



# REPORTING AND FINANCIAL STATEMENTS





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# PERFORMANCE INDICATORS

Indicator	Measure	Actual	Target
<b>GNS Science Specific</b>			
High performance culture	Workplace injuries causing missed workdays, per million work hours <sup>1</sup>	4.7	<5
	Staff proud to work for GNS Science (biennial climate survey) <sup>2</sup>	N/A	N/A
<b>CRI Generic</b>			
End-user collaboration	Revenue per FTE from commercial sources (\$000s)	85.7	84.0
Research collaboration	Papers with New Zealand co-authorship only	22%	15%
	Papers with international co-authorship only	38%	42%
	Papers with New Zealand and international co-authorship	23%	37%
	Papers co-authored	85%	93%
Commercial	Commercial reports per scientist FTE	0.7	1.0
Science quality	Impact of scientific publications (weighted citation index)	3.3	3.0
Financial indicator	Revenue per FTE (\$000s)	230.7	219.0
Stakeholder engagement	Surveyed end-users who have confidence that GNS Science considers their sector's priorities when setting its research priorities <sup>3, 4</sup>	62%	>70%
	Surveyed end-users who have confidence that GNS Science has the ability to assemble "best" research teams <sup>4</sup>	82%	>85%
	Surveyed end-users who have adopted knowledge from GNS Science in the past three years <sup>4</sup>	85%	>90%

**High performance culture:**

1. Although we are below our target figure, we continue to work hard to minimise workplace injuries further through a culture of safety first and rigorous reporting and follow-up.
2. The last full climate survey was undertaken in 2015/16 so there are no figures available for 2016/17.

**End-user collaboration:**

Revenue per FTE from commercial sources is above target reflecting activity post-Kaikoura earthquake.

**Research collaboration:**

These figures are based on the multi-authorship of c. 250 peer-reviewed journal papers, and show natural variation on each of the categories of up to 50%, year to year. Reasons for this variation include the publication of special issues of local journals (low international but high NZ authorship) and collaborative articles associated with the maturing of global research projects such as ANDRILL or Alpine Fault Drilling (high international and NZ co-authorship). We anticipate that international research collaboration will increase, particularly with the advent of the IODP.

**Commercial:**

The decrease in the number of commercial reports reflects a decrease in the volume of commercial projects due to a focus on increasing the size of individual commercial projects.

**Science quality:**

This figure reflects an increase in the academic impact of our papers, due in part to the high global interest in research related to the Canterbury earthquake sequence.

**Financial indicator:**

Increased revenue per FTE is a direct reflection of the impact of post-Kaikoura earthquake activity.

**Stakeholder engagement:**

3. The 'Surveyed end-users who have confidence that GNS Science considers their sector's priorities when setting its research priorities' result has increased over the past two surveys.
4. One of the outcomes of the Strategic Review will be an increased focus on further improvements in stakeholder engagement.

Group ratios and statistics	Actual	Target
<b>Revenue (\$000s)</b>	86,348	83,236
Revenue growth	5%	(1%)
<b>Operating results (\$000s)</b>		
Operating expenses	81,627	80,336
EBITDA	10,499	8,880
EBIT	4,721	2,900
Profit before tax	5,147	3,100
Profit after tax	3,670	2,232
EBITDA per FTE	28	23
Total assets	63,798	54,978
Total equity	34,911	33,911
Capital expenditure	3,933	7,000
<b>Liquidity</b>		
Quick ratio	2.47	1.39
<b>Profitability</b>		
Return on equity	11.1%	6.8%
Operating margin	12.2%	10.7%
Return on capital employed	12.7%	7.9%
<b>Operational risk</b>		
Profit volatility	18.5%	10.5%
Forecasting risk	(1.2%)	(1.8%)
<b>Growth/Investment</b>		
Capital renewal	68%	117%
Dividend (\$000)	250	250
<b>Financial strength</b>		
Equity ratio	55%	62%
Cash and short-term deposits	20,555	5,744

## OVERVIEW

The Board is committed to ensuring that the Company and its subsidiaries maintain the highest standards of governance, ethics, corporate behaviour and accountability. The basis for these is set out in the Board Charter and in the policies and procedures established and maintained by the Company.

## ROLE OF THE BOARD AND MANAGEMENT

The Board is responsible to the shareholding Ministers (the Minister of Finance and the Minister of Science and Innovation) for governing, directing and controlling the activities of the Company. This includes setting the Company's strategic direction and agreeing the goals in line with the Statement of Core Purpose and annual Statement of Corporate Intent agreed with the shareholders; approving key policies; setting the Company's risk tolerance and ensuring that effective risk management policies are operating; setting the direction for health and safety management and ensuring that it is achieved; and monitoring management's performance against plans to ensure GNS Science is achieving the agreed goals.

The Board delegates management of the day-to-day affairs and responsibilities of the Company to the Chief Executive. The Chief Executive leads the Executive Leadership Team whose role it is to implement the strategies and plans for achieving the Company's objectives. A formal delegated authorities policy sets the operational and expenditure delegations within which the Chief Executive and the Executive Leadership Team operate.

## APPOINTMENT OF DIRECTORS AND COMPOSITION OF THE BOARD

Under the Company's Constitution, the Board can comprise up to nine non-executive Directors. Directors are appointed by the shareholders. The term is generally three years with reappointment for further terms at the discretion of the shareholders. The shareholders also appoint the Chairman and Deputy.

On appointment, Directors receive guidelines on the shareholders' expectations, which are in addition to their responsibilities under the Companies Act 1993. They also have access to online resources which contain key information and documents on the Company, its subsidiaries and their operations. New Directors also have the benefit of an induction programme to provide them with an understanding of the Company's business and the markets in which it operates.

## OPERATION OF THE BOARD

The Board operates in accordance with the Board Charter. It had four standing committees operating during the year – the Audit and Risk Committee, the Remuneration Committee, the Health, Safety and Environment Committee and the Science Committee. All committees are established under agreed Terms of Reference.

