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**DRIVING
PROSPERITY
FROM SCIENCE
AND
INNOVATION**

ANNUAL
REPORT

WE BELIEVE IN THE
**POWER OF NEW
ZEALAND SCIENCE**
TO TRANSFORM
LIVES AND CHANGE
THE WORLD





TRANSFORMING SCIENTIFIC DISCOVERIES INTO NEW BUSINESS



ABOUT KIWINET

Since its inception, KiwiNet and the wider Commercialisation Partner Network have demonstrated the power of bringing together diverse players across the science & innovation ecosystem to work towards a collective vision for New Zealand. Together they transform cutting edge research discoveries into new products and services, driving us towards a globally competitive technology sector that delivers significant economic growth and prosperity.

KiwiNet is the combined power of New Zealand's Universities, Crown Research Institutes and other research organisations who receive public funding. Together these research organisations represent a total combined research expenditure of over \$800 million and represent 80% of the publicly funded researchers in New Zealand.

FUNDING

KiwiNet is funded from the shareholder research organisations, corporate partners and the Ministry of Business, Innovation and Employment.

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A map of New Zealand is the central focus, with several logos of research and innovation organizations placed around it. The logos include:

- AUT VENTURES** (top left)
- Plant & Food RESEARCH** RANGAHAU AHUMĀRA KAI (top right)
- agresearch** āta mātai, mātai whetū (middle left)
- waikatolink** University of Waikato Commercialisation (middle right)
- CallaghanInnovation** (left side)
- SCION** FORESTS • PRODUCTS • INNOVATION (right side)
- CAWTHRON** The power of science® (middle left)
- GNS SCIENCE** TE PŪ AO (middle right)
- viclink** (right side)
- Lincoln University** Te Whare Wānaka o Aoraki CHRISTCHURCH, NEW ZEALAND (bottom left)
- E/S/R** Science for Communities (middle right)
- Manaaki Whenua** Landcare Research (bottom middle)
- MVL** MASSEY VENTURES LTD (bottom right)
- UC UNIVERSITY OF CANTERBURY** Te Whare Wānanga o Waitaha CHRISTCHURCH NEW ZEALAND (bottom middle)
- OTAGO INNOVATION** A UNIVERSITY OF OTAGO COMPANY (bottom center)

Shareholders (Universities, Crown Research Institutes, Entities and independent research organisations) as at 30 June 2019.

KiwiNet is working to ensure that all publicly-funded research discoveries with commercial potential are delivering maximum impact and growing New Zealand for all.

CHAIRMAN'S REPORT

It's been an exciting first year as the Chair of KiwiNet – we've seen a surge of activity from research organisations, a slew of fantastic ideas from researchers and some fabulous messages from the Government about our place in the New Zealand Innovation Ecosystem.

A wellbeing budget which addressed not only the big issues facing New Zealanders but also allocated \$300 Million to support early stage companies sends a crystal clear message that Innovation plays a key part in the success of New Zealand; an increase in funding to KiwiNet sends an equally loud message that KiwiNet and our member organisations are an integral cog in the innovation machine.

We've welcomed a new shareholder to the family in Massey University and are delighted to have AgResearch back in the fold as a PreSeed pooling member alongside the Health Innovation Hub, taking the total to 18 organisations. Growing our partnership with Return On Science and other organisations in the ecosystem is proof that collaboration is the new norm in our space and outcomes for all are improved as a result. The vote of confidence from the government is further confidence in a model which has proven its value.

We represent a combined research expenditure of over \$800 million and 80% of the publicly funded researchers in the nation. Our collaborative model is internationally renowned – the successful harnessing of collective wisdom to transform scientific discoveries into new products and services is the envy of the world. Only in New Zealand, they say. We nod and agree; collaboration is New Zealand's special sauce.

To date KiwiNet has been a resounding success, generating substantial returns from publicly-funded research across the ecosystem. The \$38M in PreSeed invested by KiwiNet partner organisations has delivered \$293M in known revenue, generated 39 start-up companies and over 300 jobs.

We are poised on a precipice of opportunity – to scale what we do for even greater impact for New Zealand. We are excited, we are prepared and we are executing now.

Over the next few years KiwiNet will bring about a significantly enhanced and diverse research commercialisation ecosystem that is driving forward a globally-competitive technology sector and growing NZ for all.

The efficient and effective KiwiNet team are supportive, caring, highly engaged and passionate about what we do. We are enormously grateful to them.

We value the guidance and strategy of the KiwiNet Board and it is with deep thanks that we farewell the enormous contribution of David Hughes as his tenure ends. We welcome the fresh thinking of Steve Lorimer and Debra Hall to the board table this year and look forward to lively debates as we robustly secure the future.

And we are well aware that we accomplish anything only with the engagement and inclusion of our shareholders, pooling partners, sponsors and funders.

We thank you all for your commitment to the cause and for your ongoing support.

Let's put our collective feet to the pedals.



Ngaio Merrick / June 2019
Chairman, KiwiNet



We are excited,
we are prepared
and we are
executing now.

CEO'S REPORT

It's easy to understand why Gross Domestic Product (GDP) has fallen out of favour with economists.

As a proxy for national income that was widely adopted by Governments in the 1950s, it doesn't really pass muster when it comes to measuring the complexities of a modern economy.

Nor does it even begin to scrape the surface of measuring more meaningful elements of prosperity... a rockstar economy that is performing well in GDP terms will not necessarily be delivering rosey outcomes relating to wealth inequality, child poverty, environmental quality, or inequity.

Governments and economists the world over (and across the political spectrum) are deploying their best brains to delivering more robust measurement frameworks that are more representative of the aspects of wellbeing, happiness and success that are important to everyday people.

Enter New Zealand's Living Standards Framework and its dashboard of diverse measures, and the first ever Wellbeing Budget focusing on strengthening the 'Four Capitals' of Natural, Human, Social and Financial & Physical.

KiwiNet's philosophy has been through a similar transformation. While we are deeply committed to delivering commercial benefit to New Zealand by transforming clever discoveries emerging from our publicly-funded research into new products and services that will drive a more productive economy, we are equally committed to a belief in the power of New Zealand science to transform lives and change the world.

By accelerating our cutting-edge science along this commercial pathway, not only will we bring about a globally-competitive technology sector in NZ, we also provide an important pathway-to-impact for kiwi science to make a positive difference to New Zealanders and the world.

KiwiNet's new Maximising Impact Framework is helping us to better understand this pathway and the key measures of success along the way. This is enabling us to design effective and well-evidenced initiatives to drive impact, and articulate this in a compelling way.

Our Emerging Innovator Programme continues to empower and inspire kiwi researchers with an entrepreneurial spark and fast-track them to success, with 37 scientists now through the programme. Our network of commercialisation gurus and

entrepreneurs continue to drive our Commercial Mentor programme by bringing critical expertise and commercial leadership alongside people and projects, with over 100 deployments to date.

Our Internship programme is enabling more graduates to join the commercialisation profession while bolstering commercialisation teams across the country with valuable resource with which to grow their technology pipelines and build capability.

Our pipeline of PreSeed Accelerator Fund projects is pumping and continues to grow. The success this is generating continues to attract more and more interest, with over 300 people participating in the KiwiNet Research Commercialisation Awards in 2018 to celebrate our collective success.

A new and significant commitment from the New Zealand Government marks the beginning of the next phase of our existence. We are doubling our efforts to inspire and empower researchers to join our cause, build commercial capability and capacity within our member organisations and provide opportunities for those in the private sector to get involved. We are focused on scaling our technology pipeline to deliver ever more investable propositions that will drive significantly-enhanced impact for New Zealand.

Watch this space!



Dr James Hutchinson / June 2019
CEO, KiwiNet



We are scaling our technology pipeline to deliver significantly-enhanced impact for New Zealand.

HIGHLIGHTS



Investment Committee

The Investment Committee met 8 times across New Zealand and reviewed a record 91 commercialisation projects. KiwiNet PreSeed Accelerator Fund investments are generating a greater than seven-fold return to New Zealand in terms of business revenue and jobs created.

KiwiNet Awards

The sixth KiwiNet Research Commercialisation Awards brought together the innovation community to celebrate successes and inspire others. Tickets sold out two weeks in advance with 300+ people attended the evening reception from 118 organisations. The 12 finalists and winners were showcased in style. The event reinforces the value of research commercialisation in the innovation community, the value of the Commercialisation Partner Network and the importance of KiwiNet as a champion of this space.

KiwiNet's Corporate Partners

KiwiNet's Corporate Partners provide expert support to projects and Emerging Innovators. They play a key role in nurturing new talent and driving projects forward to achieve their full potential. MinterEllisonRuddWatts, Baldwins and PwC have supported 19 projects. PwC has developed and delivered a bespoke business writing course for KiwiNet's Emerging Innovators and other stakeholders.

Operational Funding

In addition to core funding the Commercialisation Partner Network (CPN) - KiwiNet and Return On Science) - the Ministry of Business Innovation and Employment (MBIE) has provided an additional \$25.5M funding for the CPN, PreSeed funding and the Tech Incubators through to July 2023. This investment is a strong signal of confidence in our success and the value that we deliver from publicly funded research. It provides a solid platform for KiwiNet to target strategic initiatives and ramp-up its investment to strengthen the research commercialisation ecosystem.

New Member Organisations

Health Innovation Hub and Massey Ventures joined KiwiNet, confirming their commitment to KiwiNet's collaborative ethos and building a science-led economy.



KiwiNet Emerging Innovator Programme

The Emerging Innovator programme has gone from strength to strength with a total of \$475,000 provided by the Norman Barry Foundation to date and a new sponsor, KIWI providing additional support. A total of 37 innovators have progressed through the programme to date. In November 2018 KiwiNet held its second annual Emerging Innovator Alumni event where 8 innovators graduated.

