ANNUAL
REPORT 2016

MetService MetraWeather

TAKING WEATHER INTELLIGENCE TO NEW PLACES

CONTENTS

CHAIR & CEO'S REPORT

The Directors are pleased to announce an operating profit of $3.62m for the 2015-16 Financial Year, up 60% on the previous year. Pre-tax profit is $2.67m and operating revenue has broken the $51m threshold, driven by year-on-year revenue growth of 10.8%.

In last year's report we noted the challenges of rapid technological change and evolving weather consumption trends. Adding to this is the advent of a new breed of competitor, for whom meteorological expertise ostensibly takes a back seat to big data analytics and computing power.

As a business with scientific excellence at its core, MetService is responding in a targeted and purposeful way to the opportunities and challenges presented by these disruptive changes in the commercial environment. We continue to focus our efforts on those sectors and markets where our core IP and expertise has established us as leaders and is winning us new business.

The 2016 financial year has seen increased investment in modernisation across the group, not only in infrastructure and expertise but also in the regions within which we connect and deliver to new market segments. New offices in Auckland and Bangkok will strengthen our ability to reliably deliver weather services that support public and operational safety, whether those services are provided by us as New Zealand's national weather authority or for our commercial customers in aviation, media, marine, infrastructure or other sectors around the world.

As a State-Owned Enterprise (SOE), MetService benefits from its unique combination of safety mandate and commercial imperative. The influence of the SOE model drives the commercial disciplines of continuous improvement and efficiency across all our activities; it also ensures our IP and expertise stands the test of commercial competition and service level expectations. Commercial return is important for us, ensuring we can continue to invest in the core science capability that underpins our public safety services. This dual focus continues to be the foundation for MetService's success.

THE YEAR IN NUMBERS

WEBSITES AND APPS CONTINUE TO RECEIVE STRONG SUPPORT FROM THE PUBLIC

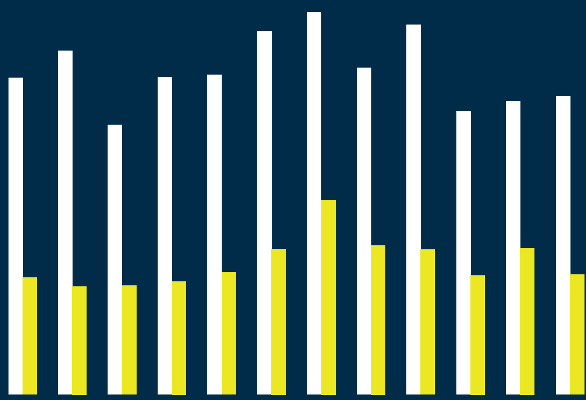
WITH OVER $1M IN ADVERTISING VALUE DONATED SINCE FY2011, SOCIAL INVESTMENT IS NOW BEING REPORTED AS A NON-FINANCIAL KPI

$201k
online advertising value donated to not-for-profit organisations

21m
average monthly pageviews to metservice.com (Google Analytics)

375k
average daily sessions on metservice.com (Google Analytics)

APP DOWNLOADS
262,694



21.8%
YOY growth in average monthly pageviews to mobile website (Google Analytics)

49.5%
YOY growth

2.2%
YOY growth in average monthly website visits (Google Analytics)

24.9%
YOY growth in average monthly mobile website visits (Google Analytics)

THE POPULARITY OF WEATHER AS NEWS HAS INCREASED

NEWS

37.6%
YOY growth in number of NZ weather news releases issued

83.3%
share of voice of all NZ weather realted news media coverage

22.1%
YOY growth in monthly average number of weather news stories in NZ media

37.4%
of weather news stories in NZ media quoted a MetService spokesperson

358k
clicks on mobile website weather news links

SOCIAL MEDIA HAS CLAIMED ITS PLACE AS AN ESSENTIAL CHANNEL FOR COMMUNICATION AND ENGAGEMENT

46.7%

86%

Average response rate for user questions

+23,145 FANS
45,900 REACTIONS
8,400 COMMENTS
18,300 SHARES

57.8%

52%

Average response rate for user questions

+14,812 FOLLOWERS
10,700 RE-TWEETS
2,300 REPLIES
11,400 LIKES
6,700 MENTIONS

2,174%

+2,696 FOLLOWERS
13,100 LIKES
238 COMMENTS

FORECAST ACCURACY

94%

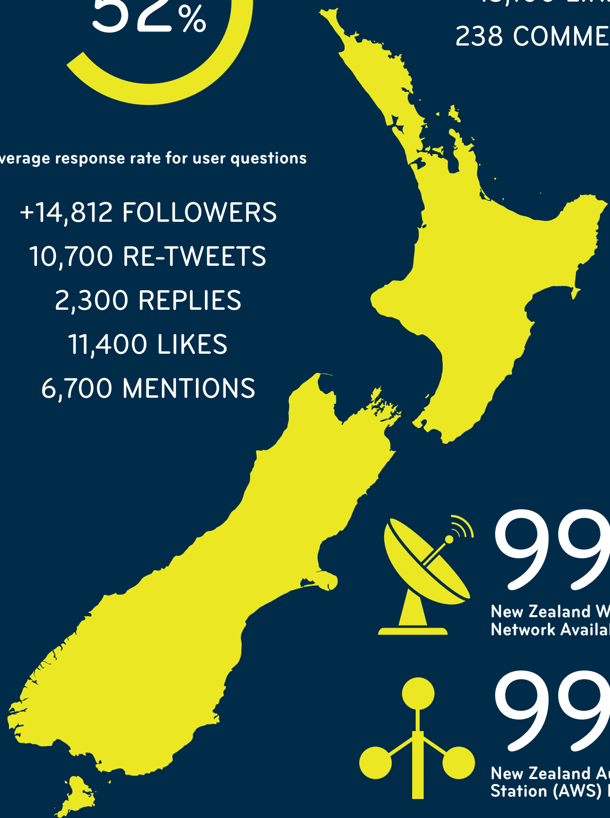
Probability of detection (POD) of severe gales. 15% False Alarm Ratio (FAR)

100%

Probability of detection (POD heavy snow. 19% False Alarm Ratio (FAR)

93%

Probability of detection (POD) of heavy rain. 29% False Alarm Ratio (FAR)



99.5%

New Zealand Weather Radar Network Availability

99.7%

New Zealand Automatic Weather Station (AWS) Network Availability

NEW ECO-FRIENDLY INITIATIVES INTRODUCED THROUGH A STAFF IDEAS BOARD ARE OFFSETTING OUR ENVIRONMENTAL FOOTPRINT

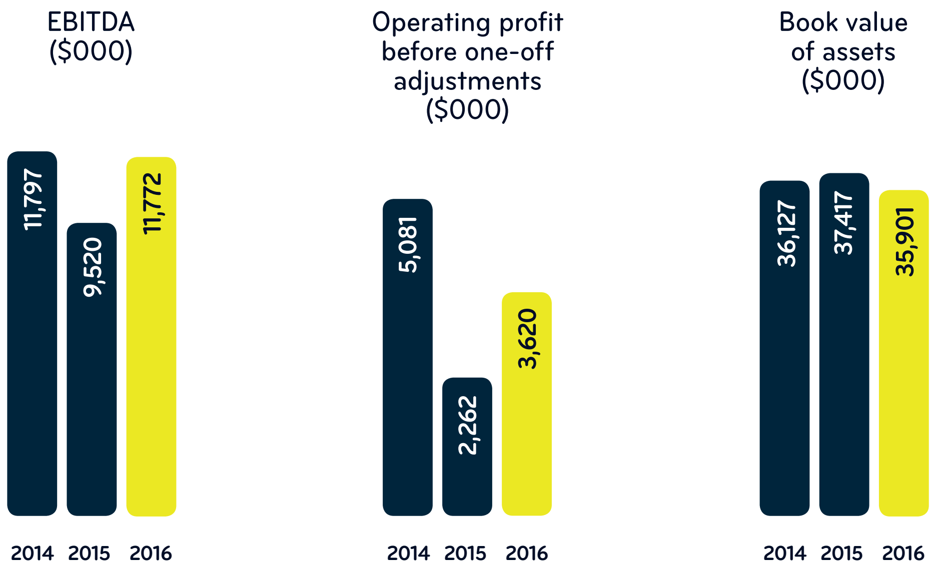
90kg

or 17,906 A4 sheets of forecast room used paper off set (repurposed)

171L

of water saved via paper offset programme

OUR FINANCES



2015/16 saw continued investment in a number of strategic initiatives to protect and enhance MetService's public safety services and further our international growth plans. Despite these significant financial commitments, strong revenue growth and tight expense control resulted in a full-year pre-tax profit of $2.67m, 94.1% above last year's pre-tax profit result.

MetService's EBITDA for the 2015/16 year increased by $2.21m to $11.8m ($9.5m in 2014/15). Operating Revenue was $51.02m, up 10.8% from $46.05m in 2014/15, and the full-year Net Surplus was $1.94m. Since June 2015 the gearing ratio has reduced from 49.4% to 39.4%.

Revenue from customers outside of core New Zealand Government contracts was 7.9% above prior year, driven by year-on-year (YOY) growth in most sectors of our business. The stand-out performers were Interactive (+34% YOY); Industry & Marine (+37% YOY), Aviation (+8% YOY) and Media (+5% YOY).

Overall expenses increased by 8.3%. This was to support the company's investment in strategic growth and resilience projects, and included increases in IT costs (+45%); professional expenses (+24%); and operating lease expenses (+22%). However, operating expenses were well contained through tight management of strategic projects and a number of savings initiatives.

9.5% Return on Equity 2015/16

10% Return on Funds Employed 2015/16

10.8% Revenue Growth 2015/16

7.1% Operating Margin 2015/16

BUILDING STRONGER FOUNDATIONS FOR RESILIENCE

The Canterbury and Wellington earthquakes of recent years have heightened general awareness of the risks of natural disasters. Reliable delivery of aviation, marine and public safety weather information is at the core of MetService's role as New Zealand's National Meteorological Service and, over the past year in particular, enhancing disaster resilience has been a key strategic focus for the company.

November 2015 saw the relocation and expansion of our Auckland office – a key milestone in a multi-phase project to strengthen the resilience of our forecasting capability (with an initial focus on aviation services). Having a base physically located away from our main forecasting operations centre in Wellington is only one aspect of this project. Others include: IT systems that support the new office can operate autonomously; weather guidance data replication in a new data centre to remove dependence on Wellington infrastructure; and recruitment of additional Auckland-based forecasters.

Over the course of the financial year, a parallel work-stream has successfully implemented the use of new forecaster tools to produce graphical SIGMETs (aviation warnings) and volcanic ash advisories and graphics. Establishing these services on the new IBL Visual Weather platform is another important milestone for MetService, being the start of migration of our aviation services off legacy production systems, as well as a key step in our wider resilience strategy.

Our Auckland office is now a purpose-designed hub from which we can deliver aviation forecasting; commercial weather consultancy; support for emergency management; and support for national disaster recovery (should a disaster in Wellington send the centre of government operations to Auckland). The office is also ideally located to support our sales and weather communications activities in New Zealand's largest media and advertising market. The importance of communicating the weather story, and supporting our media customers to maximise weather as news, makes it all the more natural for MetService to continue its growth in the City of Sails.