## DIRECTORS' MEETINGS

The full Board had 10 formal meetings during the year ended 30 June 2017. A separate meeting was held during the year to discuss the Company's strategic direction. There was a programme of site visits and presentations to the Board by the Executive Leadership Team, management and science staff, and regular interaction with key stakeholders which enabled Directors to keep abreast of key aspects of the Company's activities.

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee supports the Board in fulfilling its responsibilities in relation to financial reporting, external audit, risk management, legislative compliance and internal audit. Members of the committee were Sarah Haydon (Chair), Nicola Crauford, Belinda Vernon and Chris Bush. The Chief Executive, the Chief Financial Officer, the Risk and Assurance Analyst and representatives of Deloitte Limited (the external auditors) and KPMG (the internal auditors) were normally in attendance.

The committee met four times in the past financial year. The committee considered the external audit plan and reports, regular risk and legislative compliance reports, the appointment of the internal auditor, the internal audit plan and reports, and changes to significant policies. It also reviewed and recommended to the full Board the approval of the half-year and annual financial statements and amendments to key policies. Minutes of the committee meetings were tabled at the subsequent Board meetings and key items were discussed and resolved by the full Board.

	Board Meetings		Audit and Risk		Remuneration		Health, Safety and Environment		Science Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Nicola Crauford	10	10	4	4	2	2	4	4	1	1
Sarah Haydon	10	10	4	4	2	2				
Chris Bush	10	10	4	4			4	3		
John Sharpe	8	8							1	1
Belinda Vernon	10	10	4	4			4	4		
Steve Weaver	10	10			2	2			1	1

## REMUNERATION COMMITTEE

The Remuneration Committee supports the Board in fulfilling its responsibilities in relation to the recruitment of the Chief Executive, the review and setting of the Chief Executive's remuneration and the framework for the remuneration of the Executive Leadership Team and the review of their performance. Members of the committee were Sarah Haydon (Chair), Nicola Crauford and Steve Weaver. The Chief Executive and the General Manager, Human Resources, were normally in attendance.

The committee met twice during the year. Matters discussed by the committee were reported back to the subsequent Board meeting and key items were discussed and resolved by the full Board.

## HEALTH, SAFETY AND ENVIRONMENT

This committee supports the Board in fulfilling its responsibilities relating to health, safety and environment matters. It sets the direction for health and safety and environmental strategies and policies, and monitors and reviews the performance and effectiveness of the policies and related systems. The members of the committee were Belinda Vernon (Chair), Nicola Crauford, and Chris Bush. The Chief Executive, General Manager, Human Resources, Health and Safety Manager, Chief Financial Officer and other key staff including site health and safety representatives were normally in attendance.

The committee met four times in the financial year. Matters discussed by the committee were reported back to the subsequent Board meeting and key items were discussed and resolved by the full Board.

## SCIENCE COMMITTEE

The Science Committee supports the Board in fulfilling its responsibilities on the direction, and effectiveness of research activities undertaken by the Company. Members of the Committee were Steve Weaver (Chair), Nicola Crauford and John Sharpe (from 1 September 2016). There was one meeting held during the year which was undertaken in conjunction with a meeting of the Strategic Science and User Advisory Panel, which is a standing advisory panel to the Board, together with the science Division Directors. The report of the advisory panel was considered by the Science Committee, discussed by the full Board at their strategy session and incorporated into the SSIF plans that were developed, discussed and agreed with MBIE during the year.

## CONFLICTS OF INTEREST

All Directors are required to disclose any conflicts of interest or if they have an interest in any transaction, in which case they will generally not be entitled to vote in relation to the transaction. To facilitate the disclosure of interests and identification of any actual or perceived conflicts of interest, the Company's Disclosure of Interests Register is reviewed and updated at the start of each Board meeting.

## PROVISION OF PROFESSIONAL SERVICES

Except in exceptional circumstances, Directors will not provide professional services to the Company and will only do so with shareholder approval. This is to avoid a conflict of interest – actual or perceived. No Directors provided professional services to the Company during the year.

## INDEPENDENT PROFESSIONAL ADVICE

Directors are entitled to obtain independent professional advice relating to the affairs of the Company or to their duties, at the Company's expense. The Board obtained independent professional advice in relation to the recruitment of the new Chief Executive during the year.

## BOARD EVALUATION

The Board evaluates its own performance on an annual basis and informs the shareholders' representative that this has occurred.



## FOR THE YEAR ENDED 30 JUNE 2017

The Directors are pleased to present the audited financial statements of GNS Science for the year ended 30 June 2017. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the Financial Reporting Act 2013.

The Auditor-General is the statutory auditor pursuant to section 21 of the Crown Research Institutes Act 1992. The Auditor-General has appointed Deloitte Limited to audit the financial statements and to express an opinion on them. Their report is set out on page 79.

## PRINCIPAL ACTIVITY

GNS Science's principal activity is to conduct scientific research, consultancy services, and product development in earth sciences and isotope technologies in accordance with the principles for the operation of Crown Research Institutes set out in sections 4 and 5 of the Crown Research Institutes Act 1992.

## BOARD CHANGES IN THE YEAR

John Sharpe was appointed to the Board on 1 September 2016, and Belinda Vernon retired from the Board on 30 June 2017.

## REMUNERATION OF DIRECTORS

Directors' fees are set by the shareholding Ministers annually. Fees paid to Directors during the year were:

	2017 \$
Nicola Crauford	46,678
Sarah Haydon	29,174
Chris Bush	23,339
John Sharpe	19,505
Belinda Vernon	23,339
Steve Weaver	23,339

## EMPLOYEE REMUNERATION

In accordance with section 211(1)(g) of the Companies Act 1993, the numbers of employees who received remuneration and other benefits totalling \$100,000 or more, in \$10,000 bands, during the year were:

\$000s	2017
100-110	23
110-120	28
120-130	23
130-140	12
140-150	11
150-160	9
160-170	9
170-180	5
180-190	3
190-200*	2
220-230	1
230-240	3
240-250	1

\$000s	2017
250-260	1
260-270	1
350-360	1

\* Chief Executive part year

## SUBSIDIARIES

The Company has five subsidiary companies:

- Isoscan Limited
- Geological Surveys (New Zealand) Limited
- Isoscan Food Limited
- Geological Risk Limited
- GNS Science International Limited.