KiwiNet Internship Programme

KiwiNet's Commercialisation Intern Programme sees interns placed within a KiwiNet partner organisations for six months where they work on real technology commercialisation projects, gaining important early experience to pave a way into careers in commercialisation. 11 interns have been placed to date, across 7 organisations.

Building Commercial Capability

453 researchers and 81 tech transfer professionals took part in KiwiNet commercialisation training initiatives last year as well as events led by our partners. Events included GetFUNDED, GetINVESTED, LESANZ licensing training, Smarten Up Your Ideas workshops, plus the KCA and AUTM conferences and workshop.

CORPORATE PARTNERSHIPS

KiwiNet is delighted to have ongoing sponsorship from our wonderful corporate partners:

- **Strategic Partner, Bank of New Zealand** – substantial support around events and promotion in 2017, helping us raise the profile of research commercialisation
- **Major Partner, Norman Barry Foundation** – confirmed support for 3 more Emerging Innovators with a further \$75,000 of funding in May 2018.
- **Major Partner, K1W1** – confirmed support for 2 Emerging Innovators with a further \$50,000 of funding in August 2018.
- **Major Partner, Baldwins** – provides in-kind IP advice to our Emerging Innovators and research commercialisation events and projects.
- **Major Partner, MinterEllisonRuddWatts** – provides in-kind legal advice to research commercialisation projects from across the country to ensure early stage projects get off on the right foot.
- **Major Partner, PwC** – provides in-kind consultancy for each project and provides lead support in the development of the KiwiNet Advisory Panel and Deep Tech Leaders programme.
- **Photography Partner, Sciencelens** – provides excellent photographic services for our flagship Awards events.

It's exciting to work alongside these leading businesses, who generously offer their expertise and support to drive prosperity from science & innovation in New Zealand.

*Proudly
supporting
science-led
innovation*

**BNZ Partners
Business Centre**

bnz 

bnz 
Be good with money

*intellectual
property*
Baldwins


pwc

MinterEllison
RuddWatts


K One W One Ltd.

**NORMAN BARRY
FOUNDATION**

sciencelens.
PHOTOGRAPHING SCIENCE, INDUSTRY AND TECHNOLOGY

STRATEGY

OUR PURPOSE

KiwiNet exists to drive prosperity from science and innovation.



+



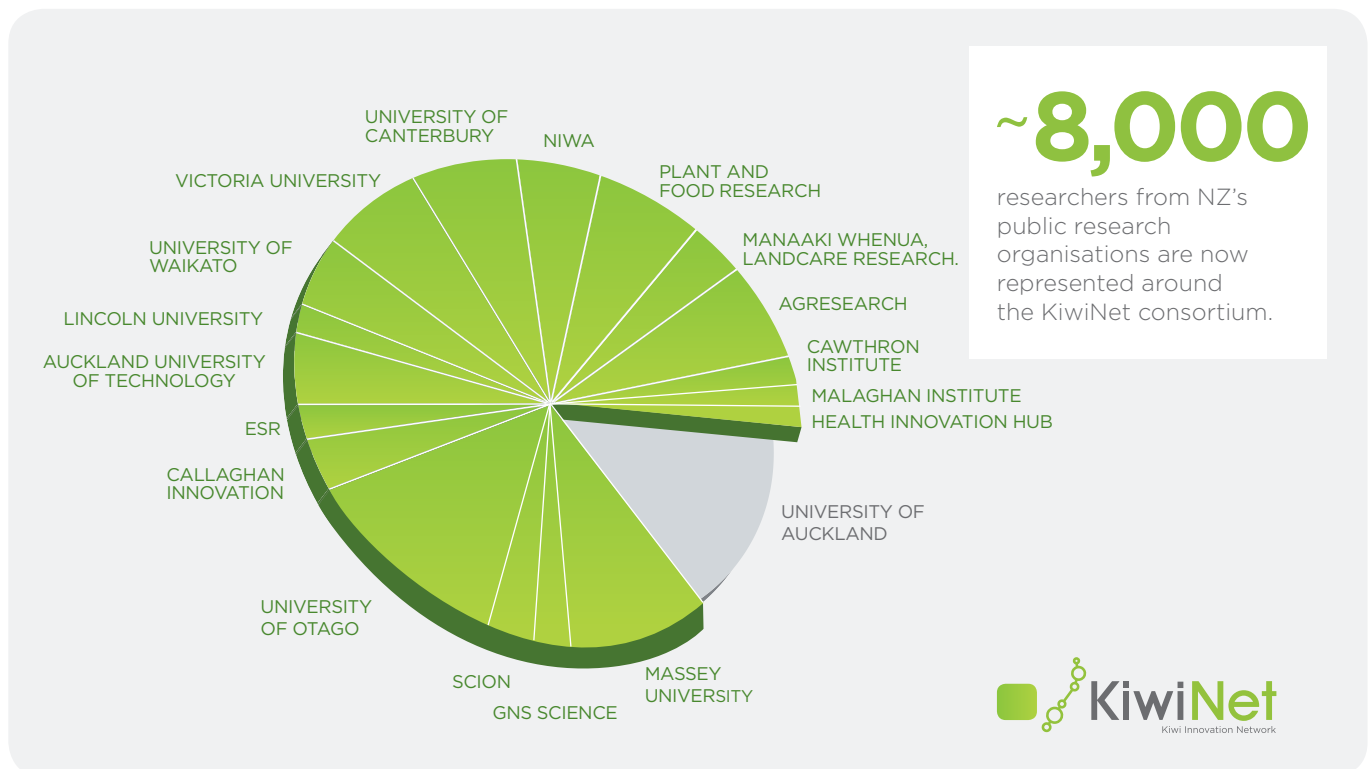
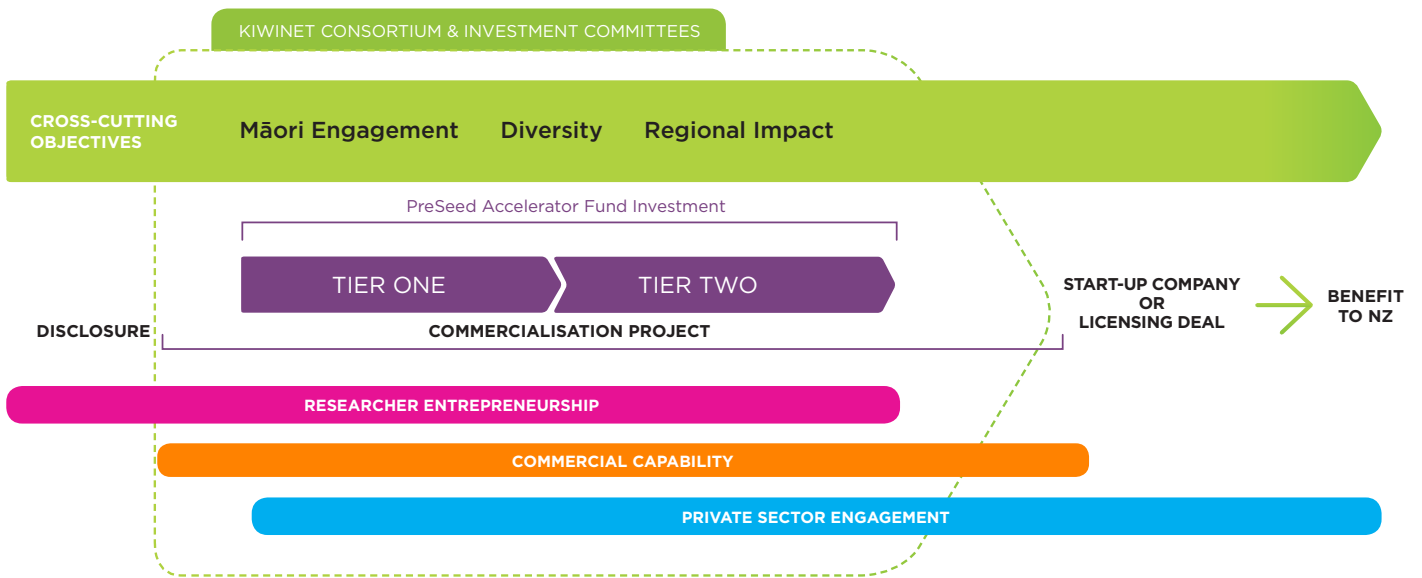
STRATEGY

OUR VISION

A globally competitive technology sector, driving a high-value economy for New Zealand.

OUR PASSION

We believe in the power of New Zealand science to transform lives and change the world.



KIWINET'S BOLD AMBITION

The first step towards achieving our outcomes is to scale the number of researchers choosing and valuing our commercialisation channel as a pathway-to-impact for their science. This must be paralleled by empowering commercialisation capability within the Commercialisation teams of our research organisations. We will also engage early and often with the private sector to drive demand for emerging technologies.



By 2023, KiwiNet will bring about a significantly enhanced and diverse research commercialisation ecosystem that is driving forward a globally competitive technology sector and growing New Zealand for all.

IMPACT – An avalanche of new deep-tech ventures driving a new high-tech revolution for New Zealand, diversifying our economy and driving prosperity.

Researcher Entrepreneurship

We will inspire, incentivise and empower researchers to pursue commercialisation of their discoveries to create new business, alongside more traditional academic or tech-transfer routes.



We aim to double the number of researchers engaging with commercialisation through KiwiNet by 2023.

IMPACT – a thriving culture of entrepreneurial researchers, empowered to commercialise their discoveries and generate real-world impact for the benefit of New Zealand.

Commercial Capability

We will grow the size and quality of NZ's commercialisation workforce to drive high-performance and commercial success.



We aim to increase the number and quality of successfully funded major PreSeed projects by 2023.