OUR NETWORKS

NEW BANGKOK HUB SUPPORTS ASEAN EXPANSION

The escalating importance of extreme weather events across South East Asia is creating new challenges for a region already deeply impacted by the elements. Public safety communications and extreme weather forecasting are vital to building the region's resilience. Local broadcasters are often in the best position to provide location-specific weather information when and where audiences need it. Every day these audiences visit their preferred channels, trusted news sources, favourite apps and social media for up-to-the-minute weather guidance.

MetraWeather's expansion in ASEAN is helping media brands in Hong Kong, the Philippines, Thailand, Vietnam and neighbouring countries to produce and communicate highly accurate weather and environmental content – including information on earthquakes, volcanic activity, tsunamis and air quality. These companies are supported by MetraWeather's broadcast engineering and customer support hub in Bangkok, the location of MetraWeather's new ASEAN regional office.

In the past financial year, new customer GMA Network and long-standing customer TV5, both major media businesses in the Philippines, have worked closely with MetraWeather to enhance their public safety communication capability – including taking new high-resolution satellite and model data that will enable forecasting at suburban as well as metropolitan and provincial levels. The foundation for these broadcasters' enhanced weather communications is MetraWeather's Weatherscape XT Black Edition weather graphics platform.

Weatherscape XT enables the curation and publishing of forecasts, weather news and alerts over multiple channels including broadcast TV, the internet, mobile devices and social media. The new Black Edition is the outcome of a major development programme which commenced in April 2015, an investment signalling the MetService Group's strong ongoing commitment to the media industry.

In addition to support for GMA Network and TV5, the new Bangkok hub has also installed Weatherscape XT Black Edition for Vietnam's largest broadcaster VTV; supported an upgrade for CNN Philippines; and provided weather graphics solutions for two new broadcast customers in Myanmar.

Spreading the word on local weather forecasts

In March 2016, MetService launched a new weather 'widget' to make local forecasts freely available on any organisational website. The widget enables web managers to choose a 1, 2 or 3 day forecast for their chosen New Zealand town or city, then configure its size and design and insert it into their website using a simple embed code. The new widget means simple forecasts are now more easily available to a wide group of websites, such as those run by local councils and tourism operators, with no set-up time required from MetService and with a fresh design and tested method that makes it easy for webmasters to display the data accurately. As well as a forecast icon and max/min forecast temperatures, the widget also includes a Severe Weather alert which enables users to click through to the full detail of the latest watches and warnings in force for that location.

Improving observations over the Pacific

In June 2016 MetService technicians installed a new iSTAR AWS at Niue's Hanan International Airport. In a first for the Pacific Islands, autoMETARs (automated aviation weather reports) from the new Niue AWS are used to augment manual METAR reports when the tower is not manned, so that a continuous METAR report stream is maintained. In addition to aviation sensors, another milestone aspect of this installation is the addition of a lightning sensor - the first in a planned Lightning Detection Network for the South West Pacific. MetService and science partner TOA Systems Inc are developing plans for a network to enable Pacific National Meteorological Services to access quality lightning data they need to deliver enhanced public safety forecasting, without investment in costly IT infrastructure and network maintenance.

AWS innovations continue

Over the past financial year, MetService has delivered a number of new firsts for its Automatic Weather Station (AWS) network. A new road weather station at the summit of the Lindis Pass commenced reporting at the start of the year and is the first of its type in New Zealand. Its remote location called for a new type of weather station that did not rely on cellular network coverage. The solution: an IridiumLink logging transmitter that uses satellite technology and WiFi capability to provide complete two-way communication for data transmission and station maintenance. Another road weather station installed in May this year at the Leith Saddle, north of Dunedin, features the use of solar power for communications and for its weatherproof webcam. This is only the second camera to be installed on a road weather station (the first being at the summit of the Remutaka Pass, north of Wellington).

99.5%

Weather Radar Network Availability

99.7%

Automatic Weather Station (AWS) Network Availability

OUR PEOPLE

Meteorologists increasing media profile

MetService's public weather communications strategy is to proactively lead public and media information, particularly in times of heightened weather awareness. This relies heavily on maintaining and enhancing our role as the NZ media's #1 weather authority. The effectiveness of having meteorologists dedicated to media and public communication has ensured that MetService continues to lead authoritative weather commentary in the media. Of the more than 7,200 weather-related news stories in NZ's media during FY2016, MetService achieved 83.3% share of voice (both mixed and exclusive mentions). 37.4% of all weather stories quoted a MetService spokesperson by name.

Engaging staff in wellbeing initiatives

Changes to the Health and Safety at Work Act 2015 took effect in April 2016 and incorporated new regulations covering engagement, including worker participation and representation. MetService has a 'zero-harm, 100% engagement' commitment to health and safety, adopting its Health and Safety Charter in October 2015 and launching a new online portal for reporting of health and safety incidents, hazards and suggestions. Evolving from staff ideas, MetService has already implemented a number of new initiatives to improve wellbeing and health and safety culture. In the 12 months to the end of April 2016 the average sick leave taken was 4.5 days, compared to the latest public sector average published by the State Services Commission (for the year to 30 June 2015) which was 8 days.

249

Full Time Equivalent Employees as at 30 June 2016

14.3

days average annual leave balance FY 2016

Innovation stems from simple ideas

Following the 2015 Staff Engagement Survey, teams of volunteers from across the company came together to focus on key areas of survey feedback. One of these teams is focused on 'mechanisms to action reviews and feedback' and quickly instigated an Ideas Board as a simple and hands-on way to engage staff in driving everyday innovation. An Ideas Board located in the kitchen of the Kelburn office enables staff from around the business to present, comment on and vote for ideas. Ideas that receive sufficient votes are then worked through by the Ideas Review team to a Go/No Go stage, then kicked off or consigned to the graveyard (along with ideas that did not receive enough support to be reviewed). From this very simple process, more than 56 ideas have been submitted since September 2015; 32 reached the Review stage; and 24 have been implemented (with implementation of another 6 ideas currently underway).

OUR ENVIRONMENT

Reducing our footprint, one tree at a time

A simple idea from a staff member has initiated a novel way to reduce our impact on the environment. Since March 2016, paper used in the forecast room has been part of Misprint Co.'s innovative Offset programme, which repurposes printed paper to minimise waste and resources. Rather than being mulched and recycled in New Zealand or offshore, printed office paper is repurposed into stationery items which can be used in place of those made from new paper. Collectively this process reduces fuel and emissions, and saves water and trees – while producing a creative new product. In just four months MetService has offset around 90kg of paper which has saved 170,906 litres of water – and over two trees. We are also using notebooks from our own repurposed paper as branded merchandise items.

Turning waste food into new energy

As a 24-hours-a-day seven-days-a-week operation, MetService staff get through a lot of food while at work. In May 2016 a staff member idea was implemented to minimise the amount of food waste from our company going into landfill. Once in landfills, food breaks down to produce methane, a potent greenhouse gas which contributes to climate change. Our head office in Kelburn is now part of the Wellington City Council's 'Kai to Compost' scheme, run by Envirowaste. Food waste such as fruit, coffee grounds, bread and tea bags is collected regularly and delivered to the Council's commercial compost facility, where it is mixed with green waste to produce compost that is sold for use locally. Over 120 organisations are part of the Kai to Compost scheme.

>90kg

paper offset

>11

bins of food waste composted

>171k

litres of water saved

OUR EXPERTISE

COMMERCIAL MARINE COLLABORATION FUELS EXPANSION INTO ASIA

Weather has been a factor in seven of the world's 10 worst oil rig disasters, including a storm in the Caspian Sea in December 2015 which cost the lives of more than 30 offshore oil workers. Of these seven weather-related disasters, almost all occurred due to phenomenal wave heights and swell generated by intense winds surrounding low pressure systems – two of which were tropical cyclones.

Tropical cyclones and tropical squalls rank amongst the severest threats to offshore safety and can present marine engineering challenges for offshore operators. MetService operates the Wellington Tropical Cyclone Warning Centre (TCWC); one of the twelve United Nations World Meteorological Organization TCWCs. This centre is responsible for providing warnings and bulletins containing up-to-date first-level basic meteorological information on all tropical cyclones in the South Pacific, south of latitude 25° and between longitudes 160°E and 120°W.

The combination of MetService's experience providing tropical cyclone advice and the oceanographic expertise of science partner MetOcean Solutions is now being leveraged by MetraWeather's commercial Marine Weather Services forecasting bench. During 2015 the team instigated a dedicated tropical cyclone forecasting desk, and now provide 24/7 marine weather guidance to offshore oil and gas companies across South East Asia – the region experiencing both the highest average number, and highest average intensity, of named tropical cyclones ("typhoons" locally) each year globally.

MetraWeather's ongoing programme of investment in its tropical cyclone forecasting capabilities is already reaping benefits. Along with refinements to input data and cyclone track visualisation tools, in May 2016 the capability of the tropical cyclone bench was demonstrated prior to Tropical Cyclone Roanu, the first tropical cyclone of the season in the Bay of Bengal. Forecast advice and cyclone tracks were available at least five days in advance of the system being named, and a day ahead of any other agency.

In addition to providing a full suite of marine forecasting services for sites in the Bass Strait, the Northwest Shelf of Australia and South Korea, consultancy services have also been provided during the year to several marine customers in support of site-specific operations, such as exploratory drilling and 3D seismic survey towing, across cyclone-prone basins in parts of the Indian Ocean and the Bay of Bengal, the western North Pacific, and the South China Sea.

Adding weather smarts to advertising

Weather lends itself to smart advertising creative, creating a unique mechanism for campaigns to engage with a wide audience. Case in point: in September 2015 Air New Zealand designed its Grabaseat 'Septemperature' campaign around weather and the MetService website, offering more than 4,000 cheap fares throughout the month with prices linked to weekday 9am temperatures. With predictions of cooler temperatures for September, the airline's aim was to encourage customers to check out the coolest places to visit at grabaseat.co.nz. The campaign, fronted by ex-TV weather presenter Tamati Coffey, marked the first time Air New Zealand has allowed the weather to determine sale fares. Some lucky travellers were able to snap up $4 fares to and from Blenheim thanks to some chilly mornings there during the month, with similar stories for both Nelson and Dunedin.

Expanding our innovation ecosystem

In February 2016 MetService engaged with Masters-level Design and Innovation Department students from Victoria University of Wellington to work on MetService innovation projects. Design School students have accepted the "weather innovation challenge" we put to them and half-a-dozen prototype Weather Innovation Challenge projects have been created. These will in turn be presented to MetService for further evaluation. We are now working with the Department to create an Augmented Reality weather application. The partnership has continued to grow, with more teams from across MetService engaging with the students as projects develop.