Dr Nicola Crauford and Ian Simpson were Directors of each of the subsidiary companies at 30 June 2017.

## DIVIDENDS

A dividend of \$250,000 was declared on 27 June 2017 in respect of the 2017 financial year and paid on 30 June 2017. The \$250,000 dividend declared in respect of the previous financial year was paid in August 2016.

## DIRECTORS' INDEMNITY

The Company has insurance cover for Directors in respect of any act or omission in their capacity as a Director of the company. Directors have declared their interests in a Deed of Indemnity whereby the company indemnifies Directors against any liability for any act or omissions incurred in their capacity as a Director.

## EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matter or circumstance since the end of the financial year not otherwise dealt with in this report that has, or may have, a significant effect on the operation of the Company.

## CERTIFICATIONS

The Directors confirm that the Company has operated in accordance with the Crown Research Institutes Act 1992 and the Companies Act 1993 during the year.

The activities undertaken by the company in the year are in accordance with GNS Science Statement of Core Purpose.

No written direction was received from either shareholding Minister in the year.

*Note: Directors' disclosures can be found on page 52.*

For and on behalf of the Directors



**Dr Nicola Crauford**  
Chairman

30 August 2017

**Consolidated Statement of Comprehensive Income**

For the year ended 30 June 2017

in thousands of New Zealand dollars	Note	Actual 2017	Budget 2017	Actual 2016
<b>Revenue</b>				
Research contracts		<b>54,226</b>	51,330	49,452
Commercial		<b>20,169</b>	20,221	20,994
GeoNet		<b>11,901</b>	11,652	11,752
Other income		<b>52</b>	33	45
<b>Total revenue</b>	2	<b>86,348</b>	83,236	82,243
<b>Expenses</b>				
Employee benefit expense		<b>38,933</b>	39,291	38,071
Operating expenses	3	<b>32,023</b>	30,815	31,675
GeoNet direct expenses		<b>4,893</b>	4,250	5,576
Depreciation		<b>4,590</b>	4,780	4,349
Amortisation		<b>1,188</b>	1,200	1,165
<b>Total expenses</b>		<b>81,627</b>	80,336	80,836
<b>Net profit before interest and tax</b>		<b>4,721</b>	2,900	1,407
Interest income		<b>426</b>	200	266
<b>Profit before tax</b>		<b>5,147</b>	3,100	1,673
Income tax expense	4	<b>(1,477)</b>	(868)	(506)
<b>Profit after tax</b>		<b>3,670</b>	2,232	1,167
<b>Other comprehensive income</b>				
Gain on foreign exchange contracts entered into for cash flow hedges	14	<b>29</b>	-	-
<b>Total comprehensive income attributable to owners</b>		<b>3,699</b>	2,232	1,167

The accompanying notes form part of these financial statements.



## Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

in thousands of New Zealand dollars	Note	Share capital	Equity reserves		Total equity
			Retained earnings	Cash flow hedge reserve	
Balance at 1 July 2015		6,167	24,378	-	30,545
Profit after tax		-	1,167	-	1,167
Dividend	5	-	(250)	-	(250)
Balance at 30 June 2016		6,167	25,295	-	31,462
Profit after tax		-	3,670	-	3,670
Other comprehensive income		-	-	29	29
Dividend	5	-	(250)	-	(250)
<b>Balance at 30 June 2017</b>		<b>6,167</b>	<b>28,715</b>	<b>29</b>	<b>34,911</b>

The accompanying notes form part of these financial statements.

## Consolidated Balance Sheet

As at 30 June 2017

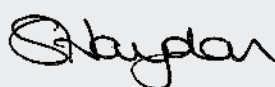
in thousands of New Zealand dollars	Note	Actual 2017	Budget 2017	Actual 2016
<b>Equity</b>				
Share capital	5	6,167	6,167	6,167
Equity reserves		28,744	27,744	25,295
<b>Total equity</b>		<b>34,911</b>	33,911	31,462
<i>Represented by:</i>				
<b>Non-current assets</b>				
Property, plant and equipment	6	28,812	32,689	30,324
Intangible assets	7	3,400	4,350	4,086
Investments		30	30	30
<b>Total non-current assets</b>		<b>32,242</b>	37,069	34,440
<b>Current assets</b>				
Cash and cash equivalents		20,555	5,744	10,047
Trade receivables	8	6,497	6,915	5,860
Prepayments		1,452	1,800	1,846
Work in progress		3,052	3,450	1,580
<b>Total current assets</b>		<b>31,556</b>	17,909	19,333
<b>Total assets</b>		<b>63,798</b>	54,978	53,773
<b>Non-current liabilities</b>				
Deferred tax	9	457	901	720
Non-current provisions	10	1,857	1,785	1,777
<b>Total non-current liabilities</b>		<b>2,314</b>	2,686	2,497
<b>Current liabilities</b>				
Trade and other payables	11	7,742	7,556	7,541
Current provisions	10	3,026	2,575	2,692
Revenue in advance		15,050	8,000	9,157
Provision for income tax		755	-	174
Provision for dividend	5	-	250	250
<b>Total current liabilities</b>		<b>26,573</b>	18,381	19,814
<b>Total liabilities</b>		<b>28,887</b>	21,067	22,311
<b>Net assets</b>		<b>34,911</b>	33,911	31,462

The accompanying notes form part of these financial statements.

