

as diverse as the elements



KEY ACHIEVEMENTS

Our Mission

By providing innovation and value, continue to grow a commercially successful business delivering worldwide weather and information presentation services.

Our Vision

A recognised leader in weather and information presentation services.

Profitable and well managed with enthusiastic and highly skilled staff dedicated to the success of their company.

Growing worldwide through customer appreciation of our valuable and innovative services.

A record after-tax operating surplus of \$3.711m, achieved through continued increases in revenues, particularly in the media industry, and tight control of operating costs.

During the year we completed a major upgrade of the central computer system, providing a marked improvement in performance and supporting business growth.

The first negotiations under the new Employment Relations Act for those wishing to be employed under a collective agreement were concluded harmoniously.

WeatherTrak, an information delivery system for aviation customers, has been developed to update WINZ, an earlier version that has been successful in this market. It is now available for trial by airline operators.

A Weatherscape television weather presentation system was installed at CNBC-e Turkey, in October.

The Agreement with the Minister of Transport to provide national weather services has been amended to include additional services. These include maps on our website, the facility to subscribe to Severe Weather Warnings by e-mail, warnings of snowfall on certain roads, and additional marine forecasts.

DIVERSITY THE KEY TO SUCCESS

Our success is a result of our range of innovative worldwide weather and information presentation services, combined with a diverse client base.

From international television companies, the America's Cup and New Zealand's energy industry, through to small-town business, fishermen and recreational surfers – our role is to deliver services that make a vital difference to our clients, whoever and wherever they might be.

New Zealand, Australia, Asia, the United Kingdom and Europe – our geographic diversity is as varied as our products ... which are as diverse as the elements.

GINNY-ANN GOH – EXECUTIVE NEWS EDITOR, CNBC ASIA
 "The Weatherscape interface is easy to use and was tailor made for our needs. The system gives up to date weather forecasts, with attractive graphics that are quick to load and run. The satellite clouds are especially useful for tracking the many typhoons that hit this region."



MetService's Weatherscape television presentation software, jointly developed with TVNZ, provides television stations with a customised and easy to use product that enables presentation of the weather forecast in a visually exciting and accurate way to their viewers.



CHAIRMAN'S REPORT

On behalf of the Board of Directors I am delighted to report a record after tax operating surplus of \$3.7m, slightly higher than last year's result, which represents an after tax return on shareholders' funds of 58.8%. This result has been achieved through continued increases in revenues, particularly in the media industry, and tight control of operating costs.

JOHN M CROOK

Business situation In October 2000, MetService's wholly owned subsidiary, Metra Information Limited, engaged a UK based company to provide sales and marketing support for Metra services to the UK and continental Europe. This local presence has shown initial promise, and Metra is seeking to secure further growth of business in this region in the coming financial year.

Our interest continues in providing weather forecasting services to the aviation market in Australia, but the previously promising moves toward regulatory reform, which would have allowed us to enter the market, appear now to have stalled.

The year also saw significant changes in the domestic aviation industry, with the launch of the QANTAS New Zealand franchise, in September 2000 and its later failure and placement in receivership in April 2001. MetService was one of QANTAS New Zealand's many unsecured creditors and the subsequent appointment of a liquidator resulted in a significant bad debt write-off. The gap in the aviation market left by QANTAS New Zealand has been filled, in part, by the new domestic operations of QANTAS Australia, and by Freedom Air, Origin Pacific Airlines and Mt Cook Airlines.

Services to customers Customers continue to show great appreciation for MetService's innovative services. During the year, for example: MetService developed special turbulence forecasts for QANTAS Australia to allow them to fly the new 'silk route' from Singapore and Bangkok to London, saving up to 50 minutes flight time; and the Weatherscape weather graphics product for television was installed for a CNBC franchise broadcaster in Istanbul, Turkey.

MetService concluded negotiations with the Minister of Transport for changes to the agreement for supply of public good forecasts and weather hazard warnings. As a result of these changes, MetService is providing a number of new services free to the public of New Zealand, and at no additional cost to the Minister.



Infrastructure development The development of key infrastructure assets, identified in last year's Annual Report to support the planned growth of the Company, has progressed according to plan. The first release of the new data storage and delivery system was completed on time and within budget at the end of the financial year. The first operational version of this new system is expected to be completed towards the end of 2001, with further releases planned for 2002 and 2003 that will provide additional functionality.

WeatherTrak, a new aviation weather delivery and presentation system, was developed during the year. The system commenced beta testing at a customer site and also underwent rigorous testing in our own aviation forecast operations in June. WeatherTrak will now be developed to a full operational version and a comprehensive marketing programme is planned for the coming year.