339

Tropical Cyclone Potential Bulletins and Pacific Weather Bulletins issued

64

Severe Thunderstorm Warnings issued

95

Severe Thunderstorm Watches issued

427

Severe Weather Warnings issued

554

Severe Weather Watches issued

OUR RELATIONSHIPS

201k

ONLINE ADVERTISING VALUE DONATED TO NOT-FOR-PROFIT ORGANISATIONS

Outdoor safety partnership strengthened

MetService has built a strong working partnership with Mountain Safety Council (MSC) to promote safety in the outdoors. During the year MetService worked alongside MSC on a number of initiatives, including a recent collaboration on research into the relevance of weather as a contributing factor to incidents in the outdoors. MSC continues to seek input from MetService specialists for its Outdoor Recreation Activity Guides and promotional videos, and MetService provides links to avalanche forecasts alongside its own weather forecasts for ski and mountain areas. Another collaborative project will see these backcountry avalanche advisories launch as a live data feed from July 2016. MSC produces information which is easy to share online and adds to the impact of MetService's own content. Working together, we are able to effectively distribute information that helps people avoid incidents and make the most of the outdoors.

Severe weather alerts for new Hazard App

In September 2015 the New Zealand Red Cross launched its Hazard App to help New Zealanders make it safely through disasters. Along with initial partners Wellington Regional Emergency Management Office (WREMO), MetService and GNS have worked closely with the Red Cross to adapt the tool for New Zealand conditions. The app has been rolled out through a series of local launches across the country as regional Civil Defence groups have signed on. Part of a global project by the Red Cross' Global Disaster Preparedness Centre, in addition to providing automated alerts for NZ's national hazards (earthquakes and severe weather) the app provides regional Civil Defence teams with a way of communicating directly and immediately with people in their region, when they need it most. The app is available free for smartphone and tablet from the Apple App and Google Play stores, or via redcross.org.nz/hazard-app.

Social investment breaks the $1m mark

One of the roles of a State-Owned Enterprise is to be an organisation that exhibits a sense of social responsibility and has regard for the interests of the community in which it operates. For some years now, MetService has had an informal policy of donating advertising space on metservice.com to not-for-profit and registered charity organisations. It has been six years since we began recording the value of space donated in July 2010, and we're proud to report that, as of the end of the 2016 financial year, we have donated over $1.08m in advertising value. The list of organisations we have assisted in this way is a long one, from those providing medical care and support for patients and their loved ones, to ambulance and other volunteer emergency services, and from community organisations focused on specific local needs through to international relief agencies supporting Pacific Island nations in times of weather crisis. As of the 2017 financial year, we have added 'Social Investment' as an Environmental/Social KPI in our Statement of Corporate Intent and will report total advertising value donated each year under this KPI.

LOOKING AHEAD

MetService is looking to new destinations, not only for where but also how it operates. Design thinking and an increasing focus on innovative R&D driving competitiveness are changing the way we work, growing a base of knowledge that in turn benefits advancement of the science and technology supporting our public safety obligations.

Delivering safety-critical meteorological services that meet international standards requires substantial ongoing investment in skilled personnel and a long-term commitment to keeping pace with advances in meteorological science and the technology that supports it. The people who work at and with MetService are instrumental in getting us to our chosen destinations.

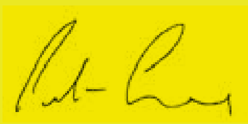
We thank our staff, management, Board members and partners for all that has been achieved during the year, and for their ongoing commitment to our success. We also thank outgoing Audit and Risk Assurance Committee Chair Carlos da Silva for his contribution during his time on the Board, and welcome Stephen Eaton and Sophie Haslem as new directors. Our thanks also go to Clive Smith, outgoing CFO, for his contribution to the company over the previous three years. We wish Clive well in his future endeavours and welcome new CFO Keith Hilligan, who joined us in May 2016.

We make special recognition of Tony Quayle, who retired from the role of Manager, Meteorological Data Services in December 2015 after almost 46 years of working at MetService. We wish Tony and his wife Adele all the very best for a happy retirement.

Over the coming year, we will continue to prioritise organisational resilience underpinning the provision of weather safety services to the New Zealand public and to commercial aviation. We will also continue to build on synergies with our science partner MetOcean Solutions, recognising the value this is already bringing to the group and which we look to grow, in support of our marine sector expansion into South East Asia and more generally. Our commitment to the media industry continues through ongoing investment in Weatherscape XT and our digital platforms, again with a focus on expanding our existing ASEAN footprint.

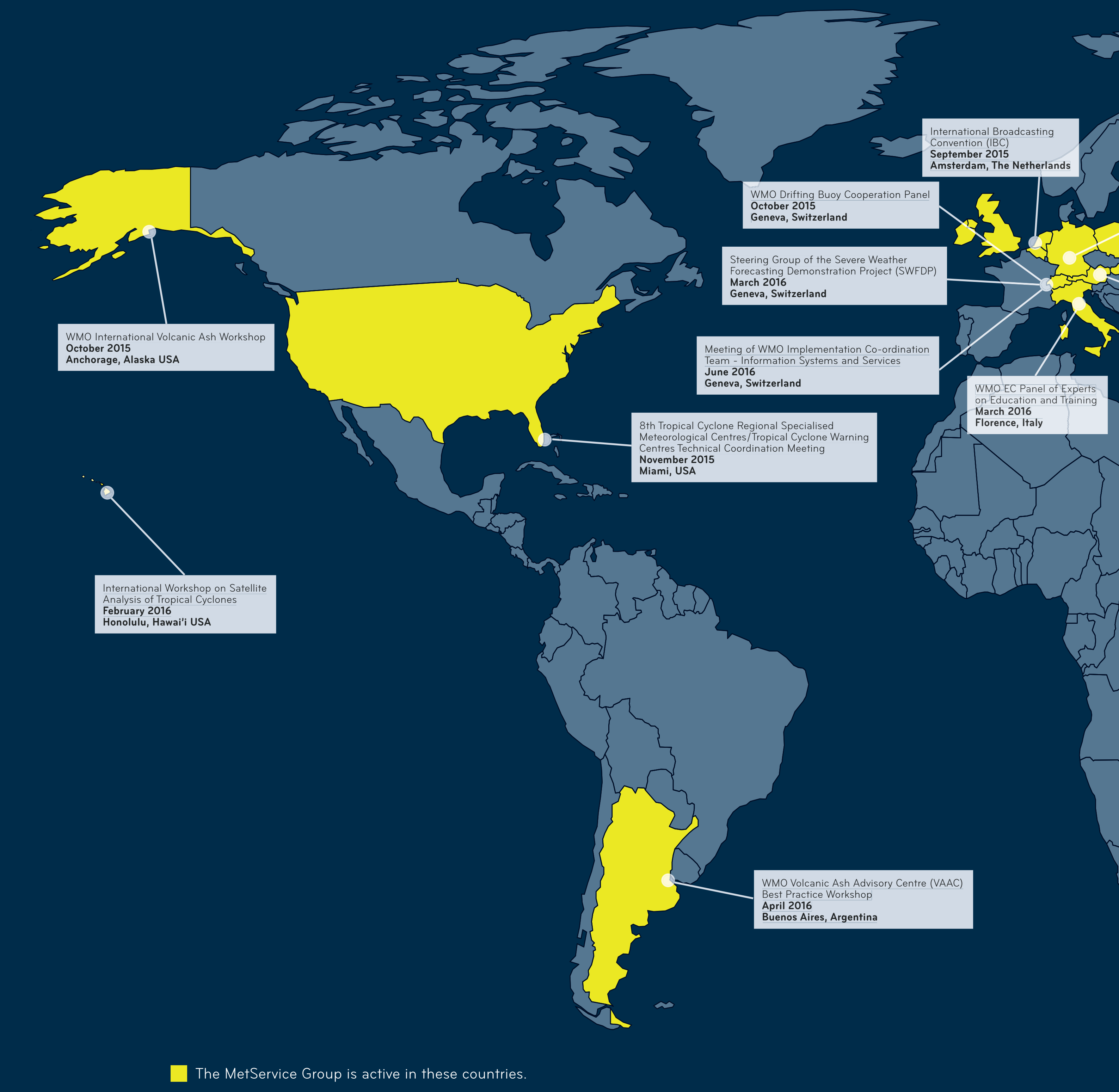
This continued investment in international growth and the surety of safety-critical weather services supports our ongoing ability to meet our commercial and social obligations as an SOE.

Anthony Howard
Chair



Peter Lennox
Chief Executive

GLOBAL ACTIVITY FOOTPRINT



Each year the MetService Group participates in science and technology events and activities across the globe. This map represents a snapshot of these activities for the 2016 financial year.

BOARD OF DIRECTORS

Anthony Howard,
Chair

Anthony Howard has great depth and breadth of expertise in strategy development, go-to-market planning and execution, corporate governance, corporate restructuring, M&A, capital raising, company valuations, business strategies and planning. He has particular expertise and passion for facilitating a strong and constructive working dynamic between investors and owners. He is a Member of the Institute of Directors in New Zealand.

Judy Kirk,
Deputy Chair

Judy Kirk is an experienced director with a wide knowledge of business, and runs her own consultancy providing strategic advice to organisations. Judy served as President of the New Zealand National Party from 2002–2009, is a Justice of the Peace and was appointed to be an Officer of The New Zealand Order of Merit in the Queen's Birthday Honours 2011 for services to the community. She is currently Chair of the New Zealand Lotteries Commission and is a Member of the Institute of Directors in New Zealand.

Brent Armstrong

Brent Armstrong is a business consultant and former lawyer. Brent practised commercial law for 24 years, including as a partner in leading law firms in New Zealand and the UK. Returning from the UK in 2003, Brent has undertaken a wide range of consultancy assignments including implementing cross-border manufacturing joint ventures, advising on complex hydro-electricity engineering projects, providing governance and strategic commercial advice to start-up companies and serving as a board member of an engineering design company.

Margaret Devlin

Margaret Devlin is a professional director operating predominantly in the infrastructure and service sectors. She is a member of the National Infrastructure Advisory Board and the Waikato District Council Audit and Risk Committee, and holds a number of board roles in the Waikato region. Margaret is a Chartered Fellow of the Institute of Directors in New Zealand; a member of the Institute's National Council and Professional Committee; and Chair of its Waikato branch. Margaret brings to the Board significant experience in both the retail and infrastructure sectors.

Stephen Eaton

Stephen Eaton has held chief executive and senior management roles in the financial services and asset management sectors in New Zealand, including seventeen years as CEO of a significant national company with assets of $12 billion. He brings expertise in corporate governance, risk management and compliance, as well as proficiency in business strategy and profitability. He provides advice to companies on capital raising and expansion strategies. He is a Member of the Institute of Directors in New Zealand.

Carolyn Harkess

Carolyn Harkess has held senior leadership positions in sales and marketing, manufacturing and retail industries in New Zealand and internationally. She brings to the Board experience in understanding and managing international markets, assisting organisations in their strategic development, and driving improvement in bottom line results. She is a Member of the Institute of Directors in New Zealand.

Sophie Haslem,
Audit and Risk Assurance Chair

Sophie Haslem has over 20 years of broad commercial experience working across both large established corporate entities and early stage growth companies. Her diverse industry exposure includes logistics, banking, infrastructure, hi-tech manufacture/export, software development, digital/mobile services, direct marketing, registries, BPO, insurance and energy. Sophie is a Chartered Member of the Institute of Directors in New Zealand.