For and on behalf of the Board:



**Dr Nicola Crauford**  
Chairman  
30 August 2017



**Sarah Haydon**  
Deputy Chairman  
30 August 2017

## Consolidated Statement of Cash Flows

For the year ended 30 June 2017

in thousands of New Zealand dollars	Note	Actual 2017	Budget 2017	Actual 2016
<b>Cash flows from operating activities</b>				
<i>Cash was provided from:</i>				
Receipts from customers		90,230	80,772	85,512
Interest received		328	200	247
		<b>90,558</b>	80,972	85,759
<i>Cash was applied to:</i>				
Payments to suppliers and employees		(74,548)	(73,991)	(76,998)
Income tax paid		(1,136)	(868)	(259)
		<b>(75,684)</b>	(74,859)	(77,257)
<b>Net cash flows from operating activities</b>	12	<b>14,874</b>	6,113	8,502
<b>Cash flows from investing activities</b>				
<i>Cash was provided from:</i>				
Sale of property, plant and equipment		65	-	33
		<b>65</b>	-	33
<i>Cash was applied to:</i>				
Purchase of property, plant and equipment and intangible assets		(3,933)	(7,000)	(4,749)
		<b>(3,933)</b>	(7,000)	(4,749)
<b>Net cash flows from investing activities</b>		<b>(3,868)</b>	(7,000)	(4,716)
<b>Cash flows from financing activities</b>				
<i>Cash was applied to:</i>				
Dividends paid		(500)	(250)	(250)
		<b>(500)</b>	(250)	(250)
<b>Net cash flows from financing activities</b>		<b>(500)</b>	(250)	(250)
<b>Net increase in cash and cash equivalents</b>		<b>10,506</b>	(1,137)	3,536
Effects of exchange rate changes on the balance of cash held in foreign currencies		2	-	(35)
<b>Opening cash and cash equivalents</b>		<b>10,047</b>	6,881	6,546
<b>Closing cash and cash equivalents</b>		<b>20,555</b>	5,744	10,047

The accompanying notes form part of these financial statements.

## 1. REPORTING ENTITY AND ACTIVITIES

The Institute of Geological and Nuclear Sciences Limited is established under the Crown Research Institutes Act 1992 and the Companies Act 1993. Its subsidiary companies are established under the Companies Act 1993. The financial statements have been prepared in accordance with the Crown Research Institutes Act 1992, the Public Finance Act 1989, the Companies Act 1993, the Crown Entities Act 2004 and the Financial Reporting Act 2013.

Consolidated financial statements for the Group comprising the Institute of Geological and Nuclear Sciences Limited (the Company) and its subsidiaries are presented and the effects of intra-group transactions are fully eliminated in the consolidated financial statements. Subsidiaries are those entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

The subsidiaries of the Company are:

- Isoscan Limited
- Isoscan Food Limited
- Geological Surveys (New Zealand) Limited
- Geological Risk Limited
- GNS Science International Limited

The principal activities of the Group are to undertake geoscience and isotope science research, development and commercial projects, predominantly in New Zealand.

## 2. REVENUE

### Core funding

The Company is party to a Core Funding agreement with the Crown to perform research activities. Revenue under this contract is treated as a Government Grant under NZ IAS 20. All core funded contracts were completed in accordance with the agreement during the year.

### Revenue from other research and commercial contracts

Revenue earned from the supply of goods and services is measured at the fair value of consideration received. Revenue from services is recognised based on the percentage of work completed. Any amounts received in relation to work not yet commenced are recorded as revenue in advance.

Revenue from the supply of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer.

Revenue for the year was derived as follows:

in thousands of New Zealand dollars	2017	2016
Core and Strategic Science Investment Fund contracts	27,980	27,187
Natural Hazards Research Platform	5,437	4,865
Resilience to Nature's Challenges	4,788	3,585
Contestable funding contracts	11,412	9,592
Marsden funding contracts	1,726	1,613
Research subcontracts	2,883	2,610
<b>Research contracts</b>	<b>54,226</b>	49,452
Commercial – New Zealand	12,037	10,369
Commercial – overseas	8,132	10,625
<b>Commercial revenue</b>	<b>20,169</b>	20,994
GeoNet	11,901	11,752
Other income	52	45
<b>Total revenue</b>	<b>86,348</b>	82,243



### 3. OPERATING EXPENSES

Operating expenses are made up as follows:

in thousands of New Zealand dollars	2017	2016
Conferences and training	856	609
Research contracts	13,098	12,745
Materials and supplies	2,256	2,155
Services and contracts	9,989	10,545
Travel and vehicle	2,963	2,851
Site and communication	2,358	2,218
Auditor's remuneration – audit services	79	77
Directors' fees	165	176
Foreign exchange (gain)/loss	(20)	147
Other operating expenses	279	152
<b>Total operating expenses</b>	<b>32,023</b>	<b>31,675</b>

### 4. INCOME TAX EXPENSE

The income tax expense is determined as follows:

in thousands of New Zealand dollars	2017	2016
<b>Reconciliation of income tax expense</b>		
Profit before income tax	5,147	1,673
Tax at rate of 28%	1,441	468
Non-deductible items in determining taxable profit	36	38
<b>Total tax expense</b>	<b>1,477</b>	<b>506</b>
<b>The taxation charge is represented by:</b>		
Current tax	1,740	687
Deferred tax	(263)	(181)
<b>Total tax expense</b>	<b>1,477</b>	<b>506</b>

Under Section OB1(2)(d) of the Income Tax Act (2007), the Company is not required to maintain an imputation credit account.

### 5. SHARE CAPITAL

in thousands of New Zealand dollars	2017	2016
Authorised and Issued Capital: 6,167,000 ordinary shares	6,167	6,167

All ordinary shares rank equally with respect to dividends and repayment of capital and each carry the right to one vote at any annual meeting.

On 15 August 2016 a dividend of \$250,000 was paid to holders of fully paid ordinary shares in respect of the 2016 financial year. On 27 June 2017 the Directors approved a dividend of \$250,000 in respect of the current financial year which was paid to shareholders on 30 June 2017.

## 6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. Assets have been depreciated on a straight-line basis at rates calculated to allocate the assets' cost over their estimated remaining useful lives. Freehold land is not depreciated.