IMPACT – an empowered and savvy commercialisation profession in New Zealand, with thriving, fully supported and connected commercialisation units that are world-leading in their performance and approach.

Private Sector Engagement

We will engage early and often with the private sector including mentors, investors, business and Māori interests to build the best possible expertise around technologies to maximise chances of success.



We aim to double the number of high-quality projects undergoing high-quality business & investor due diligence by 2023.

IMPACT – create extraordinary private sector demand, with an engaged and supportive investment & business community working alongside research organisations to create successful deep-tech ventures and licensing arrangements from kiwi science, in a way that maximises value capture.

KIWINET INVESTMENT COMMITTEE HIGHLIGHTS

PRESEED INVESTMENT

In July 2016 KiwiNet began a new three-year PreSeed Accelerator Fund (PreSeed) contract with the Ministry of Business Innovation and Employment (MBIE). KiwiNet's PreSeed pool services 14 research organisations operating a combined investment of \$10.3 million through KiwiNet.

INVESTMENT COMMITTEE PARTNERSHIPS

With 18 research organisations collaborating through the KiwiNet Investment Committee, it now represents approximately 80% of researchers in public research organisations in New Zealand. Over the 12 months to March 2019, 91 projects have been presented to the Investment Committee from 16 different research organisations.



"The collaboration fostered by KiwiNet has the potential to really change the pace of commercialisation of publicly funded research in New Zealand. With strong global competition, New Zealand needs to be utilising all of its expertise and capability to compete and KiwiNet enables this. Through KiwiNet we can access deep domain knowledge in a very efficient and cost-effective way that allows projects to progress faster."

MARK CLEAVER, CHIEF EXECUTIVE OFFICER
MASSEY VENTURES LTD

OUR CORE VALUES

People and their connections

Innovation is first and foremost about people and their connections.

Collaboration not duplication

KiwiNet is a facilitator, working with complementary organisations to achieve outcomes through collaboration.

Trusted neutral party

KiwiNet must be recognised as an independent organisation that is trusted to be fair and balanced.

New and innovative approaches

KiwiNet must have a maverick spirit, striving to take new approaches, to create new conversations between new people and to encourage new talent that underpins future innovation.

Speed and efficiency

KiwiNet must be nimble and dynamic, acting as a catalyst for new opportunities and ensuring ideas become self-sustaining quickly.

596

PROJECTS REVIEWED BY
KIWINET INVESTMENT
COMMITTEE

*(and its predecessor UniCom) (Since July 2008)



\$377.7

MILLION OF PRESEED
INVESTMENT RESULTING IN



383

COMMERCIAL DEALS
AND



\$293

MILLION KNOWN REVENUE FROM ALL
PRESEED INVESTMENTS



\$428

MILLION POTENTIAL EXPORT EARNINGS.



39

NEW START-UPS



“The New Zealand Health Innovation Hub (NZHIH) partnership is perfectly aligned with KiwiNet’s values and ethos. HIH is focussed on accelerating smart ideas, products and services to improve health outcomes with their DHB innovators. We assist them in their implementation by providing them with information about the health landscape, market validation, potential investors and partners. Commercialisation expertise is provided by Viclink Ltd and KiwiNet provides access to PreSeed funding and its networks. It’s an excellent combination, proving invaluable in getting great health focussed innovation to market faster.”

**GEOFF TODD, DIRECTOR,
NEW ZEALAND HEALTH INNOVATION HUB**



91

Proposals, project previews and Emerging Innovators presented to the Investment Committee*.
*IN THE YEAR TO MARCH 2018.



14

Public organisations pooling PreSeed investment.



16

Different research organisations presented projects to the KiwiNet Investment Committee*.
*IN THE YEAR TO MARCH 2018.

\$10.3m
PRESEED TO INVEST*



CallaghanInnovation



*Announced by MBIE in June 2016.



Emerging Innovator Dr David Pattimore from Plant & Food Research presents to the Investment Committee, December 2018, Rotorua.

ACTIVITIES

OUTCOMES

INVESTMENT COMMITTEE PARTNERSHIPS

With 16 research organisations collaborating through the KiwiNet Investment Committee, it now represents approximately 80% of researchers in public research organisations in New Zealand.

Over the 12 months to March 2019, a record 91 projects pre-views, proposals and Emerging Innovator candidates have presented to the Investment Committee from 16 different research organisations.

PIPELINE COMMITTEE

A joint committee of commercialisation professionals from research organisations, who assess new projects, provide input into KiwiNet initiatives and design initiatives to support commercialisation.

Over the 12 months to March 2019 three Pipeline meetings were held with an average of 16 attendees to each and 30 projects presented in total.

“As I prepare to leave the role of Investment Committee (IC) Chair, I reflect on the changes over the last 10 years. I’ve witnessed first-hand the growth from humble and maverick beginnings with just 4 University members and a team of 2 management staff to an organisation that now has 15 members that account for 80% of NZ’s publicly funded research.

It was my great privilege to work alongside Hon Ruth Richardson, Mark Stuart, Duncan Mackintosh and Bram Smith who were the pioneers of what is here today and see the bold, but carefully planned growth and succession of the organisation as a result of their wisdom and hard work.

That maverick spirit instilled in the early years, lives on and is carefully nurtured by the current management team. It has been fabulous to see KiwiNet continuing to go from strength to strength over the last 12 months with new members added and our pool of talent and funds available for investment in this exciting space increasing significantly. While I am sad to be leaving the role, I have every confidence that Debra Hall, who will take over as Chair in August, and the management team will continue to do an excellent job and that Debra is the right person to steer the IC through its next phase.”

ANDREW TURNBULL
CHAIR KIWINET INVESTMENT COMMITTEE



SUCCESS STORIES

Wintec and WaikatoLink's Molecularly Imprinted Polymers (MIP) Platform

Molecules and chemical compounds can get into places where they cause problems, through pollution and contamination, or they may have greater value if they are separated out from other compounds. In 2011, Wintec and WaikatoLink launched a PreSeed project based on the ability to mass produce materials that extract specific molecules.

The Molecularly Imprinted Polymers (MIPs) project leveraged \$150k of PreSeed investment for prototyping and market validation, culminating in a highly successful spin-out, Ligar. Today the start up has attracted \$8M in investment and supports 20 FTEs.

Most filtration systems deal with contaminants by removing particles of a certain size. Some, like ion exchange, deal with small groups of metals. Ligar removes and recovers very specific molecules using molecularly imprinted polymers, or MIPs for short.

MIPs have been around since the 1930s and are typically used for the high precision analysis of compounds in laboratories. Ligar has taken the concept of using MIPs to capture specific molecules and applied it to large scale filtration. This was no easy task as MIPs are typically difficult to develop, difficult to produce in large volumes and difficult to use outside of the lab.

Ligar has cracked the many technical reasons why selectively removing specific molecules at an industrial scale is not widespread. This has opened a very exciting range of opportunities in purification, pollution remediation and valuable material extraction.

Ligar has recently completed the development of a product to rapidly purify cannabinoid extracts from hemp, displacing a standard multi-stage distillation process and producing a higher value concentrate. This was piloted in the US by a major cannabis company which has now ordered a large scale system. In turn this has led to the creation of a new company, Amber Cannabis Extraction Limited, to commercialise the technology in the global cannabis processing market.

It has also developed a food contact approved (FDA and EFSA) polymer for removing phenolic taints from wine, a project which began with the PreSeed funding. These are currently being trialled with smoke tainted wines from one the largest winemakers in the US, the final stage required before gaining Federal approval to use the polymers for wine treatment in the US.

Looking at other taints, heavy metals, pesticides and persistent pollutants like PFAS present opportunities for MIPs to be used. These taints can and are being removed from a wide range of liquids from wine to factory waste.

Ligar currently produces beads, filter plates and powders to filter a range of fluids (oils, wine, water, solvents, acid) at a wide range of pHs.

Ligar has received significant private investment and formed partnerships with global market leading corporations in the fields of consumer healthcare, cannabis, food filtration and flavours and aromas.



Christchurch-based Invert Robotics expands further into global markets

From its inception as a non-contact robot project from researcher James Robertson of University of Canterbury in January 2010, to a spin-out in 2012, Invert Robotics has now captured the imaginations of top US investors, securing \$13M in a round of funding led by Finistere Ventures, an agtech/foodtech venture pioneer, with support from Yamaha Motor Ventures & Laboratory Silicon Valley (YMVSV), the corporate venture capital business of Yamaha Motor Co. Ltd.

Initially awarded \$185k KiwiNet PreSeed investment to accelerate its commercialisation, today Invert Robotics is on a stellar path of global expansion of the world's first non-magnetic, climbing inspection robot for hazardous environments.

The climbing robots can securely adhere to surfaces that other robots cannot and go into confined, treacherous spaces that would put workers' lives at risk. Invert Robotics offers precise, remote inspection of non-magnetic surfaces such as stainless steel, carbon fiber, aluminium and glass. Its climbing robot is already being used by key players in the global aviation market, alongside major Australian and New Zealand dairy companies and co-operatives such as Fonterra, Synlait and Murray Goulburn.

Over 100 industrial sites use Invert Robotics' services and over 2000 tank inspections have been conducted worldwide. Going beyond visual inspections, the company's robots can perform in-depth scans using surface-wave detection and ultrasonic probes to measure wall thickness, assess structural integrity and find defects on any surface.

The company is getting attention from the aviation inspection market and is looking at potential opportunities in the chemical industry, in addition to further work with energy, oil and gas companies.

Headquartered in New Zealand with offices throughout Europe, Invert Robotics will also build out an artificial intelligence platform that will allow customers to take a proactive approach to asset management by predicting potential fail points and future maintenance needs.