Te Taru White

Te Taru White has over 30 years' senior executive experience across both public and private sectors in the mining, health and indigenous social, cultural and economic development fields. He brings to the Board a science background combined with extensive cultural development and governance experience. He currently runs his own consulting business specialising in international indigenous development opportunities

GOVERNANCE OVERVIEW

The Directors are pleased to present an overview of the MetService Group's main governance practices.

Shareholders

Meteorological Service of New Zealand Ltd (MetService) is established under the State-Owned Enterprises Act 1986 (SOE Act) and incorporated under the Companies Act 1993. As a State-owned enterprise (SOE), MetService is wholly owned by the Crown, represented by two Shareholding Ministers – the Minister of Finance and the Minister for State Owned Enterprises.

Each Minister is responsible to the House of Representatives for the performance of the functions delegated to them under the SOE Act. In turn, the MetService Board is responsible to the Shareholding Ministers for ensuring effective corporate governance across the MetService Group. The Ministers' expectations are stated in the Owner's Expectations Manual (published on Treasury's website), and in the letter of expectations sent to every SOE each year.

Shareholder communication

MetService provides the Shareholding Ministers with quarterly reports outlining performance against the objectives set out in the Statement of Corporate Intent (SCI); half-yearly accounts; an annual business plan; and an annual report including audited annual accounts. The SCI, half year report and annual report are tabled in Parliament annually. Shareholding Ministers are also kept up-to-date on a regular basis by management and the Board as part of the 'no surprises' policy.

The Board

The MetService Board may comprise up to nine directors, all of whom must be non-executive and independent. As at 30 June 2016, the Board comprised eight directors. Each director is considered to be independent, in that each is independent of the management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of the directors' unfettered and independent judgement.

In accordance with the Board Charter, the Chair takes the leadership role in the conduct of the Board and its relationship with the Shareholding Ministers and other stakeholders. The Chair also has a strong working relationship with the Chief Executive. The Chair has no external commitments that conflict with the Chair's role.

The Shareholding Ministers appoint directors under the process described in the Owner's Expectation Manual. Carlos da Silva left the Board in September 2015 and Sophie Haslem and Stephen Eaton were appointed in November 2015. Judy Kirk was appointed Deputy Chair in October 2015 and Sophie Haslem was appointed Audit and Risk Assurance Chair in November 2015.

The Board's role

The Board is responsible to the Shareholding Ministers for directing and monitoring the management and affairs of the MetService Group. The MetService Group is comprised of Meteorological Service of New Zealand Ltd, MetraWeather (Australia) Pty Ltd, MetraWeather (Thailand) Ltd and MetraWeather (UK) Ltd. Under the SOE Act, MetService's principal objective is to operate as a successful business, including:

- to be as profitable and efficient as comparable private sector businesses
- to be a good employer
- to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavoring to accommodate or encourage these when able to do so.

The Board establishes objectives and sets strategy to achieve those objectives. The Board, in the context of the approved policies and risk and compliance framework within which the company operates, monitors those strategies. The Board has delegated day-to-day management to the Chief Executive.

The Board is presented annually with a three-year business plan, which is consistent with the company's agreed strategic objectives, for approval. The Board closely monitors financial and non-financial performance and compares performance to the annual plan and forecasts at its regular meetings.

Access to information

If circumstances warrant additional assurance, the Board or individual directors may request independent and additional advice at the company's expense to assist them in carrying out their responsibilities. Such requests are made in consultation with the Chair and facilitated through the Company Secretary.

Board meetings

In the last financial year, the Board met 12 times as scheduled (together with additional meetings as required). The Board also holds two strategic planning sessions each year to consider strategic issues in conjunction with the Chief Executive and the Executive Team.

The Chief Executive attends all Board meetings. Other managers may attend Board meetings in relation to matters specific to their areas of responsibility. Directors have other opportunities, including site visits, for contact with other employees.

Board committees

The Audit and Risk Assurance and Remuneration Committees assist the Board in discharging its responsibilities. Both committees have formal charters, approved by the Board, setting out their respective responsibilities.

The Board also has the power to establish ad-hoc committees as required to deal with specific issues.

Directors are entitled to attend committee meetings and copies of all meeting papers and minutes are available to them. The Chief Executive has a standing invitation to committee meetings. The Audit and Risk Assurance Committee also holds a 'director-only' session, which provides an opportunity for candid interaction with the external auditors to ensure a robust and independent audit process.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee is chaired by Sophie Haslem and comprises four directors. The committee holds up to four meetings a year and may hold additional meetings as required. The committee assists the Board in discharging its management, accounting and financial reporting responsibilities, including:

- assisting the Board to meet its accounting and reporting responsibilities under the Companies Act 1993, Financial Reporting Act 2013, and related legislation
- overseeing and reviewing the quality of external audits
- ensuring the integrity of internal financial reporting
- ensuring the company has the framework and methodologies in place that will ensure all strategic and business risks are thoroughly managed
- advising the Board in relation to governance, performance and strategic activity.

Remuneration Committee

The Remuneration Committee is chaired by Anthony Howard and comprises three directors. The committee holds up to three meetings per year and there is provision for additional meetings to be held to deal with other matters as they arise.

The committee assists the Board in fulfilling its oversight of good employer and human resource governance responsibilities, including:

- overseeing and reviewing the performance of the human resources strategy for the MetService Group
- reviewing, and recommending to the Board for approval, the remuneration policy for the Group, consistent with the strategic plan
- reviewing, and recommending to the Board for approval, remuneration arrangements and performance measures and targets for the Chief Executive
- reviewing the performance of the Chief Executive.

Health and safety

In October 2015 the Board adopted a new Health and Safety Charter in preparation for the Health and Safety at Work Act 2015 (HSWA). The Charter sets out the responsibilities of each director to exercise due diligence to ensure that MetService complies with its obligations under the HSWA. The Board has conducted a site visit to the Paraparaumu Meteorological Observatory and other site visits are planned so that each director becomes personally aware of the nature of MetService's operations and generally of the hazards and risks associated with those operations. The Board supports the Good Governance Practices Guideline for Managing Health and Safety Risks produced by the Institute of Directorsin New Zealand and the Ministry of Business, Innovation and Employment.

Risk management

Management of risk is a key focus of the Board, as it is crucial to the protection of shareholder value. The MetService Group has in place a comprehensive risk management and internal control framework to identify and treat all key strategic and business risks.

The Board approves and monitors policies and processes in key risk areas. The Board has approved a comprehensive delegated authority structure that clearly states actions reserved to itself and those delegated to management. The Board is also required to approve all capital expenditure and operational expenditure that exceeds the Chief Executive's delegated authority. Any such request for approval is required to reflect a formal consideration of the relevant risk and prioritisation issues.

The following specific actions are taken:

- a Group risk profile that considers the key risks, and the management actions to treat such risks, is updated throughout the year
- the Audit and Risk Assurance Committee periodically reviews the key risk profile
- internal controls are externally assessed in line with a risk-based internal audit plan, with the outcomes considered by the Audit and Risk Assurance Committee.

Integrity standards

The Board supports the principles set out in the Codes of Proper Practice for Directors as published by the Institute of Directors in New Zealand. Under the Code, Directors are expected to:

- act with honesty and integrity
- comply with the law
- void conflicts of interest
- use company assets responsibly and in the best interests of the company
- be responsible and accountable for their actions
- act in accordance with their fiduciary duties.
- Conflicts of interest

The Companies Act 1993, MetService's Constitution and Board Charter and the Owner's Expectations Manual deal with the disclosure of interests by directors, and with participation and voting at Board meetings where any such interests are relevant.

Directors are regularly requested to make general disclosures of interest, which are recorded in the Register of Interests and set out in the Statutory Information on pages 46–47 of this report.

Governance best practice

The Board has confirmed that its corporate governance policies, practices and procedures are in accord with the Financial Markets Authority's Corporate Governance in New Zealand – Principles and Guidelines, published in 2014, in the material respects for which they are appropriate for an SOE.

NUMBER CRUNCH

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2016

	Note	Group 2016 $000s	Group 2015 $000s
Revenue		50,980	45,979
Government Grants		38	66
Total Revenue and Other Income		**51,018**	**46,045**
Operating Expenses			
Employee Benefits Expense	4	24,719	23,691
Communication Costs		1,149	1,099
Data Acquisition Costs		2,932	3,230
IT Costs		3,253	2,250
Marketing Costs		773	1,004
Occupancy Costs		536	535
Operating Lease Expenses		1,436	1,180
Office Expenses		308	314
Professional Expenses		1,556	1,254
Other Costs		2,584	1,968
Depreciation and Amortisation Expense		8,152	7,258
Total Operating Expenses	3	**47,398**	**43,783**
Operating Profit		**3,620**	**2,262**
Financial Costs	5	936	956
Share of Loss/(Profits) of Jointly Controlled Entity	14	7	(73)
Profit Before Taxation		**2,677**	**1,379**
Taxation	6	742	468
Net Profit Attributable to Equity Holders		**1,935**	**911**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Movement in Foreign Currency Translation Reserve		124	(37)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**1,811**	**948**

This statement should be read in conjunction with the notes to the financial statements.

Statement of Financial Position
as at 30 June 2016

	Note	Group 2016 $000s	Group 2015 $000s
Equity			
Issued Capital	7	5,000	5,000
Foreign Currency Translation Reserve		(164)	(40)
Retained Earnings		15,136	13,201
Total Equity		**19,972**	**18,161**
Liabilities			
Bank Advance	12	–	1,806
Trade and Other Payables	8	5,080	4,875
Income Taxation Payable		409	–
Employee Benefits	10	1,441	1,442
Total Current Liabilities		**6,930**	**8,123**
Deferred Taxation	6	908	1,169
Provisions	11	481	466
Employee Benefits	10	107	135
Borrowings	12	17,000	17,000
Total Non Current Liabilities		**18,496**	**18,770**
TOTAL LIABILITIES AND EQUITY		**45,398**	**45,054**
Assets			
Cash and Cash Equivalents	22	3,997	1,102
Trade and Other Receivables	9	5,044	5,833
Inventories	13	456	558
Income Taxation Receivable		–	144
Total Current Assets		**9,497**	**7,637**
Property, Plant and Equipment	17	17,677	19,978
Investments in Jointly Controlled Entities	14	3,170	3,177
Intangible Assets	18	15,054	14,262
Total Non Current Assets		**35,901**	**37,417**
TOTAL ASSETS		45,398	45,054

This statement should be read in conjunction with the notes to the financial statements.

The Board of Directors of Meteorological Service of New Zealand Limited authorised these financial statements for issue on 16 August 2016.