The estimated useful lives, residual values and depreciation methods are reviewed annually, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

Buildings and improvements	
– wooden construction	40 years
– concrete construction	50 years
– improvements	10–20 years
Plant, machinery and laboratory equipment	3–15 years
Furniture, fittings and office equipment	3–15 years
IT equipment	4–8 years
Vehicles	5 years

in thousands of New Zealand dollars	Land	Buildings and improvements	Plant and machinery	Laboratory equipment	IT equipment	Furniture, fittings and office equipment	Vehicles	Total
<b>Cost</b>								
Balance at 1 July 2015	2,527	19,194	3,611	28,726	6,155	3,127	1,228	64,568
Additions	-	772	928	1,295	703	465	15	4,178
Disposals	-	(8)	(88)	(10)	(546)	(69)	(120)	(841)
Balance at 30 June 2016	2,527	19,958	4,451	30,011	6,312	3,523	1,123	67,905
Additions	-	573	91	1,079	982	145	246	3,116
Disposals	-	(544)	(30)	(2,005)	(77)	(153)	(164)	(2,973)
<b>Balance at 30 June 2017</b>	<b>2,527</b>	<b>19,987</b>	<b>4,512</b>	<b>29,085</b>	<b>7,217</b>	<b>3,515</b>	<b>1,205</b>	<b>68,048</b>
<b>Accumulated depreciation</b>								
Balance at 1 July 2015	-	7,114	1,740	18,036	4,415	1,922	829	34,056
Disposals	-	(6)	(88)	(7)	(541)	(62)	(120)	(824)
Depreciation	-	1,165	308	1,785	698	280	113	4,349
Balance at 30 June 2016	-	8,273	1,960	19,814	4,572	2,140	822	37,581
Disposals	-	(530)	(29)	(1,986)	(76)	(150)	(164)	(2,935)
Depreciation	-	1,254	345	1,772	800	302	117	4,590
<b>Balance at 30 June 2017</b>	<b>-</b>	<b>8,997</b>	<b>2,276</b>	<b>19,600</b>	<b>5,296</b>	<b>2,292</b>	<b>775</b>	<b>39,236</b>
Net book value at 30 June 2016	2,527	11,685	2,491	10,197	1,740	1,383	301	30,324
<b>Net book value at 30 June 2017</b>	<b>2,527</b>	<b>10,990</b>	<b>2,236</b>	<b>9,485</b>	<b>1,921</b>	<b>1,223</b>	<b>430</b>	<b>28,812</b>

### Heritage assets – collections, library and databases

The Company owns various collections, library resources and databases that are an integral part of the research work undertaken by the Company. These collections are highly specialised and there is no reliable basis for establishing a valuation.

The two major collections are:

The National Paleontological Collection

The National Petrological Reference Collection

## 7. INTANGIBLE ASSETS

Software, patents and capitalised development costs have a finite life and are included at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis at rates calculated to allocate the assets' cost over their estimated remaining useful lives.

The estimated useful life and amortisation method are reviewed annually, with the effect of any changes in estimate being accounted for on a prospective basis.

The following useful lives are used in the calculation of amortisation:

Software	4–8 years
Patents	4–17 years
Capitalised development costs	4–8 years

in thousands of New Zealand dollars	Software	Patents	Capitalised development costs	Total
<b>Cost</b>				
Balance at 1 July 2015	10,976	1,075	698	12,749
Additions	780	149	-	929
Disposals	(26)	-	(48)	(74)
Balance at 30 June 2016	11,730	1,224	650	13,604
Additions	476	36	-	512
Disposals	(897)	(93)	-	(990)
<b>Balance at 30 June 2017</b>	<b>11,309</b>	<b>1,167</b>	<b>650</b>	<b>13,126</b>
<b>Accumulated amortisation</b>				
Balance at 1 July 2015	7,254	475	698	8,427
Disposals	(26)	-	(48)	(74)
Amortisation	1,092	73	-	1,165
Balance at 30 June 2016	8,320	548	650	9,518
Disposals	(894)	(86)	-	(980)
Amortisation	1,110	78	-	1,188
<b>Balance at 30 June 2017</b>	<b>8,536</b>	<b>540</b>	<b>650</b>	<b>9,726</b>
Net book value at 30 June 2016	3,410	676	-	4,086
<b>Net book value at 30 June 2017</b>	<b>2,773</b>	<b>627</b>	<b>-</b>	<b>3,400</b>

## 8. TRADE RECEIVABLES

in thousands of New Zealand dollars	2017	2016
Trade receivables	6,527	5,902
Allowance for doubtful debts	(30)	(42)
	6,497	5,860

The carrying value of receivables approximates their fair value. As at 30 June 2017, all overdue receivables have been assessed for impairment and appropriate provisions applied.

### Ageing profile of past due trade receivables at balance date

in thousands of New Zealand dollars	2017	2016
Past due 1–30 days	1,269	466
Past due 31–60 days	197	112
Past due over 61 days	235	1,403
	1,701	1,981

### Movement in the provision for doubtful debts

When a trade receivable is considered uncollectible, it is written off against the allowance. Subsequent recoveries of amounts previously written off are credited against the allowance for doubtful debts. Changes in the carrying amount of doubtful debts are recognised in profit or loss.

in thousands of New Zealand dollars	2017	2016
Balance at 1 July	42	24
Accounts written off during the year	(38)	-
Increase in allowance recognised in profit or loss	26	38
Reversal of impairment losses on receivables	-	(20)
	30	42

The credit quality of trade receivables that are neither past due nor impaired is considered sound.



## 9. DEFERRED TAX LIABILITY

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

The carrying amount of deferred tax assets is reviewed and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised.