Marama Labs - enabling the next generation of winemakers with new analytical tools

Dr Brendan Darby has always been passionate about the application of physics to real-world problems. He holds a vision for transformation of industry using innovative analytical instruments to demystify some of the complexities of creating high value products, such as wine.

Having completed a PhD at Victoria University of Wellington, Brendan and co-founders Dr Matthias Meyer and Professor Eric Le Ru, leveraged the commercialisation support network of Viclink, KiwiNet, Callaghan Innovation, and leading technology incubator, WNT Ventures, to ultimately launch a start-up company as a commercialisation vehicle for their discoveries.

Brendan used his place in the KiwiNet Emerging Innovator Programme to drive crucial early market validation of their idea, engaging early on with multiple target industries across New Zealand to understand the customer problems and the potential value proposition for the Marama Labs technology. Marama Labs has already attracted significant private investment, and has garnered the interest of early adopters who are actively participating in commercial product trials. Two stages of KiwiNet PreSeed accelerator funding have been used to deepen the commercialisation plans and to build an early working prototype of their instrument.

Marama Labs built and tested an early prototype in 2017 during the NZ vintage at a major New Zealand commercial winery, collecting data on both the technical performance of the product and also the commercial potential in the context of the trial customer's operation. The Marama team has secured a development partnership with one of Australia's largest wineries to further test the prototype instrument. This customer is running a second, follow-up pilot programme with Marama Labs during vintage 2019. Brendan has also nurtured relationships with several leading industry bodies and other wine industry research organisations.

Marama Labs is now developing the fourth-generation prototype of its flagship instrument. This instrument is purpose-built with key user needs incorporated from each iteration. The technology has the potential to extend to applications in a number of other industries (e.g. beer, milk, beverages, oils, paint, water, etc) and also has the potential to be developed in several new directions (e.g. hand-held devices, in-line devices, software and analytics).



SUCCESS STORIES

New innovative rat lures attract global interest

Wellington researcher Dr Michael Jackson is well on the way to seeing his innovative, sustained-release rat lure products on the global pest control market, with PreSeed support from KiwiNet.

As part of his place in the Emerging Innovator Programme Jackson received \$25,000 to aid the commercialisation of his new lures which emit chemical compounds identified as attractive to rats, one of the world's most damaging pest mammals. He has subsequently received a further \$25,000 PreSeed Accelerator Funding for the project.

Dr Jackson says, "Being supported by KiwiNet to undertake market analysis and validation has been invaluable. I've been able to talk to, and collaborate with, potential partners across the globe who have extensive experience in developing and selling pest control products. I wouldn't have been able to do this without KiwiNet's support".

Dr Jackson from the School of Biological Sciences at Victoria University of Wellington is leading a research project team to transform a number of chemical compounds they have identified as attractive to rats into viable, commercially available products. The chemical compounds are being put into easy-to-use pest control products that emit the compounds in a controlled and sustained manner over extended time periods, thus offering users a time and cost saving replacement for traditional, perishable lures. This important technology which will have applications in a range of settings including conservation, agriculture, food storage and processing, and human and animal health.

Viclink, the commercialisation arm of Victoria University of Wellington, has worked closely with Dr Jackson and his team to develop a strategy to commercialise this novel approach to pest control including patent applications to protect the invention's intellectual property. Dr Jackson has been able to assess channel-to-market options, secured interest from key local and international industry players, and engaged with commercial partners to undertake a range of commercial activities.

Dr Janice Cheng from Viclink who works alongside Dr Jackson comments, "The global pest market is growing fast and expected to reach US\$28 billion in 2026. We're really excited about the commercial interest from potential partners around the world already."

Jackson, along with colleagues Associate Professor Wayne Linklater and Dr Rob Keyzers from Victoria University of Wellington's Centre for Biodiversity and Restoration Ecology, were also awarded \$360,000 last year from the Department of Conservation to help develop their lures through the Predator Free 2050 Tools to Market fund, designed to make more available the tools needed to achieve New Zealand's Predator Free 2050 goal. The funding enabled the team to begin the process of transforming their initial research into viable products.

"The global pest market is growing fast and expected to reach US\$28 billion in 2026. We're really excited about the commercial interest from potential partners around the world already."

DR JANICE CHENG

SENIOR COMMERCIALISATION MANAGER, VICLINK



ADVOCACY

Collaborating with the research community, research organisations, Government stakeholders, Callaghan Innovation, our CPN partners and stakeholders from the private sector, including investors to create the best supportive environment for commercialisation of publicly-funded research.



ADVOCACY

ACTIVITIES

GOVERNMENT AGENCY ENGAGEMENT

KiwiNet engages with government departments and agencies who are working in similar and complementary areas.

COMMERCIALISATION PARTNER NETWORK ENGAGEMENT

KiwiNet is working with our fellow Commercialisation Partner Network (CPN) organisations Return On Science and ChristchurchNZ to accelerate our common goal of achieving better economic outcomes from the commercialisation of publicly funded research in New Zealand.

INSPIRING AND INFLUENCING RESEARCH COMMERCIALISATION STAKEHOLDERS

KiwiNet inspires the next generation of entrepreneurial professionals through our own events and by supporting partner led initiatives. Together we create awareness of the value of research commercialisation.



PROMOTION & EXTERNAL ENGAGEMENT

Building awareness around the activities of KiwiNet, commercialisation professionals and the research organisations to encourage people and make it easier for them to engage.

KIWINET STAFF ACTIVITY

KiwiNet's team works in partnership with research organisations and commercialisation professionals across New Zealand to deliver KiwiNet's strategic objectives.

OUTCOMES

KiwiNet has been working closely with the Ministry of Business Innovation and Employment (MBIE) to provide a clear picture of research commercialisation activities in New Zealand. Reports provided to MBIE include:

- An annual report on KiwiNet's PreSeed portfolio.
- An annual report of Commercialisation Partner Network outcomes.

MBIE has committed an additional \$25.5M to Commercialisation of Innovation through to 2023. This increased support demonstrates a strong commitment to realising the value that can be created from publicly-funded research and it's a clear acknowledgement of the success that has been generated since KiwiNet's inception in 2008.

This additional funding provides an important platform for further strengthening New Zealand's world-class research commercialisation ecosystem.

- KiwiNet has supported the expansion of the Momentum Programme (a student-led investment committee initiative built upon the Return On Science model) into Wellington
- Return On Science is supporting KiwiNet in celebrating the 2019 KiwiNet Research Commercialisation Awards with the introduction of a new Momentum Student Entrepreneur category.
- KiwiNet and ChristchurchNZ are together developing ways to strengthen the regional commercialisation system in Canterbury.

KiwiNet has participated in a range of partner led initiatives. We have shared our wisdom and championed our cause across the ecosystem through several initiatives:

- KiwiNet CEO, James Hutchinson, regularly engages with senior leadership at universities and CRIs across the country to share KiwiNet's ethos, ambition and aspirations.
- James is on the steering committee for the 2019 Knowledge Commercialisation Australasia conference and KiwiNet Commercialisation Manager, Seumas McCroskery, is a guest speaker for the event.
- KiwiNet Operations Manager, May Low, assembled a delegation of New Zealand commercialisation professionals to present projects at a Jiangsu commercialisation conference and investor pitching event in China in November 2018.
- KiwiNet staff have mentored teams at the NZ Startup Bootcamp (formerly Innes 48) for the last 4 years.

KiwiNet produced a range of press releases including stories about the KiwiNet Emerging Innovators. Each Emerging Innovator receives media training to enable them to effectively share their stories and raise the profile of their great work.

KiwiNet has a core staff of five who are supplemented with contracted professionals and student interns. Our staff run the investment committee, work with our partners to prepare business plans for PreSeed investment and run events and initiatives to support research commercialisation.

RESEARCH COMMERCIALISATION AWARDS

In 2018 KiwiNet delivered the sixth New Zealand Research Commercialisation Awards. The KiwiNet Awards celebrate the ability for science to drive our prosperity, putting the spotlight on those who successfully commercialise clever Kiwi ideas. This PREMIER EVENT is highly anticipated on New Zealand's innovation calendar, raising the profile of research commercialisation nationwide.

Where:
Auckland,
Viaduct Events
Centre

When:
Thursday
5th July 2018




300+
ATTENDEES




12
FINALISTS



2019 KIWINET AWARD WINNERS

BNZ Supreme Award

This award celebrates the supreme entry which demonstrates overall excellence in all core areas of research commercialisation.



Dr Andrew Kralicek

Plant & Food Research

Insect Receptor Sensors: Harnessing insects' amazing powers of smell to revolutionize commercial sensing

Dr Andrew Kralicek, Team Leader of the Molecular Sensing Team at Plant & Food Research, has spent the last decade working out how to harness insects' amazing sense of smell to revolutionise the world of electronic sensors. His technological breakthrough led to the development of a proof of principle prototype showing that insect odorant receptors can be used for the detection of minuscule amounts of volatile compounds. Possible commercial applications range from human health, pest and disease detection, food quality and defence technologies.

Over the past three years, Dr Kralicek's passion has been the commercialisation of his innovative new technology as a platform technology. These efforts, backed by PreSeed accelerator investment, have seen Dr Kralicek engage with potential customers, collaborators, funders and advisers to better understand the commercial opportunities that could be captured by this novel device. Andrew was the first researcher selected for the KiwiNet Emerging Innovator Programme in 2015 for his 'biological electronic nose' sensor technology.

Plant & Food
RESEARCH
RANGAHAU AHUMĀRA KAI



Norman Barry Foundation Breakthrough Innovator Award

This award recognises an upcoming entrepreneurial researcher who is making outstanding contributions to business innovation or is creating innovative businesses in New Zealand through technology licensing, start-up creation or by providing expertise to support business innovation.