A Howard
Director

S Haslem
Director

Statement of Changes in Equity
for the year ended 30 June 2016

GROUP 2016	Note	Fully Paid Ordinary Shares $000s	Retained Earnings $000s	Foreign Currency Translation Reserve $000s	Total $000s
Equity as at 1 July 2015		5,000	13,201	(40)	18,161
Comprehensive Income					
Net Profit		–	1,935	–	1,935
Currency Translation Differences		–	–	(124)	(124)
Total Comprehensive Income		–	1,935	(124)	1,811
EQUITY AS AT 30 JUNE 2016		5,000	15,136	(164)	19,972
GROUP 2015					
Equity as at 1 July 2014		5,000	12,290	(77)	17,213
Comprehensive Income					
Net Profit		–	911	–	911
Currency Translation Differences		–	–	37	37
Total Comprehensive Income		–	911	37	948
EQUITY AS AT 30 JUNE 2015		5,000	13,201	(40)	18,161

This statement should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows
for the year ended 30 June 2016

	Note	Group 2016 $000s	Group 2015 $000s
Cash Flow from Operating Activities			
Cash was Provided from:			
Receipts from Customers		51,324	44,369
Interest Received		34	20
Cash was Applied to:			
Payments to Suppliers and Employees		(42,721)	(41,100)
Interest Paid		(965)	(971)
Income Taxation Paid		(438)	(1,145)
Net Cash Generated by Operating Activities	19	**7,234**	**1,173**
Cash Flow from Investing Activities			
Cash was Provided from:			
Proceeds from Disposal of Property, Plant and Equipment		2	–
Cash was Applied to:			
Purchase of Property, Plant and Equipment		(2,535)	(3,500)
Net Cash Used by Investing Activities		**(2,533)**	**(3,500)**
Cash Flow from Financing Activities			
Cash was Provided from:			
Increased Borrowings		–	1,806
Cash was Applied to:			
Repayment of Borrowings		(1,806)	–
Net Cash Generated by Financing Activities		(1,806)	1,806
Net Increase/(Decrease) in Cash and Cash Equivalents		**2,895**	**(521)**
Add Cash and Cash Equivalents at the Beginning of the Year		1,102	1,623
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	**3,997**	**1,102**

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements
for the year ended 30 June 2016

1. GENERAL INFORMATION

The financial statements presented here are for the reporting entity of Meteorological Service of New Zealand Limited and its subsidiaries ('Group').

These financial statements were authorised for issue by the Board of Directors on 16 August 2016.

Meteorological Service of New Zealand Limited ('Parent') is a profit-oriented entity incorporated and domiciled in New Zealand. The address of its registered office is 30 Salamanca Road, Wellington. Its primary service is to provide weather and presentation services to customers around the globe.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

The Group is a for-profit entity for the purposes of complying with NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS). The financial statements are prepared in accordance with the Companies Act 1993, the Financial Reporting Act 2013, and the State Owned Enterprise Act 1986.

Standards adopted for the first time

None this financial year.

Standards that are not yet effective and have not been early adopted by the Group

NZ IFRS 9 'Financial Instruments' – effective for periods beginning on or after 1 January 2018. The standard specifies the classification and measurement criteria for financial assets and is designed to replace NZ IAS 39 'Financial Instruments: Recognition and Measurement'. NZ IFRS 9 reduces the classifications and measurement methods available for financial assets from four to two, being amortised cost or fair value through profit or loss. The adoption of this standard is not expected to materially impact the Group's measurement of or disclosure of financial assets or liabilities.

NZ IFRS 15 'Revenue from contracts with customers' – effective for annual periods beginning on or after 1 January 2018. The standard addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and is applicable to all entities with revenue. It sets out a five-step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group has yet to assess NZ IFRS 15's full impact. The Group will apply this standard from 1 July 2018.

NZ IFRS 16 'Leases' – effective for periods beginning on or after 1 January 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces the existing IAS 17. This standard will introduce a single lessee accounting model and requires recognition of assets and liabilities for all leases with a term of more than 12 months. The Group has yet to assess NZ IFRS 16's full impact. The Group will apply this standard from 1 July 2019.

Principles of consolidation

Subsidiaries

The consolidated financial statements are prepared from the financial statements of the Parent and its subsidiaries as at 30 June 2016. Subsidiaries are all entities over which the Group has control. Control is achieved where the Parent has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of any subsidiary acquired or disposed of during the year are included in the Statements of Profit or Loss and Other Comprehensive Income from the effective date of acquisition or disposal. All significant transactions between Group companies are eliminated on consolidation.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

A business combination in which all of the combining entities or businesses are ultimately controlled by the Group both before and after the business combination is a common control acquisition. Common control acquisitions within the Group are accounted for using the predecessor values method. Predecessor values are the carrying values of the assets and liabilities of an entity from the consolidated financial statements of the Group.

Investments in jointly controlled entities

The Group has applied NZ IFRS 11 to account for its joint arrangement. Under NZ IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Revenue

Revenue is measured at the fair value for the sale of goods and services. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the balance sheet date
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Interest income

Interest income is accounted for using the effective interest rate method.

Dividend income

Dividend income is recognised when the right to receive payment has been established.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants relating to assets are treated as deferred income and recognised in the Statements of Profit or Loss and Other Comprehensive Income over the expected useful lives of the assets concerned.

Inventories

Inventories are valued at the lower of cost, on a weighted average cost basis of inventory on hand calculated at the time of the last purchase, and net realisable value. Net realisable value represents the estimated selling price for inventories less costs necessary to make the sale.

Property, plant and equipment

The cost of purchased property, plant and equipment is valued at the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for the intended service. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The costs of assets constructed by the Group include the costs of all materials used in construction and direct labour on the project. Costs are capitalised as soon as the asset is capable of productive use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statements of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation

Depreciation of property, plant and equipment, other than freehold land, is calculated using the straight-line method to allocate the historical cost over the estimated useful life of the asset, after due allowance has been made for the expected residual value.

The cost of improvements to leasehold property are capitalised, disclosed as leasehold property and amortised over the unexpired period of the lease, or the estimated useful life of the improvements, whichever is shorter.

The annual depreciation rates are shown below for each classification of asset:

Buildings	2.5% – 10.0%
Computer Hardware & Software Equipment	20.0% – 33.3%
Furniture & Fittings	8.0% – 33.3%
Buildings on Leasehold Land	3.1% – 33.3%
Meteorological Equipment	2.5% – 33.3%
Motor Vehicles	10.0% – 22.0%
Office Equipment	10.0% – 33.3%
Plant & Equipment	4.0% – 33.3%

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are recognised in the Statements of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements (Cont.)
for the year ended 30 June 2016

Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition of Weather Commerce over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units ('CGU') or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill recognised in the Statements of Profit or Loss and Other Comprehensive Income are not reversed. Gains and losses on the disposal of a CGU or portion of a CGU include the carrying amount of goodwill relating to the CGU or portion of a CGU sold.

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives of between three and five years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Internally-generated intangible assets – computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to the Statements of Profit or Loss and Other Comprehensive Income in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Research and development costs

Research expenditure is incurred by the Group company and is recognised in the statement of financial performance in the period in which it is incurred. Development costs are capitalised when they meet the requirements of NZ IAS 38 Intangible Assets.

Leases

Operating lease payments, where lessors retain substantially all the risk or benefit of ownership of the leased items, are recognised as an expense in the Statements of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restoration provision

Restoration costs include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas. The restoration costs are based on management's best estimate of the amount required to settle the obligation. Movements in the restoration provision are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and alternative days leave expected to be settled within 12 months of the reporting date are recognised in payables in respect of employees' service up to the reporting date and are measured at the amounts expected to be paid when it is probable that the liabilities will be settled.

Termination leave

The liability for termination leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Profit or Loss and Other Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of MetraWeather Australia and MetraWeather Thailand is New Zealand dollars and the functional currency of MetraWeather UK is British pounds. These financial statements are presented in New Zealand dollars, which is the Group's presentation currency.

Transactions and balances

Transactions denominated in foreign currency are converted to New Zealand dollars using the exchange rate at the date of the transaction.

At balance date, foreign monetary assets and liabilities are recorded at the closing exchange rate.

Gains or losses due to currency fluctuations, both realised and unrealised, are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income. On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the Financial Statements (Cont.)
for the year ended 30 June 2016

Financial instruments
Financial instruments carried on the Statement of Financial Position include cash and cash equivalents, trade and other receivables, trade and other payables, borrowings and employee entitlements.

Financial assets
Financial assets are recognised and derecognised on trade date where the purchase or sale of an asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs.

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables
Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest method.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been reduced.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities
Financial liabilities, including trade and other payables, and borrowings are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised by applying the effective interest method.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Statement of cash flows
For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments with original maturities of three months or less, net of outstanding bank overdrafts. The following terms are used in the Statement of Cash Flows:

Operating activities: are the principal revenue-producing activities of the Group, including interest received and paid and other activities that are not investing or financing activities.

Investing activities: are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities: are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity including dividends paid.

Goods and Services Tax
All items included in the financial statements are reported exclusive of Goods and Services Tax (GST), except for accounts payable and accounts receivable, which include GST invoiced.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 11: Provisions.
- Note 18: Intangible assets – measurement of goodwill impairment of subsidiaries.
- Note 18: Internally generated intangible assets.

Notes to the Financial Statements (Cont.)
for the year ended 30 June 2016

3. OPERATING EXPENDITURE	Group 2016 $000s	Group 2015 $000s
Profit for the year has been arrived after charging/(crediting)		
Audit Fees of Financial Statements paid to PwC	116	108
Audit Fees Related to Audit of Subsidiary MetraWeather (UK) Ltd paid to Crowe Clark Whitehall (CCW)	19	22
Fees Paid to CCW for Non-Audit Services	45	88
Fees Paid to PwC for Non-Audit Services	10	18
Research Expenditure	643	840
Loss on Disposal of Property, Plant and Equipment	12	–
Impairment of Property, Plant and Equipment	140	8
Impairment of Intangible Assets	211	–
Directors' Fees	201	189
Software Development Expenditure	5	5
FX Losses/(Gains)	46	(42)
Bad Debts	–	41

4. EMPLOYEE BENEFITS EXPENSE	Group 2016 $000s	Group 2015 $000s
Wages and Salaries	27,453	25,877
Termination Benefits	28	9
Defined Contribution Pension Plan Expense	596	537
Labour Capitalised	(4,595)	(4,943)
Contractors/Temporary Staff	765	1,701
Other Employee Benefits	472	510
TOTAL EMPLOYEE BENEFITS	24,719	23,691

5. FINANCE COSTS – NET	Group 2016 $000s	Group 2015 $000s
Interest Revenue		
Bank Deposits	24	20
Use of Money Interest	5	–
Total Finance Income	29	20
Interest on Bank Overdrafts and Loans	965	976
Total Finance Costs	965	976
FINANCE COSTS - NET	936	956

6. TAXATION	Group 2016 $000s	Group 2015 $000s
Net Profit Before Taxation	2,677	1,379
Prima Facie Taxation Thereon at 28%	749	386
Non-Deductible Legal Fees	–	10
Non-Deductible Expenditure	15	10
Non-Assessable Profit Share of Joint Ventures	2	(20)
Non-Assessable Government Grant	(4)	(10)
Prior Period Adjustment	(74)	22
Effect of Different Tax Rates in Other Jurisdictions	59	25
Other	(5)	45
TAXATION EXPENSE	742	468
Prior Year Adjustment	(74)	22
Current Taxation	1,039	529
Deferred Taxation	(223)	(83)
TAXATION EXPENSE	742	468
Deferred Tax		
Deferred tax (liabilities)/assets arise from the following:		
TEMPORARY DIFFERENCES		
Property, Plant and Equipment	(1,182)	(1,226)
Intangible Assets	(772)	(767)
Provisions and Other Liabilities	566	490
Net deferred tax liability	**(1,388)**	**(1,503)**
Deferred tax assets arise from the following:		
MetraWeather (UK) loss for the period	480	334
Deferred tax asset	**480**	**334**
Deferred Taxation		
Opening Balance	(1,169)	(1,215)
On Profit for the Year	223	83
Prior Period Adjustment	38	(37)
CLOSING BALANCE	(908)	(1,169)
Deferred Tax to be Recovered < 12 months	566	490
Deferred Tax to be Recovered > 12 months	(1,474)	(1,659)
	(908)	(1,169)
Imputation Credits Available For Use	5,483	4,729

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements (Cont.)
for the year ended 30 June 2016

7. ISSUED CAPITAL	Group 2016 $000s	Group 2015 $000s
Authorised, Issued and Fully Paid Capital Consists of		
5,000,000 Ordinary Shares	5,000	5,000

Issued shares have no par value.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

Ordinary shares are classified as equity.