### Analysis of temporary differences

in thousands of New Zealand dollars	2017	2016
<i>Deferred tax liabilities/(assets) arise from the following:</i>		
Property, plant and equipment	1,384	1,500
Intangible assets	384	438
Provisions	(1,300)	(1,203)
Doubtful debts	(8)	(12)
Capitalised relocation expenses	(3)	(3)
<b>Deferred tax liability recognised at 30 June</b>	<b>457</b>	<b>720</b>

### Movements in deferred tax

in thousands of New Zealand dollars	2017	2016
Balance at 1 July	720	901
Charged to income	(76)	(208)
Adjustments – prior year	(187)	27
	(263)	(181)
	457	720

## 10. EMPLOYEE ENTITLEMENTS

Liabilities for wages and salaries, annual leave, long service leave and retirement leave are recognised when it is probable that settlement will be required and they are capable of being reliably measured.

Employee benefits to be settled within twelve months are reported at the amount expected to be paid and are classified as current liabilities. Employee benefits not expected to be settled within twelve months are reported at the present value of the estimated future cash outflows.

Provisions for long service leave and retirement leave depend on a number of assumptions such as the expected employment period of employees, salary levels and the timing of employees taking leave. When measuring employee benefit liabilities, risk-free discount rates provided by The Treasury are used as the appropriate discount rates, the salary increase factor is based on forecast information and employee pattern of leave has been determined after considering historical data.

in thousands of New Zealand dollars	Current		Non-current	
	2017	2016	2017	2016
Annual leave	<b>2,540</b>	2,263	<b>807</b>	512
Long service leave	<b>308</b>	320	<b>873</b>	980
Retirement leave	<b>178</b>	109	<b>177</b>	285
	<b>3,026</b>	2,692	<b>1,857</b>	1,777

## 11. TRADE AND OTHER PAYABLES

in thousands of New Zealand dollars	2017	2016
Trade payables	<b>4,402</b>	3,882
Accrued expenses	<b>2,833</b>	3,230
Other payables	<b>507</b>	429
	<b>7,742</b>	7,541

Trade and other payables are non-interest bearing and are normally settled on the 20th of the month following receipt of invoice. The carrying value of creditors and other payables approximates their fair value.

## 12. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

in thousands of New Zealand dollars	2017	2016
<b>Profit after tax</b>	<b>3,670</b>	1,167
<i>Add/(less) items classified as investing activities:</i>		
Net gain on disposal of property, plant and equipment	<b>(18)</b>	(19)
<i>Adjust non-cash items:</i>		
Depreciation	<b>4,590</b>	4,349
Amortisation	<b>1,188</b>	1,165
Bad and doubtful accounts	<b>25</b>	18
Net unrealised exchange loss	<b>3</b>	16
Increase in provision for income tax	<b>581</b>	428
Decrease in deferred tax	<b>(263)</b>	(181)
Increase in non-current provisions	<b>80</b>	31
	<b>6,204</b>	5,826
<i>Add/(less) movements in working capital items:</i>		
(Increase)/decrease in accounts receivable and prepayments	<b>(243)</b>	2,975
Increase/(decrease) in payables, current provisions and revenue in advance	<b>6,428</b>	(1,752)
Change in trade payables relating to investing activities	<b>305</b>	(354)
(Increase)/decrease in work in progress	<b>(1,472)</b>	659
	<b>5,018</b>	1,528
<b>Net cash flows from operating activities</b>	<b>14,874</b>	8,502

## 13. RELATED-PARTY TRANSACTIONS

The Crown is the ultimate shareholder of the Company. No other transactions with New Zealand Government owned entities are considered as related party transactions in terms of NZ IAS 24.

The total remuneration paid to directors and key management personnel during the year was as follows:

in thousands of New Zealand dollars	2017	2016
Short-term benefits	<b>1,858</b>	2,225

## 14. FINANCIAL INSTRUMENTS

### Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital and retained earnings. The Group is not subject to any externally imposed capital requirements.

The Group's overall strategy remains unchanged from the previous year.

### Currency risk

The Group undertakes certain transactions denominated in foreign currencies. Exchange rate exposures are managed within approved policy limits using forward foreign exchange contracts.

These derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The resulting profit or loss is recognised in profit and loss immediately, unless the derivative is designated effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship.

The effective portion of changes in the fair value of cash flow hedges is recognised in other comprehensive income and accumulated in a cash flow hedge reserve. The gain or loss relating to any ineffective portion is recognised immediately in profit or loss.

At balance date the Group had one forward foreign exchange contract in place as follows:

in thousands of dollars	Foreign currency (USD)		Contract value (NZD)		Fair value (NZD)	
	2017	2016	2017	2016	2017	2016
<b>Outstanding contracts</b>						
Less than three months	<b>647</b>	-	<b>914</b>	-	<b>29</b>	-
	<b>647</b>	-	<b>914</b>	-	<b>29</b>	-

The carrying amounts of the Group's foreign currency denominated assets and liabilities at the reporting date are as follows:

in thousands of New Zealand dollars	Liabilities		Assets	
	2017	2016	2017	2016
Australian Dollar	<b>(44)</b>	(56)	<b>47</b>	52
Canadian Dollar	<b>(68)</b>	(6)	-	-
Euro	<b>(2)</b>	(9)	<b>24</b>	10
GBP Sterling	<b>(6)</b>	(7)	-	-
Japanese Yen	-	-	<b>2</b>	3
Indonesian Rupiah	<b>(11)</b>	-	-	-
Danish Krone	<b>(3)</b>	-	-	-
Norwegian Krone	-	-	<b>1</b>	-
Omani Rial	-	-	<b>1,022</b>	1,548
US Dollar	<b>(743)</b>	(570)	<b>1,055</b>	1,228
	<b>(877)</b>	(648)	<b>2,151</b>	2,841



### Interest rate risk

The Group operates a call account and has short-term deposits on which interest is earned. Where possible the Group manages exposures to interest rate fluctuations through prudent management of its treasury operations.

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in interest rates will have an impact on profit.

### Market risk and sensitivity analysis

As at 30 June 2017, if the New Zealand dollar (NZD) had strengthened by 5% against foreign currencies, with all other variables held constant, the profit for the year would have decreased by \$61,000 (2016: \$105,000). A 5% weakening of the NZD would have increased reported profit by \$66,000 (2016: \$116,000).