Dr Vlatko Materić

Hot Lime Labs

'Hot Lime' to help feed the world - increasing greenhouse crop yields with sustainable CO₂

Dr Vlatko Materić, Founder and CEO of Hot Lime Labs, has developed technology to sustainably boost glasshouse yields while reducing their carbon footprint.

Dr Materić started development of his 'Hot Lime' technology while in his previous role, as a researcher at Callaghan Innovation. He had long envisioned a technology to produce clean CO₂ from the combustion of waste which could change the world by significantly boosting glasshouse vegetable and flower yields while reducing their carbon footprint.

The Hot Lime Labs technology can recover clean CO₂ from the burning of waste organic material and then allow this clean and concentrated CO₂ to be released into the greenhouse to improve crop yields by around 20%. This enables greenhouse growers to operate at optimal yields and increase food production while simultaneously cutting environmental harm by using a renewable source of clean CO₂.

The technology has the potential to increase grower's revenues by \$40-80k per annum per hectare compared to using other sources such as natural gas or liquid CO₂. The global market opportunity for the technology is estimated at over \$800m per annum and is growing rapidly. In the space of just two short years he is now realising his dream, having founded a start-up company as a commercialisation vehicle for his discoveries. Hot Lime Labs has already attracted significant private investment and is set to take on the world with eager early adopters lined up for commercial trials.

**Callaghan
Innovation**



Baldwins Researcher Entrepreneur Award

This award recognises an entrepreneurial researcher who has made outstanding contributions to business innovation or has created innovative businesses in New Zealand through technology licensing, start-up creation or by providing expertise to support business innovation.



MinterEllisonRuddWatts Research & Business Partnership Award

This award recognises the deeply embedded working relationship between a research organisation and business that delivers significant commercial value for New Zealand.



Associate Professor Taehyun Rhee (TJ), Victoria University of Wellington

Taking New Zealand's virtual reality (VR) and augmented reality (AR) technology to the world

Associate Professor Taehyun Rhee (TJ) from Victoria University of Wellington is passionate about solving global challenges in Virtual and Augmented reality. His commercial appetite has been honed developing a wide range of innovative products, including 17 years' industry experience with Samsung. Whilst there, he oversaw a 3D virtual prototyping and visualisation system that resulted in over 200 products. He joined Victoria University in 2012 and has continued to form strong academic and business collaborations.

When TJ first arrived in New Zealand his talents caught the eye of Weta Digital. Seeing an excellent opportunity with the film industry he pioneered the Victoria's Computer Graphics Programme, which offers students the opportunity to gain unprecedented insights into the inner technologies of the creative industries. Over 10 internship and graduating students now work for Weta Digital, contributing to some of the biggest blockbusting movies we have seen in the past few years. TJ started Dreamflux, his own company utilising breakthrough technology built at Victoria University, 5 months ago. He has already worked directly for virtual tour project with Wellington International Airport, Singapore Airlines and Wrestler; the experience is the first of its kind anywhere in the world. Recently, DreamFlux technology was accepted to the SIGGRAPH 2018 to showcase their immersive mixed reality

AUT and the NZ SKA Alliance

Square Kilometre Array (SKA) Telescope - Exploring the Universe with the world's largest radio telescope.

The Square Kilometre Array (SKA) is the world's largest radio telescope delivering fundamental advances in understanding our Universe. New Zealand SKA Alliance partners, led by AUT, jointly undertake research and design to deliver the unprecedented computing power behind the world's largest and most sensitive radio telescope.

The SKA is the World's largest mega-Science project of the next decade. It represents numerous firsts for New Zealand, being the World's biggest Big Data project, the largest Science project in which New Zealand has ever had substantial lead roles, and the largest New Zealand involvement in an international ICT collaboration. Once the receivers, infrastructure and supercomputing systems have been built scientists in the 10 member countries*, including New Zealand, will have access to the World's largest and most sensitive radio telescope. With it they will make fundamental advances in our understanding of the Universe over the next 50 years.

The New Zealand SKA Alliance consists of three universities: AUT, University of Auckland, Massey University; and companies including: Catalyst IT, Compucon NZ, and Open Parallel. The organisations jointly undertake research and design for the unprecedented computing required to make the SKA a reality. Established in 2013 and aiming for SKA phase 1 construction 2019-2025 it will be one of the longest and largest academic-industry collaborations in NZ.

*Australia, Canada, China, India, Italy, New Zealand, South Africa, Sweden, The Netherlands and the United Kingdom.



2019 KIWINET AWARD WINNERS

PwC Commercial Impact Award

This award celebrates excellence in research commercialisation delivering outstanding innovation performance and the potential for generating significant economic impact for New Zealand.



Plant & Food Research

Amarasate® Extract – 100% plant-based, world-first weight management extract calocurb™, the 100% plant-based supplement that helps you manage food cravings is set to take international weight management market by storm

Scientists at Plant & Food Research have developed a 100% plant-based supplement that helps you manage food cravings and is set to take the international weight management market by storm. calocurb™, licensed by Lifestream International has just launched into the US, the world's largest market for weight management. calocurb™ contains Amarasate® extract, which is the lead ingredient from an MBIE research programme for 'Foods for Appetite Control', and is a New Zealand grown hops extract that supports portion control and reduces daily calorie intake. Targeting the Bitter Brake® mechanism, the bitter extract is released in the duodenum and triggers taste sensors in the gut to release satiety peptides.

Amarasate® extract was found to be the most effective compound (out of more than 900 plants screened) to trigger the Bitter Brake® – an evolutionary response whereby bitter compounds trigger a 'stop eating' signal in the brain. When coupled with patented capsule technology, the Amarasate® extract progressed through clinical trials and demonstrated that bitter compounds support a feeling of fullness or satiety. Plant & Food Research was able to create a Generally Recognized As Safe (GRAS) self-determination dossier showing historical use of the extract in the US with support from PreSeed funding through KiwiNet.

Plant & Food Research then contracted with the world's leading company for production of capsules to manufacture a trial run of capsules as well as completing US market validation and a provisional patent. Ultimately Plant & Food Research licensed the technology to Lifestream International, a New Zealand private equity owned company who has financed the product launch direct to consumers in the US, bypassing historical retailers, maintaining margin for the commercial partner and developing direct consumer relationships through an online only initial launch. The product was launched in New Zealand in April 2018 and the US in May 2018.

RESEARCHER ENTREPRENEURSHIP

KiwiNet is proud to champion researchers across New Zealand to find a more effective pathway for their science discoveries to be recognised and make a difference in the world.

| ACTIVITIES | OUTCOMES |
|--|---|
| <p>COMMERCIALISATION TRAINING Training programmes ranging from practical commercialisation workshops for researchers through to advanced professional development for commercialisation staff.</p> | <p>453 researchers took part in KiwiNet commercialisation training initiatives last year as well as events led by our partners.</p> <p>Events included GetFUNDED, GetINVESTED, LESANZ licensing training, Smarten Up Your Ideas workshops, plus the KCA and AUTM conferences and workshop.</p> |
| <p>EMERGING INNOVATOR PROGRAMME The KiwiNet Emerging Innovator programme aims to discover, inspire and nurture Kiwi scientists with entrepreneurial DNA and fast-track them to commercial success.</p> | <p>The Programme has been generously supported by the Norman Barry Foundation with a further \$75,000 of funding in May 2018, taking their total support to \$475,000 to date. KIW1 has also generously funded 2 Emerging Innovators with \$50,000 of funding in August 2018. To date, 37 Emerging Innovators have participated in the programme, with several now attracting private investment.</p> <p>12 new Emerging Innovators were funded in the year to May 2019.</p> <p>KiwiNet’s second Alumni event on 7 November 2018, was well attended by 22 Emerging Innovators (67% attendance), along with a wide range of guests. 8 people graduated from the programme.</p> |

EMERGING INNOVATOR EVENT

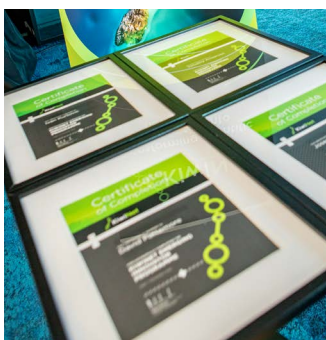
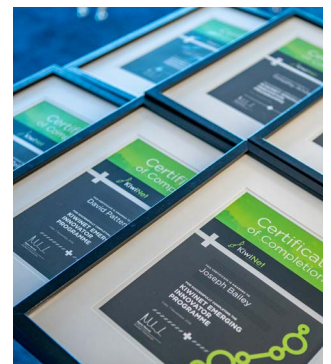
Sir Paul Callaghan once offered the staggering idea that 100 inspired entrepreneurs could double our present exports. We celebrated the efforts of 37 of them at our Emerging Innovator Graduation event on 7th November 2018!

37
EMERGING
INNOVATORS

8
GRADUATES
IN 2018

3
START
UPS

2
AMAZING
SPONSORS



EMERGING INNOVATOR PROGRAMME

The KiwiNet Emerging Innovator Programme was launched to strengthen entrepreneurship and nurture commercial aspiration in our scientists. This is essential in order to transform scientific discoveries into new business that will drive prosperity for New Zealand.

The Emerging Innovator Programme aims to inspire and empower Kiwi scientists with entrepreneurial DNA, fast-tracking them to commercial success. The programme provides a wide range of initiatives and resources to support recipients on their commercial journey. These include a commercial mentor, coaching in media engagement, and training courses in pitching for investment and commercialisation.

Several Emerging Innovators have progressed along the KiwiNet commercialisation channel securing PreSeed Accelerator Funding. We have already seen a direct impact on deal flow from the programme as well as a recruitment effect. Emerging Innovators can powerfully influence colleagues, growing an entrepreneurial culture across among researchers.