Business continuance MetService has continued to emphasise business continuance planning as part of the strategy to achieve operational excellence. This proved invaluable on the night of 22 April when MetService's uninterruptable power supply failed, cutting power to most of the essential operational forecast room computers. Staff immediately put the Company's business continuance plan into action, with operations being brought back to normal within a couple of hours, and with virtually no impact on customers.

Changes in board membership During the year, we welcomed Dr Margo Buchanan-Oliver from the University of Auckland to the Board. I thank current Board members for their contribution to the growth and direction of the Company and the excellent result achieved this year.

Management and staff contribution Once again, the Board thanks John Lumsden our Chief Executive, and his management team and staff for their highly enthusiastic contribution to this year's successful result. We are also pleased to specially thank those staff who have been recognised this year with Chairman's Awards; these people were rewarded for their outstanding contributions in support of MetService's business mission and service to customers.

Thank you all very much.

John M Crook
Chairman

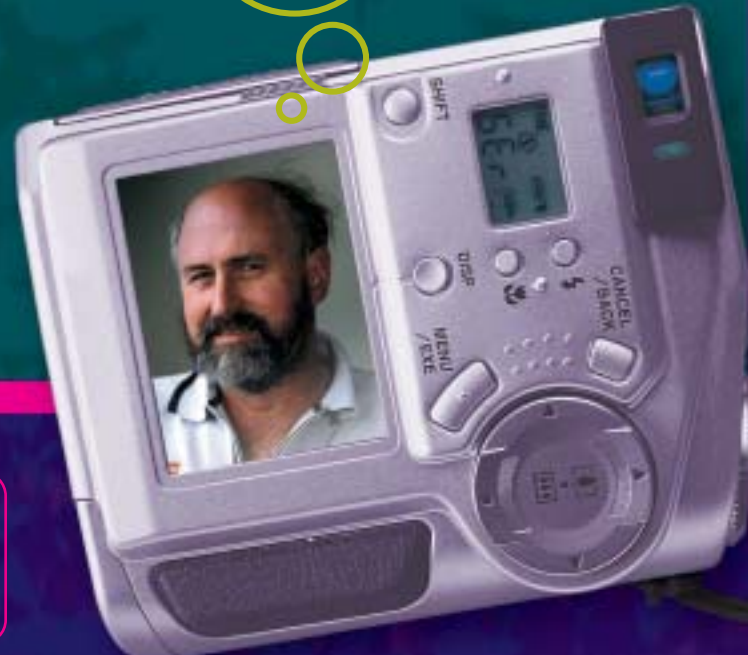


MetService's mesoscale modelling capabilities are supporting the CupMet website, which is being used by America's Cup yachting syndicates as their one-stop on-line weather station.



ROGER BADHAM – TEAM NEW ZEALAND METEOROLOGIST

"Understanding and forecasting the wind flow across the Hauraki Gulf is critical in the America's Cup. Every day, the CHAMP model is providing Team New Zealand with a forecast of the 10-metre wind across the sailing area. These local scale, short-term wind forecasts are extremely important to help Team New Zealand maintain the winning edge."



FROM THE CHIEF EXECUTIVE

MetService has had another successful year, one in which we invested in our capabilities, made progress in expanding our business internationally, met our customers' needs with innovative services, and earned a record profit.

We are benefiting from the alignment of our employee, research, capital and marketing activities with the business strategies adopted in previous years. The skill and enthusiasm of our employees, the support of our suppliers, the good relationships with our customers, and the guidance of the directors have been key contributors to our results.

Capabilities These have been developed in the areas of operational data processing, forecast modelling, additional products and employee skills.

During the year we completed a major upgrade of the central computer system, providing a marked improvement in performance and supporting business growth.

We have specified and financially justified a major project to create a new 'Information Customisation Engine' (ICE) that will handle our data storage and management requirements efficiently and replace programmer intensive legacy systems. This project has started and its benefits will become available progressively over the next 18 months. The ability to easily configure the content, layout, and delivery of our services will allow for swifter customer response and increased capacity.

A project is under way to install an additional satellite receiver capable of receiving imagery from the GOES-W geostationary satellite located over the tropical eastern Pacific. This will expand our access to remotely sensed data.

We continued development of our mesoscale modelling capabilities, and now produce high quality forecasts for selected locations on an operational basis, using cost effective clustered PCs, and applying statistical tuning techniques. This permits us to support clients with demanding forecast requirements both domestically and internationally.

In November, MetService issued its first ever 'official' two-week forecast. This new product is based on ensemble information from global computer models.

New frost forecasts were developed and trialed and are being promoted as a MetPhone service.