If interest rates had been 50 basis points higher/lower and all other variables were held constant, reported profit for the year would increase/decrease by \$79,000 (2016: 46,000).

## 15. COMMITMENTS

### Non-cancellable operating lease commitments

Operating lease payments are recognised on a systematic basis representing the pattern in which economic benefits from the leased asset are consumed over the lease term.

Leases are classified as finance leases whenever the terms of the lease transfer a significant portion of all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group has no leases which would be classified as finance leases.

in thousands of New Zealand dollars	2017	2016
Within one year	103	170
Between one and five years	22	78
Over five years	2	-
	127	248

### Capital commitments

in thousands of New Zealand dollars	2017	2016
Capital commitments	2,372	1,321

### Credit risk management

The financial instruments which expose the Group to credit risk are principally bank balances, short-term investments and accounts receivable. The Group monitors credit risk on an ongoing basis.

Bank balances and short-term investments are held with New Zealand registered banks in accordance with the Group's treasury policy.

No collateral is held by the Group in respect of bank balances, short-term investments or accounts receivable. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Balance Sheet.

### Liquidity risks

The Group manages liquidity risk by maintaining adequate reserves, cash deposits and reserve borrowing facilities, by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities, all of which are of a short-term nature. The Group continues to generate sufficient cash flows from operations to meet financial liabilities.

## 16. CONTINGENT LIABILITIES

The Group has no contingent liabilities (2016: \$nil).

## 17. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date (2016: none).

## 18. PREPARATION DISCLOSURES

### Statement of compliance

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with New Zealand equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards.

Accounting policies have been applied consistently to all periods presented in the financial statements.

### Measurement basis

The financial statements of the Group have been prepared on an historical cost basis, except that derivative financial instruments are measured at their fair value.

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling on the date of the transaction. Monetary assets and liabilities at year end are converted to New Zealand dollars at the exchange rate ruling at balance date.

The financial statements are presented in New Zealand dollars which is the Group's functional currency. All values are rounded to the nearest thousand dollars.

### Interest in joint arrangements

A joint arrangement is an arrangement whereby the Company or its subsidiaries has joint control over an entity. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities of that entity require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture. For a joint operation the Group recognises its share of assets, liabilities, revenues and expenses on a line-by-line basis using the proportionate method. For a joint venture the Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.

### Classification of financial assets and liabilities

The Group holds loans and receivables. These are measured at cost less impairment, or in the case of trade receivables, reduced by an allowance for doubtful debts.

Financial liabilities, excluding derivative financial instruments, are classified as 'other financial liabilities'.

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost, with interest expense recognised on an effective interest basis.

### Critical accounting estimates and judgements

In applying the accounting policies, there is the requirement for judgements, estimates and assumptions to be made about the carrying amounts of some assets and liabilities. The estimates and assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

Accounting policies where critical estimates have been made include property, plant and equipment, intangible assets, impairment of assets and liabilities, and employee benefits. Judgement has been applied in determining not to value heritage assets for financial reporting purposes.

### New standards and interpretations not yet adopted

#### *Standards and interpretations effective in the current period*

There are no new standards and interpretations effective in the current period with a material impact.

#### *Standards and interpretations approved but not yet in effect*

New or revised standards and interpretations that have been approved but are not yet in effect have not been adopted for the year ended 30 June 2017. The adoption of these standards and interpretations is not expected to have a material recognition or measurement impact on the financial statements. These will be applied when they become mandatory.

## STATEMENT OF RESPONSIBILITY

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The Board is responsible for the preparation of the annual financial statements and the judgements used therein.

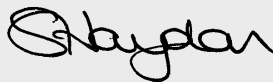
The Board is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurances as to the integrity and reliability of the financial reporting.

In the opinion of the Board, the annual financial statements for the financial year fairly reflect the financial position and operations of the Group.

For and on behalf of the Board:



**Dr Nicola Crauford**  
**Chairman**



**Sarah Haydon**  
**Deputy Chairman**

30 August 2017  
Date of Approval

### To the readers of Institute of Geological and Nuclear Sciences Limited Group's financial statements for the year ended 30 June 2017

The Auditor-General is the auditor of Institute of Geological and Nuclear Sciences Limited Group (the Group). The Auditor-General has appointed me, Trevor Deed, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements of the Group on his behalf.

#### Opinion

We have audited the financial statements of the Group on pages 63 to 77, that comprise the consolidated balance sheet as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Group:

- present fairly, in all material respects:
  - its financial position as at 30 June 2017; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 30 August 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

#### Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors has to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Crown Research Institutes Act 1992.

### Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the Group's statement of corporate intent and the budget approved by the Board.

We did not evaluate the security and controls over the electronic publication of the financial statements.



As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

#### **Other Information**

The Board is responsible for the other information. The other information comprises the information in the Annual Report, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Independence**

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Group.



**Trevor Deed, Partner  
for Deloitte Limited  
On behalf of the Auditor-General  
Wellington, New Zealand**

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This audit report relates to the consolidated financial statements of Institute of Geological and Nuclear Sciences ('GNS') for the year ended date included on GNS's website. The Directors are responsible for the maintenance and integrity of the GNS's website. We have not been engaged to report on the integrity of the GNS's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated date to confirm the information included in the audited consolidated financial statements presented on this website.



**GNS Science** is proud to be a Crown Research Institute.

Over the past 25 years our science has been helping to create a more prosperous, sustainable and innovative nation — together we will continue to deliver science that works for New Zealand.