8. TRADE AND OTHER PAYABLES	Group 2016 $000s	Group 2015 $000s
Trade Payables	2,096	1,360
Other Payables	295	640
Accruals	2,102	2,032
Income in Advance	587	843
TOTAL TRADE AND OTHER PAYABLES	**5,080**	**4,875**

9. TRADE AND OTHER RECEIVABLES	Group 2016 $000s	Group 2015 $000s
Trade Receivables	3,513	4,300
Allowance for Impairment	–	(35)
	3,513	**4,265**
Prepayments	1,076	1,103
Sundry Debtors	455	465
TOTAL TRADE AND OTHER RECEIVABLES	**5,044**	**5,833**

The average credit period on sales of goods and services is 30 days. No interest is charged on trade receivables overdue. Overdue debts are reviewed on a case-by-case basis and provided for if the receivable is considered not recoverable. Historical experience is such that international customers pay on a 60–90-day term and default is minimal.

Included in the Group's trade receivable balance are debtors with a carrying amount of $80,696 (2015: $214,146) which are past due at the reporting date for which the Group has not provided, as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing Past Due Trade Receivables (Not Impaired)	Group 2016 $000s	Group 2015 $000s
30-60 days	63	150
60–90 days	18	27
Above 90 days	–	37
TOTAL	81	214

Movement in the Allowance for Impairment		
Balance at Beginning of the Year	35	211
Doubtful Debts Recognised as Bad Debts	–	(41)
Impairment Losses Reversed	(35)	(135)
BALANCE AT END OF THE YEAR	–	35

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

There is no allowance for impairment this year (2015: $35,451).

The impairment recognised in 2015 represents the difference between the carrying amount of these trade receivables and the present value of the expected proceeds. The Group does not hold any collateral over these balances. The net carrying amount is considered to approximate their fair value.

10. EMPLOYEE BENEFITS

	Group 2016 $000s	Group 2015 $000s
Annual Leave Entitlement	1,441	1,442
Termination Leave	107	135
TOTAL EMPLOYEE BENEFITS	1,548	1,577

Termination Leave		
Opening Balance as at 1 July	135	144
Reductions Arising from Payments/ Other Sacrifices of Future Economic Benefits	(28)	(9)
CLOSING BALANCE AS AT 30 JUNE	107	135

Termination Leave – Current	–	–
Termination Leave – Non Current	107	135
CLOSING BALANCE AS AT 30 JUNE	107	135

The liability for employee benefits represents annual leave and termination leave entitlements accrued. The termination leave accrual is an actuarial assessment of the accrued termination leave liabilities for current employees of the Group. Only those employees with 10 years' service when the scheme closed are eligible for the benefit.

Termination leave has been calculated by the actuarial firm Aon NZ Ltd and has been calculated based on inter alia: Contractual Employee Entitlements, Projected Employee Salary Increases, Expected Resignation and Retirement Rates, Forecasted Market Discount Rates.

11. PROVISIONS	Group 2016 $000s	Group 2015 $000s
Non Current		
Restoration Provision	481	466
TOTAL NON CURRENT PROVISIONS	481	466
Restoration Provision		
Opening Balance as at 1 July	466	490
Movement Due to Revised Assumption on Lease Termination	15	(24)
Closing Balance as at 30 June	**481**	**466**
TOTAL PROVISIONS	481	466

Restoration provision

The Parent has a number of sites leased around the country for the purpose of housing weather stations or related equipment. A restoration provision has been calculated for those sites that contractually require the site to be restored to its original state on expiry of the license to occupy. The Restoration provision is an estimate of the cost (in today's dollars) of restoring current leased sites to their original state on termination of the lease agreement assuming this would occur at the end of the useful life of equipment on the leased site (usually 20 years from commencement of lease.)

This provision includes estimation for restoring Campbell Island. The Parent has used the ten year government bond rate of 2.34% (2015: 3.90%) as the discount rate and assumed a 1.2% (2015: 0.1%) CPI increase on costs.

Contingent liabilities

Several lease agreements are held that do not include the requirement to restore the site on termination of the lease. Because the Parent is not contractually obligated to remove the equipment and restore the site, it is not certain that a liability would arise therefore, the estimated cost of restoring these sites has been excluded from the provision 2016: $305,316 (2015: $361,624).

12. BORROWINGS	Group 2016 $000s	Group 2015 $000s
Unsecured		
Current		
Bank Advance	–	1,806
Non Current		
Bank Loan	17,000	17,000
TOTAL BORROWINGS	17,000	18,806

The Parent has a multi-option credit line facility with Westpac to the value of $4,000,000. Interest is charged on drawn amounts at the cash rate plus a corporate margin of 80 basis points as at 30 June 2016. There is a line of credit charge of 0.025% per month on the commitment during that month.

The Parent has an on-going term loan agreement with the Westpac Banking Corporation. The interest rates are fixed and due for renewal between 17 December 2016 and 30 June 2019. The average interest rate for the loans as at 30 June 2016 is 4.27% (2015: 5.35%).

These loans are subject to covenant clauses whereby the Parent is required to maintain a specified level of interest cover and total leverage ratio. As at 30 June 2016, all banking covenants had been complied with.

13. INVENTORIES

	Group 2016 $000s	Group 2015 $000s
Meteorological Consumables	456	558
TOTAL INVENTORIES	**456**	**558**

The cost of inventories recognised as an expense during the year was $430,089 (2015: $385,916).

14. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

Details of the Group's jointly controlled entities at 30 June 2016 are as follows:

Name of Jointly Controlled Entity	MetOcean Solutions Limited
Principal Activity	Oceanography and Meteorology
Place of Incorporation and Operation	New Zealand
Shareholding	49%

On 1 August 2013, the Group acquired a 49% stake in MetOcean Solutions Limited for $3million, funded by bank borrowing. Investment in the joint venture is accounted for using the equity method.

Summarised Financial Information of the Group's jointly controlled entity as at 30 June 2016 and for the year:

	2016 $000	2015 $000s
Total Current Assets	1,033	884
Total Non Current Assets	114	118
Total Current Liabilities	(343)	(128)
Net Assets	804	874
Group's Share of Net Assets	**394**	**428**
Total Revenue	(2,834)	(2,477)
Total Loss/(Profit) for the Period	14	(149)
Group's Share of Loss/(Profits) of Jointly Controlled Entity	**7**	**(73)**

Movement in the Carrying Amount of the Group's Investment in jointly controlled entity:

	Group 2016 $000s	Group 2015 $000s
Balance at Beginning of Year	3,177	3,104
Share of Loss/(Profits) of Jointly Controlled Entity	7	(73)
GROUP'S SHARE OF PROFITS OF JOINTLY CONTROLLED ENTITY	3,170	3,177

Reporting date of MetOcean Solutions Limited is 31 March. The reporting date is not planned to change unless the remainder of the business is acquired and incorporated as a subsidiary of the Group.

The Parent also holds a call option to acquire the remaining 51% interest in MetOcean Solutions Limited and the sellers hold a put option to sell their interest to the Parent. The call and put options can only be exercised between the third and fourth anniversary of the acquisition. The transaction represents a joint venture between the Parent and the sellers and the call and the put options are not deemed to be derivative financial instruments.

Notes to the Financial Statements (Cont.)
for the year ended 30 June 2016

15. SUBSIDIARIES

Details of the Group's 100% owned subsidiaries at 30 June 2016 are as follows:

Names	MetraWeather (Australia) Pty Limited	MetraWeather (UK) Limited
Place of Incorporation and Operation	Australia	United Kingdom
Balance Date	30 June	30 June
Principal Activity	Forecasting, Marketing and Promotion of Weather and Information Presentation Services.	Forecasting, Marketing and Promotion of Weather and Information Presentation Services.

Names	MetraWeather (Thailand) Limited
Place of Incorporation and Operation	Thailand
Balance Date	30 June
Principal Activity	Forecasting, Marketing and Promotion of Weather and Information Presentation Services.

16. RELATED PARTY TRANSACTIONS

The ultimate controlling party of the Group is the Crown.

Loans to/(from) Subsidiaries

The Parent provides funds to MetraWeather (Australia) Pty Limited, MetraWeather (UK) Limited and MetraWeather (Thailand) Limited via an intercompany account.

Balances are interest free and the parent has no intention of requesting payment in the near future.

Compensation of Key Management Personnel

Key management personnel are paid in their capacity as employees and receive salary and bonus.

Key management personnel includes Directors and the Executive Team.

	Group 2016 $000s	Group 2015 $000s
Total Salaries	1,609	1,895
Performance Pay Paid Relating to Prior Year	–	189
Directors' Remuneration	201	189
	1,810	2,273

Other Related Parties

Relationship with the Crown

Meteorological Service of New Zealand Limited is a limited liability company incorporated in New Zealand, under the Companies Act 1993. The shares are held equally by the Minister for State-Owned Enterprises and the Minister of Finance on behalf of the Crown. The Crown does not guarantee the liabilities of Meteorological Service of New Zealand Limited.

No amounts owed by related parties have been written off or forgiven during the year.

