Unaudited	6 Months to Dec 13 Unaudited	12 Months to Jun 14 Audited
Auditor's remuneration comprises:			
Audit of the financial statements	95	83	171
Other assurance services	–	–	–
<b>Total auditor's remuneration</b>	<b>95</b>	<b>83</b>	<b>171</b>

## Key management personnel compensations

	Group		
in thousands of New Zealand dollars	6 Months to Dec 14 Unaudited	6 Months to Dec 13 Unaudited	12 Months to Jun 14 Audited
Short-term benefits	3,142	3,189	6,622

The table above includes remuneration of the Chief Executive Officer and all key management positions.

## 6. Reconciliation of the profit for the period to net cash inflow from operating activities

in thousands of New Zealand dollars	Group		
	6 Months to Dec 14 Unaudited	6 Months to Dec 13 Unaudited	12 Months to Jun 14 Audited
<b>Profit for the period</b>	<b>592</b>	<b>(667)</b>	<b>5,278</b>
<b>Add/(less) items classified as investing activities</b>			
Net loss/(gain) on disposal of property, plant and equipment	35	10	(26)
	<b>35</b>	<b>10</b>	<b>(26)</b>
<b>Add/(less) non-cash items</b>			
Depreciation and impairment	6,662	6,191	12,504
Amortisation of identifiable intangibles	324	145	381
(Increase)/decrease in unsecured loan	–	7	–
Net foreign currency (gain)/loss	(38)	(174)	11
Increase/(decrease) in deferred tax liability	3	(21)	(195)
	<b>6,951</b>	<b>6,148</b>	<b>12,701</b>
<b>Add/(less) movements in working capital items</b>			
Increase/(decrease) in payables and accruals and revenue in advance	4,166	3,710	(1,657)
Increase/(decrease) in employee entitlements	(1,598)	(2,061)	(174)
(Increase)/decrease in receivables and prepayments	4,441	3,542	2,876
(Increase)/decrease in inventory and uninvoiced receivables	(5,833)	(3,060)	1,005
(Increase)/decrease in taxation receivable	(2,152)	(746)	1,740
(Increase)/decrease in forward exchange derivatives	(34)	(21)	27
	<b>(1,010)</b>	<b>1,364</b>	<b>3,817</b>
<b>Net cash flows from operating activities</b>	<b>6,568</b>	<b>6,855</b>	<b>21,770</b>

## 7. Share capital

in thousands of New Zealand dollars	Group		
	6 Months to Dec 14 Unaudited	6 Months to Dec 13 Unaudited	12 Months to Jun 14 Audited
Issued and fully paid capital 24,798,700 ordinary shares	24,799	24,799	24,799

All shares carry equal voting and distribution rights; if the company is to be wound down, all proceeds are distributed equally amongst the shareholders.

## 8. Commitments

### 8a Operating lease arrangements

	Group		
in thousands of New Zealand dollars	6 Months to Dec 14 Unaudited	6 Months to Dec 13 Unaudited	12 Months to Jun 14 Audited
Obligations payable after balance date on non-cancellable operating leases:			
Within 1 year	2,665	2,660	2,673
Between 1 and 2 years	2,009	2,093	2,121
Between 2 and 5 years	5,150	5,381	5,280
Over 5 years	4,301	6,002	5,158
	<b>14,125</b>	<b>16,136</b>	<b>15,232</b>

Operating leases relate to office and laboratory facilities within New Zealand and Australia with lease terms between 1 and 11 years, with various options to extend.

### 8b Capital commitments

	Group		
in thousands of New Zealand dollars	6 Months to Dec 14 Unaudited	6 Months to Dec 13 Unaudited	12 Months to Jun 14 Audited
Commitments for future capital expenditure:			
Approved, but not contracted for	1,329	4,380	–
Contracted, but not provided for	9,893	4,027	4,782
	<b>11,222</b>	<b>8,407</b>	<b>4,782</b>

## 9. Contingent liabilities

There are no material contingent liabilities that were identified during the normal course of activities.

## 10. Subsequent events

There were no subsequent events (2013: Nil).



# National Institute of Water & Atmospheric Research Ltd

## Directory

---

### BOARD OF DIRECTORS

Christopher Mace (Chairman)  
Craig Ellison (Deputy Chairman)  
Dr Helen Anderson  
Prof. Keith Hunter  
Prof. Gillian Lewis (*appointed 1 July 2014*)  
Nicholas Main (*appointed 1 July 2014*)  
Jason Shoebridge

### EXECUTIVE TEAM

John Morgan, *Chief Executive Officer*  
Patrick Baker, *Chief Financial Officer and Company Secretary*  
Geoff Baird, *General Manager, Communications & Marketing*  
Dr Barry Biggs, *General Manager, Operations*  
Dr Bryce Cooper, *General Manager, Strategy*  
Dr Mary-Anne Dehar, *General Manager, Human Resources*  
Arian de Wit, *General Manager, Information Systems*  
Dr Rob Murdoch, *General Manager, Research*

### Auditors

PricewaterhouseCoopers on behalf of the Auditor-General

### Bankers

ANZ Bank of New Zealand

### Registered Office and Address for Service

41 Market Place, Auckland Central 1010, New Zealand

### Solicitors

Bell Gully  
Atkins Holm Joseph Majurey Ltd

### Insurance Broker

Marsh Limited

[www.niwa.co.nz](http://www.niwa.co.nz)

Facebook.com/nzniwa

Twitter.co./niwa\_nz

Google.com/+niwanz

Linkedin.com/company/niwa