**Principal location and registered office**

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PO Box 30368  
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**Other locations**

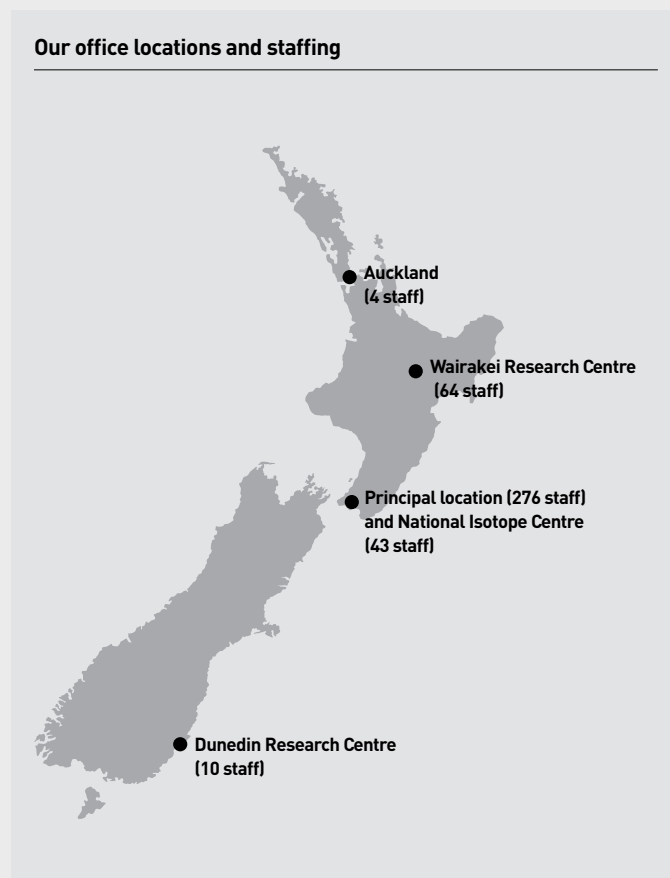
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**Our office locations and staffing**



**Directors**

**Dr Nicola Crauford**  
(Chairman)

**Sarah Haydon**  
(Deputy Chairman)

**Chris Bush**

**Dr John Sharpe**

**Belinda Vernon**

**Prof Steve Weaver**

**Executive Team**

**Chief Executive**  
Ian Simpson

**Principal Advisor  
Executive and Governance**  
Dr Anna Jellie

**Director  
External Relations  
and Commercialisation**  
Dr Neal Wai Poi

**Director  
Natural Hazards**  
Dr Gill Jolly

**Director  
Geological Resources**  
Dr Kevin Faure

**Director  
Environment and Materials**  
Dr Chris Daughney

**Director  
Corporate Services**  
Graham Clarke

**General Manager  
Human Resources**  
Keryn Bilderbeck

**Senior Managers**

**General Manager  
Business Development**  
Rob Johnston

**General Manager  
Research**  
Dr Ian Graham

**General Manager  
Information Services**  
Stacey Perrett

**Director  
Resilience to Nature's  
Challenges**  
Prof Shane Cronin

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and Marketing Managers**

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**Materials and Air**  
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**Globe Claritas™**  
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**Communications Manager**

John Callan  
Email: j.callan@gns.cri.nz

**Bankers**

ANZ

**Auditor**

Trevor Deed  
Deloitte Limited  
On behalf of the  
Auditor-General

**Solicitors**

Minter Ellison Rudd Watts

**Websites**

www.gns.cri.nz  
www.geonet.org.nz  
www.globeclaritas.com

Designed and produced by Scenario.co.nz



PHOTOGRAPH ACKNOWLEDGEMENTS



**Cover** Te Kaukau Point, South Wairarapa Coast – Lloyd Homer



**P2** Brothers volcano with a black smoker, Kermadec Arc – NOAA/ GNS Science



**P4/5** Groundwater chemist Uwe Morgenstern sampling water at Kaitoke – Kate Whitley



**P6** Groundwater chemist Heather Martindale – Margaret Low



**P6** Air quality scientist Bill Trompetter – Kate Whitley



**P7** Geomicrobiologist Jean Power – Margaret Low



**P7** Geothermal geologist Isabelle Chambeftor – Margaret Low



**P7** Marine geophysicist Stuart Henrys – John Callan



**P9** Seismologists Matt Gerstenberger & Caroline Holden – Margaret Low



**P10** Seismologist Yoshihiro Kaneko – Margaret Low



**P16** Whakarewarewa, Rotorua



**P17** Geocamp fieldwork session – Malcolm Arnot



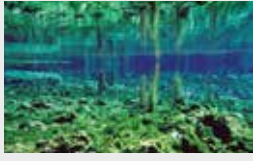
**P24/25** Huka falls, Waikato



**P27** Haast River Mouth, South Westland – Lloyd Homer



**P28** Antarctic iceberg – Murray Foubister



**P29** Te Waikoropupu Springs, Takaka – Lloyd Homer



**P30** Mt Ngauruhoe eruption 1975 – GNS Science



**P31** Lambton Quay, Wellington – Chris Mitchell



**P32** Hundalee Fault rupture as it crosses SH1 – unknown



**P33** Mt Eden and Auckland City



**P34** Tsunami blue line, Wellington – Gerry le Roux, Science Lenz Ltd



**P35** The Kupe Gasfield, Taranaki – Chris Sisarich



**P36** Te Huka Power Station, Taupo – Manoj Kalathara



**P37** Tongaporutu Beach, Northern Taranaki Coast – Margaret Low



**P38** Geologist Shannon Richards at OceanaGold's Correnso underground mine, Waihi – Kit Wilson



**P39** Ion beam scientist Andreas Markwitz – Margaret Low



**P40** Red Hills range, Fiordland – Lloyd Homer



**P41** Landslip at Pass of Branda, Seatoun, Wellington – Will Ries



**P42/43** Tanja Peterson & Neville Palmer, GNS Science – Margaret Low



**P44** GNS Science's Avalon facility, Lower Hutt – Margaret Low



**P49** Geologists Will Ries and Robert Langridge, GNS Science – Margaret Low



**P50** Manoj Kalathara & Casey Allen – Margaret Low



**P56** Mist hangs over the Central Otago peneplain – Lloyd Homer