"KIWI Ltd has invested over \$250M in Seed and Venture capital into a large number of start-up and early stage businesses from Biotech, environmental technology, high tech, software and other high export potential businesses. Our aim is to either directly or as a "fund of funds" assist young entrepreneurs to grow New Zealand as a leader in the knowledge economy and to help create a culture of making New Zealand "cash flow positive" in international goods and services trade. We see the KiwiNet Emerging Innovator Programme as an invaluable catalyst, enabling the next generation of Kiwi innovators to take their discoveries to market. We're delighted to support this initiative."

DAMON CROWE
KIWI LTD

\$475,000 from

**NORMAN BARRY
FOUNDATION**

\$50,000 from



37 EMERGING
INNOVATORS
AWARDED

19 GRADUATES **3** START UP
COMPANIES

In-kind support from

MinterEllison
RuddWatts intellectual
property
Baldwins



To be eligible, scientists must be working within a public research organisation in New Zealand. Recipients receive \$25,000 of funding, a commercial mentor, media training, publicity, and access to in-kind expert legal support from MinterEllisonRuddWatts and Baldwins.

MEET THE EMERGING INNOVATORS



"We're excited to finally reveal our technology as we are well placed now to talk to businesses wanting a specifically developed solutions to meet their needs based on our platform technology."

ANDREA BUBENDORFER

MICROMAKER 3D PRINTING TECHNOLOGY FOR HIGH VALUE MINIATURISATION

Andrea Bubendorfer, team leader of the microfabrication team at Callaghan Innovation is co-inventor of MicroMaker, a wholly new type of 3D printing, with game-changing potential to open up miniaturisation as a new high value application in additive manufacturing, an industry that exceeded \$7B in 2018.

When Andrea was awarded a place in the KiwiNet Emerging Innovator Programme, she had no idea of the exciting journey ahead. Through the programme she received funding, commercialisation support and advice to explore ways to make microfabrication more accessible.

Identifying miniaturisation as an economically significant industry with easily exportable high value products, but high cost barriers to entry, Andrea and co-leader Andrew Best saw an empty market space for an accessible approach. Using microfabrication processes and materials they created MicroMaker, enabling rapid prototyping to meet the demand for miniaturisation.

Andrea explains, "We ended up creating a new 3D printing technology that can build up tiny structures using specially engineered Laminated Resin Printing (LRP) materials. We can print structures with features as small as five microns. To put this in context, a human hair is around 100 microns, so we could print things smaller than we can see for micro-sensors, wearable technology, IoT devices and more."

MicroMaker3D allows companies to get compact high-tech products to market without the normally high manufacturing costs that can become a barrier to innovation. Microfabrication

represents a great industry opportunity for New Zealand and exporters around the world, as the value of goods is extremely high, in a tiny form factor, exporting is no real barrier compared to most products.

MicroMaker has attracted international interest, including the awards of a launchpad for emerging technologies at the prestigious IDTechEx meeting (Silicon Valley, Nov 2018), with selection for interview by the chair alongside showcasing in all major 3D printing news sources, and the RadLaunch class of 2019 with a cash prize and funded travel, exhibition and presentation opportunity to the Big Ideas! Meeting (LA, March 2019), a write up in the UV + WB technology magazine and invited Webinar slot, and a funded presentation invitation to Rapid + TCT (Detroit, May), the preeminent event for discovery, innovation and networking in 3D manufacturing.

"We're excited to finally reveal our technology as we are well placed now to talk to businesses wanting a specifically developed solutions to meet their needs based on our platform technology."

The project has attracted a further \$684,000 KiwiNet PreSeed funding and has had strong Callaghan Innovation support, as well as other interest from multiple investors in NZ and the USA. Discussions to take this technology globally are now underway.

BEN PARKINSON

TURNING BRAIN SCANNING ON ITS HEAD WITH SMALLER MRIS

Wellington researcher Ben Parkinson has used his place in the Emerging Innovator Programme to help commercialise his game-changing compact superconducting magnets for smaller, next-generation, magnetic resonance imaging (MRI) systems. The new magnet technology will enable more portable systems to be developed, such as helmet-style systems for brain scanning, opening up new possibilities for how and when MRI systems can be used in both clinical and non-clinical settings.

Parkinson, a senior engineer at Victoria University of Wellington's Robinson Research Institute, is progressing his cryogen-free low temperature superconductor (LTS) magnets that only require water and electrical connections to stay cool when used in an MRI system. This contrasts with existing larger MRI magnet technology that requires liquid helium to stay at a low enough temperature to work and produce high quality images.

Parkinson says, "I'm really pleased to have successfully developed this first prototype. We think it's the first time a New Zealand team has manufactured a cryogen free LTS magnet, and our team at Victoria University of Wellington is now one of a handful of teams with this capability internationally."

Through the Emerging Innovator programme, Parkinson also travelled to Brazil to progress a commercial opportunity with a Brazilian technology company who are now using his existing high-temperature superconductor (HTS) magnet technology in a compact MRI system for use in emerging industrial applications in the South American market.

Parkinson has also developed a prototype helmet-style MRI magnet, in a half-scale version, for a highly novel brain imaging system project being led by the Centre for Magnetic Resonance Research at the University of Minnesota. Parkinson is a participant in the significant project, which is being funded by the National Institutes of Health.

He says, "The KiwiNet programme has allowed me to complete an important de-risking step in the development process for the National Institutes of Health project and we're now ready to build the full-scale helmet-like prototype, which completely excludes the shoulders and has a window through the magnet to help reduce patient claustrophobia."

Viclink, the commercialisation office of Victoria University of Wellington, has worked closely alongside Parkinson. Dr Anne Barnett, Viclink's CEO, and senior commercialisation staff have helped rapidly progress patents for the brain imaging magnet, as well as support other commercialisation activities.

Parkinson says the experience has enabled him to think differently about his work. "It's no longer just about how clever the science is; commercialisation is about knowing which problems you're solving, who wants your technology, and how it can be developed and sold in the market to make an impact."



"Thanks to KiwiNet, this is the first time I've been able to scale up my enzyme research and to test improvements in a more industry-relevant way,"

Ben Parkinson

COMMERCIAL CAPABILITY

KiwiNet is proud to champion research commercialisation professionals, who work tirelessly behind the scenes to find a more effective pathway for science discoveries to make an impact. Together we're building a community of capable and driven commercialisation professionals that are delivering a robust pipeline of new investable propositions from publicly funded research.

ACTIVITIES

KIWINET INTERNSHIP PROGRAMME

KiwiNet's new Commercialisation Intern Programme sees interns placed within a KiwiNet partner organisation for six months where they work on real technology commercialisation projects, gaining important early experience to pave a way into a career in commercialisation. Interns work alongside the local commercialisation team to develop business plans and cases to support the development of new technologies, undertake impact analysis of emerging technologies and science. KiwiNet provides a programme of professional development support, including training courses and a short secondment with the KiwiNet team in Hamilton.

CORPORATE PARTNERS

KiwiNet's corporate partners have been very generous in their support of KiwiNet Partner projects, commercialisation staff and Emerging Innovators by providing in-kind advice and expertise, mentoring, plus additional funding.

TRAINING PARTNERSHIPS

KiwiNet has worked with PwC to deliver training programmes and workshops for partner organisations.

COMMERCIAL MENTORS

KiwiNet commercial mentors support researchers and organisations with everything from identifying new commercial opportunities to mentoring high potential projects. Commercial mentors are driving significant pipeline growth through strong expertise and networks, while helping research organisations overcome limited tech transfer resources.

OUTCOMES

11 interns have been placed to date, across 7 organisations. The internship programme is proving a tangible and effective route towards building commercial capacity within resource-stretched Technology Transfer Offices and Commercial Groups.

KiwiNet has sponsorship partnerships with BNZ, Norman Barry Foundation, MinterEllisonRuddWatts (MERW), PwC, Baldwins, and Sciencelens to provide funding and in-kind support to KiwiNet activities and projects. MinterEllisonRuddWatts and Baldwins have provided significant in-kind expertise having supported 19 projects and provided training for a number of others. PwC continues to provide consultancy for KiwiNet partner projects and lead support for the KiwiNet Advisory Panel.

Partner training has included courses on business writing, selling science into market and negotiating the new R&D tax credits.

KiwiNet has created over 37 connections between commercial mentors and projects over the last 12 months.

The success of the programme has also been demonstrated by the increasing number of mentors (over 50) wanting to engage with the KiwiNet deep-tech projects.

PRIVATE SECTOR ENGAGEMENT

When the right combination of scientists and investors come together, the results can be astounding. For investors ultimately, it's all about vision. It's seeing the potential in an idea before anyone else and help turn it into a global success. Our role is to find the perfect combination of scientists and investors and focus on helping them discover the right investment opportunities.

An engaged and supportive investment & business community working alongside research organisations creates new successful deep-tech ventures and licensing arrangements that maximises value capture.

Engaging early and often with the private sector to build the best possible expertise around technologies to maximise chances of success.

| ACTIVITIES | OUTCOMES |
|--|---|
| <p>INTERNATIONAL ENGAGEMENT Connecting with similar organisations overseas to identify opportunities for collaboration and leverage their connections into foreign markets.</p> | <p>Ten projects were presented at an international Technology Transfer conference in Jiangsu, China and seven projects were pitched at the Elite Business Week with support from KiwiNet.</p> |
| <p>INCUBATOR ENGAGEMENT KiwiNet works closely with each of the technology incubators as a key provider and facilitator of potential deal flow.</p> | <p>The incubators continue to review PreSeed funded projects. From these, more than 10 have undergone pre-incubation due diligence, resulting in three investments (including Marama Labs and TDRI Ltd)</p> |
| <p>EXPERT ADVICE & ENTREPRENEUR CONNECTIONS Delivering the best possible advice and guidance for researchers and commercialisation staff.</p> | <p>KiwiNet continues to offer access to expert advice including market validation and product design, business planning and market entry. These services continue to accelerate products into market with the maximum chance of success.</p> <p>KiwiNet continues to facilitate Advisory Panels for projects to present to and receive generous services from our corporate partners.</p> |
| <p>INVESTOR CONNECTIONS KiwiNet engages with the investor community to help transform scientific discoveries into investor ready opportunities.</p> | <p>KiwiNet actively engages with the Angel, High Net Worth and investment fund community. This includes continued sponsorship of the Angel Summit.</p> <p>KiwiNet also has on-going engagement with with NZVIF, Callaghan Innovation and NZTE through the Investor Heartbeat team. This initiative is a cross agency forum developed to accelerate capital raising activities.</p> |

Financial Statements

For the year ended 31 March 2019.