17. PROPERTY, PLANT & EQUIPMENT

GROUP 2016	Land & Buildings $000s	Meteorological & Plant $000s	ICT Equipment, Vehicles & Furniture $000s	Work In Progress $000s	Total $000s
Cost	9,420	24,167	13,103	154	**46,844**
Accumulated Depreciation and Impairment	(5,187)	(12,835)	(11,145)	–	**(29,167)**
CARRYING AMOUNT	**4,233**	**11,332**	**1,958**	**154**	17,677
Opening Carrying Amount	4,660	12,362	2,563	393	**19,978**
Additions at Cost	–	152	445	151	**748**
Disposals	(16)	(827)	(125)	–	**(968)**
Asset Impairment	(125)	–	(15)		**(140)**
Depreciation	(536)	(1,291)	(1,064)	–	**(2,891)**
Accumulated Depreciation Recovered	7	818	125	–	**950**
Work In Progress Movement	243	118	29	(390)	–
NET BOOK VALUE AS AT 30 JUNE 2016	**4,233**	**11,332**	**1,958**	**154**	17,677

GROUP 2015	Land & Buildings $000s	Meteorological & Plant $000s	ICT Equipment, Vehicles & Furniture $000s	Work In Progress $000s	Total $000s
Cost	9,318	24,725	12,767	393	**47,203**
Accumulated Depreciation and Impairment	(4,658)	(12,363)	(10,204)	–	**(27,225)**
CARRYING AMOUNT	**4,660**	**12,362**	**2,563**	**393**	19,978
Opening Carrying Amount	4,917	10,927	2,300	2,449	**20,593**
Additions at Cost	40	299	670	1,289	**2,298**
Disposals	–	(605)	(5,629)	–	**(6,234)**
Depreciation	(542)	(1,243)	(1,128)	–	**(2,913)**
Accumulated Depreciation Recovered	–	605	5,629	–	**6,234**
Work In Progress Movement	245	2,379	721	(3,345)	–
NET BOOK VALUE AS AT 30 JUNE 2015	**4,660**	**12,362**	**2,563**	**393**	19,978

Notes to the Financial Statements (Cont.)
for the year ended 30 June 2016

18. INTANGIBLE ASSETS

GROUP 2016	Goodwill	Software	Customer Base	Capital Work In Progress	**Total**
Cost	600	36,368	412	2,305	**39,685**
Accumulated Amortisation	–	(24,219)	(412)	–	**(24,631)**
CARRYING AMOUNT	600	12,149	–	2,305	15,054
Opening Carrying Amount	600	11,025	45	2,592	**14,262**
Additions at Cost	–	36	–	6,243	**6,279**
Disposals	–	(325)	–	–	**(325)**
Assets Impairment	–	(211)			**(211)**
Amortisation Expense	–	(5,217)	(45)	–	**(5,262)**
Accumulated Amortisation Recovered	–	311	–	–	**311**
Work in Progress Movement	–	6,530	–	(6,530)	–
NET BOOK VALUE AS AT 30 JUNE 2016	600	12,149	–	2,305	15,054

GROUP 2015	Goodwill	Software	Customer Base	Capital Work In Progress	**Total**
Cost	600	30,315	413	2,592	**33,920**
Accumulated Amortisation	–	(19,290)	(368)	–	**(19,658)**
CARRYING AMOUNT	600	11,025	45	2,592	14,262
Opening Carrying Amount	600	9,606	131	2,093	**12,430**
Additions at Cost	–	–	–	6,184	**6,184**
Disposal		(45)	–	–	**(45)**
Amortisation Expense	–	(4,259)	(86)	–	**(4,345)**
Accumulated Amortisation Recovered		38	–	–	**38**
Work in Progress Movement	–	5,685	–	(5,685)	–
NET BOOK VALUE AS AT 30 JUNE 2015	600	11,025	45	2,592	14,262

Internally developed software and capital work in progress includes software development to be used in sellable products and installations of infrastructure. The amount to be capitalised is determined on the basis of time spent by employees developing these assets. Timesheets are used for recording hours spent against specific pre-approved activities, both capital and operational. The timesheets are reviewed against the criteria determined in the accounting policy and approved by management. IT development is allocated at a rate of $103 per hour (2015: $103) and Network Engineer's rate is $72 per hour (2015: $84), These rates were determined by using the appropriate overheads for each area, along with the average hourly rate for employees developing these assets:

Impairment test for goodwill

Goodwill is allocated to MetraWeather (UK) Ltd. The recoverable amount has been determined based on a value-in-use calculation. The calculation used forecast cash flows to 2017 and a discount rate of 8% based on company WACC. The recoverable amount exceeds the carrying amount therefore no impairment loss has been recognised.

19. RECONCILIATION OF NET SURPLUS WITH CASH FLOW FROM OPERATING ACTIVITIES

	Group 2016 $000s	Group 2015 $000s
Net Surplus for the Year	**1,811**	**948**
Non Cash/Non Operating Items		
Depreciation and Amortisation	8,152	7,258
Share of Profits of Associates	7	(73)
Labour Capitalised	(4,595)	(4,943)
(Decrease) in Deferred Tax	(261)	(46)
Movement in Foreign Currency Translation Reserve	124	(37)
Impairment losses on PPE and Intangibles	351	–
Loss on Sale of Fixed Assets	10	8
Increase/(Decrease)in Restoration Provision	16	(24)
Other Non Cash Operating Items	(1)	(6)
INCREASE IN NON CASH ITEMS	3,803	2,137
Movements in Working Capital		
Decrease/(Increase) in Receivables	789	(1,236)
Increase in Accounts Payable and Accruals	176	161
Decrease/(Increase)in Income Taxation Receivable	553	(648)
Decrease/(Increase)in Inventories	102	(189)
Total Movement in Working Capital	**1,620**	**(1,912)**
NET CASH GENERATED BY OPERATING ACTIVITIES	7,234	1,173

20. OPERATING LEASE EXPENSES

The Group as Lessee:

Leasing arrangements
The Group leases land, office space and IT equipment.
Operating leases over these properties give the Group the right to renew the lease subject to a redetermination of the lease by the lessor.

	Group 2016 $000s	Group 2015 $000s
Non Cancellable Operating Lease Commitments		
Not later than One Year	702	557
Later than One Year and Not Later Than Five Years	1,515	1,087
Later Than Five Years	1,588	1,096
	3,805	2,740

Notes to the Financial Statements (Cont.)
for the year ended 30 June 2016

21 . CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the year as shown in the Statement of Cash Flows can be reconciled to the related items in the balance sheet as follows:

	Group 2016 $000s	Group 2015 $000s
Cash and Cash Equivalents	3,997	1,102

The Parent has an overdraft facility with Westpac to the value of $50,000.

The Parent provides support for meteorological services in the Pacific Islands and Africa. In this role, the Parent acts as an intermediary between the 'Funder' and the 'Recipient or Client'. The role encompasses the provision of project management expertise, sourcing equipment, calibration and testing and site installation.

Funding is received from international sources to fund these projects.

Funds Held at Balance Date*	123	291

*Included in Cash and Cash Equivalents above.
The cash held at balance date is offset by a liability within 'Other payables'.

22. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

Financing risk is the risk of not being able to refinance debt obligations or other cash outflows when required, on terms that are less unfavourable than those currently in place. The main objectives of the management of financing risk is to ensure sufficient funding is available to meet the Group's requirements and to avoid liquidity crises, achieve competitive pricing on sources of funding and lines of credit, and diversify sources of funding and liquidity.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2015.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 12, cash and cash equivalents and equity attributable to equity holders of the Parent, comprising issued capital and retained earnings as disclosed in the Statement of Changes in Equity.

Debt covenants are reviewed by management on a monthly basis.

Financial instruments by category

Categories of Financial Instruments	Group 2016 $000s	Group 2015 $000s
Assets		
LOANS AND RECEIVABLES		
Cash and Cash Equivalents	3,997	1,102
Trade and Other Receivables	3,967	4,730
TOTAL FINANCIAL ASSETS	7,964	5,832
Liabilities		
FINANCIAL LIABILITIES AT AMORTISED COST		
Bank Advance	–	1,806
Trade and Other Payables	4,682	4,416
Employee Benefits	1,441	1,442
Borrowings	17,000	17,000
FINANCIAL LIABILITIES AT FAIR VALUE		
Termination Leave	107	135
TOTAL FINANCIAL LIABILITIES	23,230	24,799

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Market risk

There has been no change during the year to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise.

The New Zealand dollar equivalent carrying amounts of the foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities 2016 $000	Liabilities 2015 $000s	Assets 2016 $000s	Assets 2015 $000s
Group				
US Dollars	46	3	401	306
British Pounds	52	57	477	661
Euro	163	80	91	144
Australian Dollars	84	67	427	310
Thai Baht	40	–	43	–
	385	**207**	**1,439**	**1,421**

Foreign currency sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to exchange rate at the balance sheet date. This analysis is based on the closing foreign currency denominated monetary assets and monetary liabilities at the reporting date.

If exchange rates had been 10% higher and all other variables were held constant, Group profit and equity would have decreased by $96,000 (2015: $110,000). If exchange rates had been 10% lower and all other variables were held constant, Group profit and equity would have increased by $105,000 (2015: $121,000).

Interest rate risk management

The Group manage interest rate risk by borrowing funds at fixed interest rates and maintaining an appropriate level of debt.

If interest rates had been 1% higher and all other variables were held constant, Group profit and equity would have decreased by $170,000. (2015: $170,000). If interest rates had been 1% lower and all other variables were held constant, Group profit and equity would have increased by $170,000 (2015: $170,000).

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Financial instruments which potentially subject the Group to credit risk principally consist of bank transactions and deposits, accounts receivable and sundry accounts receivable. The Group has a credit policy which is used to manage its exposure to credit risk. As part of this policy, limits on exposures have been set and are monitored on a regular basis.

In the normal course of business amounts due from the Ministry of Transport represent a significant account receivable, and a concentration of credit risk. However, the Directors do not expect any loss from non-performance of this counterparty.

The Group does not require collateral or security to support financial instruments due to the quality of financial institutions and trade debtors dealt with.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Parent has access to financing facilities, the total unused amount of which is $4,000,000 (2015: $2,194,000) at the balance sheet date. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Notes to the Financial Statements (Cont.)
for the year ended 30 June 2016

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below summarises the cash flows payable by the Group by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual and expected undiscounted cash flows.

Financial Liabilities

	Group 2016 $000s			Group 2015 $000s	
	Borrowings $000s	Interest Payable $000s		Borrowings $000s	Interest Payable $000s
< 6 Mths	–	–	< 6 Mths	1,806	45
12 Mths	–	–	12 Mths	–	–
1–5 Yrs	17,000	2,901	1–5 Yrs	17,000	2,729
5+ Yrs	–	–	5+ Yrs	–	–
	17,000	**2,901**		**18,806**	**2,774**

Trade and other payables and employee benefits are repayable within the next six months.

It is likely that we will be rolling over this facility past five years.

23. CAPITAL COMMITMENTS	Group 2016 $000s	Group 2015 $000s
Commitments for the acquisition of property, plant and equipment	175	182

24. SUBSEQUENT EVENTS

No material events have occurred subsequent to the end of the reporting period that require recognition of, or additional disclosure in, these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF METEOROLOGICAL SERVICE OF NEW ZEALAND LIMITED GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The Auditor-General is the auditor of Meteorological Services of New Zealand and its New Zealand domiciled subsidiaries and other controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Lesley Mackle, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements of the Group on her behalf.