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Company Particulars

For the year ended 31 March 2019.

| | |
|---------------------------|--|
| State of Affairs | The Company was incorporated on the 25 January 2011 and commenced trading in August 2011. |
| Company Number | 3245229 |
| Authorised Capital | 270 Ordinary shares |
| Registered Office | B Block, University of Waikato Gate 5, Hillcrest Road Hamilton |
| Shareholders | WaikatoLink Limited Victoria Link Limited AgResearch Limited Callaghan Innovation University of Canterbury Lincoln University AUT Enterprises Limited Otago Innovation Limited New Zealand Institute for Plant and Food Research Limited Landcare Research New Zealand Limited Institute of Environmental Science and Research Limited New Zealand Forest Research Institute Limited Institute of Geological and Nuclear Sciences Limited Cawthron Institute Limited Massey Ventures Limited |
| Directors | Ngaio Merrick David Hughes Anne Barnett Will Barker Andrew Turnbull Ruth Richardson (ceased August 2018) |
| Auditor | Audit New Zealand, on behalf of the Auditor General. |

Directors' Report

For the year ended 31 March 2019.

The Board of Directors present their annual report.

As required by section 211 of the Companies Act 1993, we disclose the following information:

- + Kiwi Innovation Network (KiwiNet) is a consortium of Universities and Crown Research Institutes working together to increase the scale and impact of scientific and technology based innovation in New Zealand.
- + There are no Directors' interests to declare.
- + The shareholders have agreed that the Annual Report need not disclose employees remuneration over \$100,000 in accordance with section 211(1) of the Companies Act 1993.
- + No donations were made by the Company during the year.
- + The following Directors held office as directors in the Company at the end of the year:
Ngaio Merrick
David Hughes
Anne Barnett
Will Barker
Andrew Turnbull
Ruth Richardson (ceased August 2018)

Statement of Management Responsibility

For the year ended 31 March 2019.

The Board of Directors of Kiwi Innovation Network Limited (the Company) accept responsibility for the preparation of the financial statements and the judgements used in these statements.

The Board is responsible for any end-of-year performance information provided by the Company under section 19A of the Public Finance Act 1989.

The Board accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Company's financial reporting.

In the opinion of the Board, the annual financial statements fairly reflect the financial position and operations of the Company for the year ended 31 March 2019.

Signed on behalf of the Board:



Director
Ngaio Merrick

2 July 2019

Date



Director
Andrew Turnbull

2 July 2019

Date

Statement of Comprehensive Revenue and Expense

For the year ended 31 March 2019.

| | Note | 2019 | 2018 |
|--|------|------------------|------------------|
| | | \$ | \$ |
| Revenue | | | |
| Funding from the Crown | 1 | 5,163,926 | 4,307,378 |
| Interest | | 243 | 262 |
| Other Revenue | 2 | 432,483 | 158,777 |
| Total Revenue | | 5,596,652 | 4,466,416 |
| Expenditure | | | |
| Contractor Costs | 3 | 1,180,887 | 1,133,997 |
| Other Expenses | 4 | 4,380,756 | 3,325,011 |
| Depreciation | 9 | 885 | 885 |
| Total Expenditure | | 5,562,528 | 4,459,893 |
| Surplus/(Deficit) before Tax | | 34,124 | 6,524 |
| Income Tax Expense | 5 | - | - |
| Surplus/(Deficit) after Tax | | 34,124 | 6,524 |
| Other Comprehensive Revenue and Expense | | - | - |
| Total Comprehensive Revenue and Expense | | 34,124 | 6,524 |

The accompanying policies and notes on pages 40-46 form part of these financial statements.

Statement of Financial Position

| As at 31 March 2019. | | Note | 2019 | 2018 |
|----------------------------------|---|------|------------------|------------------|
| | | | \$ | \$ |
| Assets | | | | |
| Current Assets | | | | |
| Cash and Cash Equivalents | | | 566,343 | 575,472 |
| Receivables | 7 | | 1,834,146 | 841,859 |
| Prepayments | | | 67,218 | 58,265 |
| Total Current Assets | | | 2,467,707 | 1,475,596 |
| Non-Current Assets | | | | |
| Property, Plant and Equipment | 9 | | 1,747 | 2,632 |
| Total Non-Current Assets | | | 1,747 | 2,632 |
| Total Assets | | | 2,469,454 | 1,478,229 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Income in Advance | | | 43,775 | 175,000 |
| Payables | 8 | | 1,993,890 | 965,562 |
| Total Current Liabilities | | | 2,037,665 | 1,140,562 |
| Non-Current Liabilities | | | - | - |
| Total Liabilities | | | 2,037,665 | 1,140,562 |
| Net Assets | | | 431,790 | 337,667 |
| Equity | | | | |
| Accumulated Surplus/(Deficit) | | | (33,584) | (67,707) |
| Share Capital | 6 | | 465,375 | 405,375 |
| Total Equity | | | 431,790 | 337,667 |

The accompanying policies and notes on pages 40-46 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 March 2019.

| | Share Capital | Accumulated Surplus/(Deficit) | Total |
|---|------------------|----------------------------------|----------------|
| | \$ | \$ | \$ |
| Balance at 1 April 2017 | 405,375 | (74,231) | 331,144 |
| Total Comprehensive Revenue and Expense for the Year | | | |
| Surplus/(Deficit) after Tax | - | 6,524 | 6,524 |
| Other Comprehensive Revenue and Expense | - | - | - |
| Total Comprehensive Revenue and Expense for the Year | - | 6,524 | 6,524 |
| Transactions with Owners Recorded Directly in Equity | | | |
| Shares Issued | - | - | - |
| Shares Repurchased | - | - | - |
| Balance at 31 March 2018 | 405,375 | (67,707) | 337,668 |
| Total Comprehensive Revenue and Expense for the Year | | | |
| Surplus/(Deficit) after Tax | - | 34,124 | 34,124 |
| Other Comprehensive Revenue and Expense | - | - | - |
| Total Comprehensive Revenue and Expense for the Year | - | 34,124 | 34,124 |
| Transactions with Owners Recorded Directly in Equity | | | |
| Shares Issued | 60,000 | - | 60,000 |
| Shares Repurchased | - | - | - |
| Balance at 31 March 2019 | 465,375 | (33,584) | 431,790 |

The accompanying policies and notes on pages 40-46 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2019.

| | 2019 | 2018 |
|---|----------------|----------------|
| | \$ | \$ |
| Cashflow from Operating Activities | | |
| Receipts from the Crown | 4,171,640 | 4,353,196 |
| Receipts from Other Revenue | 301,258 | 53,584 |
| Interest Received | 243 | 262 |
| Payments to Suppliers | (717,842) | (534,435) |
| PreSeed Payments | (2,722,036) | (2,851,829) |
| Payments to Contractors | (1,157,362) | (1,154,917) |
| GST (net) | 54,969 | (19,650) |
| <i>Net cash flow from Operating Activities</i> | (69,130) | (153,789) |
| Cashflow from Investing Activities | | |
| Purchase of Property, Plant and Equipment | - | - |
| <i>Net cash flow from Investing Activities</i> | - | - |
| Cashflow from Financing Activities | | |
| Capital Contribution | 60,000 | - |
| <i>Net cash flow from Financing Activities</i> | 60,000 | - |
| Net (decrease)/increase in cash and cash equivalents | (9,130) | (153,789) |
| Cash and cash equivalents at beginning of the year | 575,472 | 729,261 |
| Cash and cash equivalents at end of the year | 566,343 | 575,472 |

The accompanying policies and notes on pages 40-46 form part of these financial statements.

Statement of Accounting Policies

For the year ended 31 March 2019.

Reporting entity

Kiwi Innovation Network Limited (the "Company") is a consortium of Universities and Crown Research Institutes who are dedicated to taking a collaborative approach to research commercialisation. The Company's role is to empower people who are involved in research commercialisation by helping them to access the tools, connections, investment and support they need.

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Company are for the year ended 31 March 2019. The financial statements have been approved for issue by the Board of Directors on 2 July 2019.

Basis of preparation

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the year.

Statement of Compliance

These financial statements have been prepared in accordance with the Crown Entities Act 2004 which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 2 PBE Standards. The Company qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had between \$2m and \$30m in operating expenditure.

The financial statements comply with PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars (\$) and all values are rounded to the nearest dollar. There has been no change in the functional currency of the Company during the year.

Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Revenue

Funding from the Crown

The Company is primarily funded from the Crown. This funding is restricted in its use for the purpose of the Company meeting its objectives. Funding that is receivable as compensation for expenses or losses already incurred are recognised in surplus or deficit in the period in which they become receivable. The Company considers there are no further conditions attached to the funding and it is recognised as revenue at the point of entitlement.

The fair value of revenue from the Crown has been determined to be equivalent to the amount due in the funding arrangements.