Opinion

We have audited the financial statements of the Group on pages 22 to 44, that comprise the Statement of Financial Position as at 30 June 2016, the Statement of Profit or Loss and Other Comprehensive Income, 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 Group:

- present fairly, in all material respects:
- its financial position as at 30 June 2016; and
- its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 16 August 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the Group that comply with generally accepted accounting practice in New Zealand and New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

The Board of Directors' responsibilities arise from the State-Owned Enterprises Act 1986.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we have carried out an assignment in the area of accounting advice which is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the Group.

Lesley Mackle

Lesley Mackle
PricewaterhouseCoopers
On behalf of the Auditor-General
Wellington, New Zealand

Statutory Information

Results of operations

	2016 $000s	2015 $000s
Net Surplus attributable to Shareholders	1,935	911
Final Dividend Paid	–	–
Retained Earnings at Beginning of the Year	13,201	12,290
Retained Earnings at End of Year	15,136	13,201

Changes in accounting policies

There has been no material changes in accounting policies during the year. The policies are set out on pages 26–31.

Changes in capital

There were no changes in capital during the year.

Remuneration bands

The number of employees (not including Directors) whose remuneration and benefits during the accounting period were within the specified band is as follows:

	Number
$100,000 – $109,000	39
$110,000 – $119,000	25
$120,000 – $129,000	9
$130,000 – $139,000	6
$140,000 – $149,000	5
$150,000 – $159,000	5
$170,000 – $179,000	4
$180,000 – $189,000	1
$210,000 – $219,000	1
$220,000 – $229,000	1
$230,000 - $239,000	1
$250,000 – $259,000	1
$370,000 – $379,000	1

Donations

The Company made no donations during the year.

Auditor

The Auditor for the Group is Lesley Mackle, assisted by PricewaterhouseCoopers, Wellington, on behalf of the Auditor General. The amount payable by the Group to PricewaterhouseCoopers during the year as audit fees is $116,300.

The amount in respect of the year for other services provided by PricewaterhouseCoopers is $10,000.

Directors' fees

The total fees payable to members of the MetService Board during FY2015/6 was $201,250. The total Board fees are within the amount authorised by the Shareholding Ministers.

Anthony Howard (Chair)	$46,000
Carlos da Silva (Resigned 30 September)	$5,750
Judy Kirk (Deputy Chair)*	$26,832
Brent Armstrong	$23,000
Margaret Devlin	$23,000
Stephen Eaton (Appointed 1 November)	$15,334
Carolyn Harkess	$23,000
Sophie Haslem (Appointed 1 November)	$15,334
Te Taru White	$23,000
Total Directors' Remuneration	**$201,250**

*Effective 1 November 2015

Directors' and employees' indemnity and insurance

The MetService Group has insured the Directors and employees of the Group against any costs or liabilities of the type referred to in s162(5) of the Companies Act 1993. The MetService Group has also agreed to indemnify Directors of the Group and MetService appointed Directors of associated and subsidiary companies against any costs or liabilities referred to in s162(4) of the Companies Act 1993 that are incurred in any proceedings of the type referred to in s162(3) of the Companies Act 1993.

Directors' loans

No loans were made to the Directors during the year.

Directors' disclosures

No specific disclosures were given by the Directors pursuant to s140(1) of the Companies Act 1993.

General disclosures of interest made by the Directors of MetService and its subsidiaries pursuant to s140(2) as at 30 June 2016 are:

Director	Interest
A Howard (Chair)	Howard Co Ventures Onvine Limited Karma Kola Limited Be. Institute Wayfairer Limited All Good Bananas Limited Ecological Investments Limited Mimomax Wireless Limited
S Haslem (Chair, Audit and Risk Committee)	Rangatira Limited Magritek Limited Margritek Holdings Limited Rainbows End Theme Park Limited New Zealand Experience Limited Omphalos Limited The Akina Foundation CentrePort Limited CentrePort Properties Limited CentrePort Property Management Limited Harbour Quays Property Limited
C Harkess	None
J Kirk (Deputy Chair)	NZ Lotteries Commission J M K Consultancy Limited Airways Corporation of NZ Limited Airways International Limited
T White	Indigenuity Limited Te Taru White Consultancy Limited NOA New Zealand Limited Lottery Environment Heritage Committee Toitu Te Waonui Limited Eagle Spirit Energy Holdings Limited (CA) Lake Rotorua Incentives Board Te Tatau o Te Arawa National Federation of Maori Authorities
B Armstrong	None

Director	Interest
S Eaton	AMS Consult Limited Hanlu Consulting Limited Heyrex Limited Number 63 Limited Killarney Captial Limited Bronnie Limited
M Devlin	Harrison Grierson City Care Limited Institute of Directors Waikato Regional Airport Limited Titanium Park Limited WEL Networks Limited Waikato Spatial Plan Joint Committee Waikato District Council Waikato University National Infrastructure Advisory Board Waikato Electricity Limited IT Partners Group Limited

Directors' statement

This Annual Report is for the period 1 July 2015 to 30 June 2016 and is signed on behalf of Meteorological Service of New Zealand's Board of Directors.

A Howard
Director

S Haslem
Director

Key Performance Indicators
Financial

	Statement of Corporate Intent	Actual 2016	Actual 2015
1. Shareholder Returns			
Total Shareholder Return	0.8%	8.4%	0.0%
Dividend Yield	0.8%	0.0%	0.0%
Dividend Payout	9.5%	0.0%	0.0%
Return on Equity (ROE)	10.3%	9.5%	5.2%
Return on Funds Employed	9.8%	10.0%	6.5%
2. Profitability/Efficiency			
NPAT	1,949	1,811	911
EBIT	3,519	3,620	2,262
EBITDA	11,441	11,772	9,520
Asset Turnover	1.23	1.18	1.11
Operating Margin (EBITDAF)	22.3%	23.1%	20.7%
Operating Margin (EBIT)	6.9%	7.1%	4.9%
3. Leverage/Solvency			
Gearing Ratio (net)	46.0%	39.4%	49.4%
Interest Cover	11.4	12.3	9.8
Solvency	0.97	1.37	0.90
Debt Coverage Ratio	4.83	4.70	7.52
4. Growth/Investment			
Revenue Growth	12.7%	10.8%	0.9%
EBITDA Growth	20.5%	23.6%	-19.3%
NPAT Growth	80.1%	90.9%	-64.5%
Capital Renewal	1.17	0.87	1.16

NOTES ON THE FINANCIAL KEY PERFORMANCE INDICATORS

Measure	Description	Calculation
1. Shareholder Returns		
Total Shareholder Return	Performance from an investor perspective – dividends and investment growth.	(Commercial value$_{end}$ less Commercial value$_{beg}$ plus dividends paid less equity injected)/Commercial value$_{beg}$.
Dividend Yield	The cash return to the shareholder.	Dividends paid/Average commercial value.
Dividend Payout	Proportion of net operating cash flows less allowance for capital maintenance paid out as a dividend to the shareholder.	Dividends paid/Net cash flow from operating activities less depreciation expense.
Return on Equity (ROE)	How much profit a company generates with the funds the shareholder has invested in the Company.	Net profit after tax/Average equity.
Return on Funds Employed (ROFE)	Measures company profitability and the efficiency with which its capital is employed.	Ratio of EBIT to average debt plus equity over the period.
2. Profitability/Efficiency		
Asset Turnover	The amount of revenue generated for every dollar worth of assets.	Revenue/Assets.
Operating Margin (EBITDAF)	The profitability of the Company per dollar of revenue.	EBITDAF/Revenue.
Operating Margin (EBIT)	The profitability of the Company per dollar of revenue.	EBIT/Revenue.
3. Leverage/Solvency		
Gearing Ratio (net)	Measure of financial leverage – the ratio of debt (liabilities on which a company is required to pay interest) less cash, to debt less cash plus equity.	Net debt/Net debt plus equity.
Interest Cover	The number of times that earnings can cover interest.	EBITDAF/Interest paid.
Solvency	Ability of the Company to pay its debts as they fall due.	Current assets/Current liabilities.
Debt Coverage Ratio	Level of bank debt in relation to earnings.	Bank debt/EBIT.
4. Growth/Investment		
Revenue Growth	Measure of whether the Company is growing revenue.	% change in revenue.
EBITDAF Growth	Measure of whether the Company is growing earnings.	% change in EBITDAF.
NPAT Growth	Measure of whether the Company is growing profits.	% change in NPAT.
Capital Renewal	Measure of the level of capital investment being made by the Company.	Capital expenditure/Depreciation expense.

Key Performance Indicators
Non financial

	Statement of Corporate Intent	Actual 2016	Actual 2015
Warnings Performance			
POD Heavy Rain (12 mo mean)	>90%	93%	94%
POD Severe Gales (24 mo mean)	> 85%	94%	93%
POD Heavy Snow (24 mo mean)	> 85%	100%	100%
FAR Heavy Rain (12 mo mean)	< 25%	19%	13%
FAR Severe Gales (24 mo mean)	< 30%	15%	12%
FAR Heavy Snow (24 mo mean)	< 30%	29%	12%
Forecast Accuracy			
Precipitation % Correct	>80%	89%	89%
Radar % Uptime (12 mo mean)	>97%	99%	99.3%
AWS % Uptime (12 mo mean)	>98%	100%	99.5%
Social & Environmental Sustainability			
Workplace Accidents or Serious Incidents	0	5	0
WMO Staff Participation (past 12 mo)	10	10	12

NOTES ON THE NON FINANCIAL KEY PERFORMANCE INDICATORS

Measure	Description/Calculation
Probability of Detection (POD)	The ratio of correctly forecast events to actual events observed.
False Alarm Rate (FAR)	The ratio of forecast events that didn't occur (false alarms) to the number of events forecast.
	The POD and FAR for heavy rain events is reported as a 12-month running mean. For heavy snow and high wind events the POD and FAR are reported as a 24-month running mean, reflecting the relative infrequency of these events.
Precipitation % Correct	The percentage of forecasts of precipitation (yes/no) for tomorrow that verify against observed precipitation, averaged over 34 urban sites across New Zealand.
Radar % Uptime	The percentage of time that radar data is available within MetService's Kelburn office, averaged over all radar sites.
AWS % Uptime	The percentage of time that Automated Weather Station data is available within MetService's Kelburn office, averaged over all AWS sites.
Workplace Accidents Lost Time	The number of hours of time lost to workplace accidents in the past 12 months.
WMO Staff Participation	The number of employees who have taken part either in a WMO Working Group or formal meeting in the past 12 months.

Company Directory

DIRECTORS
Anthony Howard (Chair)
Judy Kirk (Deputy Chair)
Brent Armstrong
Margaret Devlin
Stephen Eaton
Carolyn Harkess
Sophie Haslem (Audit and Risk Assurance Chair)
Te Taru White

EXECUTIVE
Chief Executive
Peter Lennox

Deputy Chief Executive
GM Innovation & Technology
Mark Ottaway

Group GM Sales and Delivery
Sam Donley

GM Meteorological Services
Norm Henry

Chief Financial Officer
Keith Hilligan

BANKER
Westpac Banking Corporation
318 Lambton Quay
PO Box 1298
Wellington, New Zealand

AUDITOR
Lesley Mackle, with the assistance of
PricewaterhouseCoopers
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On Behalf of:
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PO Box 3928
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