PreSeed Accelerator Funds Received

PreSeed Accelerator Funds Received are not recognised as revenue until there is reasonable assurance that the Company will comply with the conditions attached to them and that the funds will be received.

PreSeed Accelerator Funds are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

Grants Received

Grants are recognised as revenue when they become receivable unless there is an obligation in

substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Interest Revenue

Interest revenue is recognised using the effective interest method.

Provision of Services

Services provided to third parties on commercial terms are exchange transactions. Revenue from these services is recognised in proportion to the stage of completion at balance date.

Expenditure

PreSeed Accelerator Funds Expenditure

The Company has no obligation to award payment of PreSeed Accelerator Funds on receipt of a project application. PreSeed Accelerator Fund expenditure is only recognised when approval by the Investment Committee has been obtained and specific expenditure criteria has been met.

Foreign Currency Transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ\$ (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Taxation

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Receivables

Short term receivables are recorded at the amount due less any provision for uncollectability.

A receivable is considered uncollectable when there is evidence that the Company will not be able to collect the amount due. The amount that

is uncollectable is the difference between the amount due and the present value of the amounts expected to be collected.

Payables

Short term payables are recorded at the amount payable.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

-Share Capital
-Accumulated Surplus/(Deficit)

Share Capital

Ordinary shares are classified as equity, transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instrument. Transaction costs are the costs arising on the issue of equity instruments, incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Goods and Services Tax

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the IRD including the GST relating to investing and financing activities, is classified as a net operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Property, Plant and Equipment

Property, plant and equipment consists of office equipment. This is measured at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows:

| | | |
|------------------|---------|-----|
| Office Equipment | 5 years | 20% |
|------------------|---------|-----|

Critical Judgements in Applying Accounting Policies

Management has exercised the following critical judgements in applying accounting policies:

Grant Expenditure

The Company must exercise judgement when recognising grant expenditure to determine if conditions of the grant have been satisfied by subcontractors.

Notes to the Financial Statements

For the year ended 31 March 2019.

| | 2019 | 2018 |
|--|------------------|------------------|
| 1 Funding from the Crown (Non Exchange) | | |
| Service Fee | 1,233,778 | 1,456,401 |
| Pre-Seed Accelerator Fund | 3,930,148 | 2,850,977 |
| Total Funding from the Crown | 5,163,926 | 4,307,378 |
| There are no unfulfilled conditions and other contingencies attached to Pre-Seed Accelerator funds recognised. | | |
| 2 Other Revenue | | |
| Other Revenue (Exchange) | 83,547 | 99,081 |
| Other Revenue (Non Exchange) | 348,936 | 59,696 |
| Total Other Revenue | 432,483 | 158,777 |
| 3 Contractor Costs | | |
| Directors' Fees | 68,515 | 67,500 |
| Investment Committee Independent Fees | 98,999 | 86,249 |
| Management service fee | 1,013,375 | 980,249 |
| Total Contractor Costs | 1,180,887 | 1,133,997 |
| 4 Other Expenses | | |
| Auditor's Remuneration | 12,233 | 10,792 |
| Accounting Services | 2,874 | 3,007 |
| Travel expenses | 159,451 | 135,949 |
| Pre-seed Accelerator Fund | 3,402,377 | 2,727,637 |
| Foreign change loss | 1,331 | 1,305 |
| Other | 802,490 | 446,320 |
| Total Other Expenses | 4,380,756 | 3,325,011 |
| 5 Taxation | | |
| Profit/(loss) before income tax | 34,124 | 6,524 |
| Income tax using the Company tax rate | 9,555 | 1,827 |
| Plus/(less) tax effect of: | - | - |
| Non-deductible expenses | 449 | - |
| Unrecognised Tax Losses | (10,004) | (1,827) |
| Tax Expense | - | - |
| Current tax expense | - | - |
| Deferred tax expense | - | - |

A deferred tax asset has not been recognised in relation to tax losses of \$25,473 (2018: \$62,082)

Notes to the Financial Statements

| | 2019 | 2018 |
|---|------------------|----------------|
| 6 Share Capital | | |
| Fully paid ordinary shares | | |
| | Number of shares | Share Capital |
| Balance as at 1 April 2017 | 234 | 405,375 |
| Issue of shares | - | - |
| Balance as at 31 March 2018 | 234 | 405,375 |
| Issue of shares | 36 | 60,000 |
| Balance as at 31 March 2019 | 270 | 465,375 |
| Fully paid ordinary shares carry one vote per share, carry a right to dividends and a pro rata share of net assets on wind up. All ordinary shares have no par value. | | |
| 7 Receivables | | |
| Receivables (Non Exchange) | 1,833,592 | 841,303 |
| Receivables (Exchange) | 554 | 556 |
| | 1,834,146 | 841,859 |
| 8 Payables | | |
| Trade Payables (Exchange) | 113,841 | 151,583 |
| GST Payable | 88,976 | 34,007 |
| Other Accruals (Exchange) | 41,192 | 10,792 |
| Other Accruals (Non Exchange) | 391,467 | 72,000 |
| Payables to Shareholders - PreSeed (Non Exchange) | 1,350,705 | 670,364 |
| Payables to Directors | 7,708 | 26,816 |
| | 1,993,890 | 965,562 |

Notes to the Financial Statements

9 Property, Plant and Equipment

| Cost | Office Equipment \$ |
|-----------------------------------|------------------------|
| Balance at 1 April 2017 | 4,424 |
| Additions | - |
| Disposals | - |
| Balance at 31 March 2018 | 4,424 |
| Balance at 1 April 2018 | 4,424 |
| Additions | - |
| Disposals | - |
| Balance at 31 March 2019 | 4,424 |
| Accumulated Depreciation | |
| Balance at 1 April 2017 | 907 |
| Depreciation Expense | 885 |
| Balance at 31 March 2018 | 1,792 |
| Balance at 1 April 2018 | 1,792 |
| Depreciation Expense | 885 |
| Balance at 31 March 2019 | 2,677 |
| Carrying amounts | |
| At 1 April 2017 | 3,517 |
| At 31 March 2018 and 1 April 2018 | 2,632 |
| At 31 March 2019 | 1,747 |

No property, plant and equipment is pledged as security for liabilities and no assets have restricted titles.

10 Related Party Transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Company would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Notes to the Financial Statements

10.1 Related Party Transactions Required to be Disclosed

Directors fees of \$68,515 were incurred during the 2019 year (2018: \$67,500).

Two of the Directors were also independent members of the Investment Committee and received \$34,416 (2018: \$42,500) as remuneration.

At year end the following amounts were owing to the directors:

| | | |
|-----------------------------|---------|------------------|
| - Directors Fees | \$7,708 | (2018: \$14,302) |
| - Investment Committee Fees | \$7,500 | (2018: \$14,614) |
| - Travel Reimbursement | Nil | (2018: \$509) |
| - Phone Costs | Nil | (2018: Nil) |

11 Commitments

The Company has no commitments at 31 March 2019 (2018: Nil).

12 Contingent Liabilities and Assets

The Company has no contingent liabilities at 31 March 2019 (2018: Nil).

The Company has no contingent assets at 31 March 2019 (2018: Nil).

13 Subsequent Events

No significant events have occurred subsequent to balance date.

Notes to the Financial Statements

14 Financial instruments classification

| | 2019 | | |
|---------------------------|-----------------------|----------------------|-----------------------|
| | Loans and receivables | Other amortised cost | Total carrying amount |
| Assets | | | |
| Cash and cash equivalents | 566,343 | - | 566,343 |
| Receivables | 1,834,146 | - | 1,834,146 |
| Total Assets | 2,400,489 | - | 2,400,489 |

| | | | |
|--------------------------|----------|------------------|------------------|
| Liabilities | | | |
| Payables | - | 86,049 | 86,049 |
| Due to related party | - | 1,818,865 | 1,818,865 |
| Total Liabilities | - | 1,904,913 | 1,904,913 |

| | 2018 | | |
|---------------------------|-----------------------|----------------------|-----------------------|
| | Loans and receivables | Other amortised cost | Total carrying amount |
| Assets | | | |
| Cash and cash equivalents | 575,472 | - | 575,472 |
| Receivables | 841,859 | - | 841,859 |
| Total Assets | 1,417,331 | - | 1,417,331 |

| | | | |
|-----------------------------|----------|----------------|----------------|
| Liabilities | | | |
| Payables | - | 162,375 | 162,375 |
| Due to related party | - | 769,180 | 769,180 |
| Total Liabilities | - | 931,555 | 931,555 |

Notes to the Financial Statements

15 Future Funding

The Ministry of Business, Innovation and Employment extended the terms and funding of the agreement dated 18 May 2012, resulting in the Company securing additional funding of \$5,232,896 (GST inclusive) up to 30 June 2019. The Company has secured a new service agreement with the Ministry of Business, Innovation and Employment to continue operations into the near future.

16 Accountability Requirements

Kiwi Innovation Network Limited is a multi-parent subsidiary as defined in the Crown Entities Act 2004 (the Act).

Independent Auditor's Report

To the readers of Kiwi Innovation Network Limited's financial statements for the year ended 31 March 2019.

The Auditor-General is the auditor of Kiwi Innovation Network Limited (the company). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the company on his behalf.

Opinion

We have audited the financial statements of the company on pages 36 to 46, that comprise the statement of financial position as at 31 March 2019, the statement of comprehensive revenue and expense, statement of changes in equity and 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 company on pages 36 to 46:

- present fairly, in all material respects:
 - its financial position as at 31 March 2019; 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 Public Benefit Entity Reporting Standards Reduced Disclosure Regime.

Our audit was completed on 2 July 2019. 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 opinion.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible on behalf of the company 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 company for assessing the company'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 intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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 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.

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 company'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 company'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 company 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 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 of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 35, 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 company 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 company.



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand



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