Our philosophy is to combine advanced smart technology with highly competent people to deliver valuable services. A year-long meteorologist training course commenced at the end of January and we are recruiting for another course in 2002. We have also recruited experienced forecasters from overseas, and welcomed high calibre marketing, and IT professionals to the company, which now has 150 employees. We seek to encourage an enthusiastic and innovative approach to our work, and provide employees with the training and tools that empower them to capitalise on their abilities.

The first negotiations under the new Employment Relations Act for those wishing to be employed under a collective agreement were concluded harmoniously.

In April the company was audited for compliance with its ISO 9001 certification. MetService was found to be in full conformity. In addition the Civil Aviation Rule Part 174 certification was maintained for our aviation weather services with a very high quality audit score. Our approach to quality management serves us well, and I have made presentations promoting its benefits to World Meteorological Organization and Commonwealth Meteorological conferences.



Towering cumulus clouds cast a shadow over jet aircraft at Ohakea.

CHIEF EXECUTIVE



The rising sun colours altocumulus clouds over the Chatham Islands.

International The company continued to develop its overseas business, based on new services that have been successfully developed and marketed in New Zealand, and can be beneficially applied internationally. In this regard we use the Metra identity to distinguish between our national weather services arrangements and our commercial business with the private sector. Our focus is on aviation, television, and energy industries.

We completed the installation of another Weatherscape television weather presentation system, this time at CNBC-e Turkey, in October.

Also in October we engaged a Metra Market Manager for the UK and Europe, based in England, in order to promote our services. Our product for electricity generators is already gaining recognition in that market.

WeatherTrak, an information delivery system for aviation customers, has been developed to update WINZ, an earlier version that has been successful in this market. It is now available for trial by airline operators.

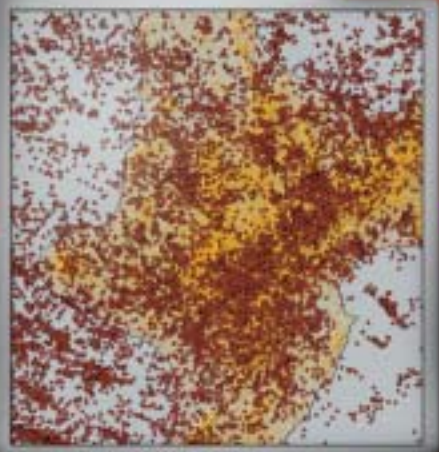
A special turbulence forecast service has been developed for Qantas flights operating over a new route between Singapore, Bangkok and London. The new route significantly reduces flight times.

The routine supply of specially tailored significant weather charts, developed for Cathay Pacific Airways flight operations centre in Hong Kong, commenced in early January.

In March, a stand-alone MetATIS system, used for automated broadcasting of messages to aircraft in the vicinity of an aerodrome, was installed at the Ayers Rock Airport in Australia.

Meeting customer needs Our annual survey of Regional Councils and the Ministry of Civil Defence and Emergency Management showed a high level of satisfaction with MetService's performance, particularly forecaster helpfulness. The Agreement with the Minister of Transport to provide national weather services has been amended to include additional services. These now include maps on our website, the facility to subscribe to Severe Weather Warnings by e-mail, warnings of snowfall on certain roads, and additional marine forecasts. A Severe Weather Outlook will be introduced during the next year.

NZ-LDN >>



"The NZ-LDN (Lightning Detection Network), which is marketed by MetService, has enhanced Transpower's ability to identify lightning related trippings on its high voltage power system. This has also helped measure Transpower's asset performance against the actual exposure to lightning which closes the gap between theoretical and actual lightning data."



Jitesh Raniga

PERFORMANCE IMPROVEMENT ENGINEER
TRANSPOWER NEW ZEALAND LIMITED



Metra provides site specific forecasts that enable electricity generators to make accurate output predictions. Dave Nicholls of Lakeland/Alstom Power, which operates a Combined Cycle Gas Turbine Station at Roosecote in England, says

“We use your weather to forecast our power”

Although it is comparatively early, several syndicates are purchasing weather services as they prepare for the 2003 America’s Cup regatta.

Data are increasingly being supplied to major website portals. MetConnect, a new Internet service that allows customers to select the frequency and range of products that they receive, was launched.

Installation and commissioning of a lightning detection system for Transpower, the national electricity transmission grid operator, was completed in September.

Training and consultancy, both in New Zealand and Vietnam, were provided to personnel from the Southern Airports Authority of Vietnam.

Additional services without weather content were developed. The New Zealand Herald commenced publishing TAB sports betting graphics produced by MetService’s Media Graphics Unit in Christchurch. The Sunday Star Times now publishes extended financial information graphics.

Profitability This year’s financial result substantially exceeded forecast. Conscientious cost management was a major contributor, supported by unbudgeted revenues as a result of services such as Weatherscape and consultancy. The performance was also affected by later than planned capital expenditure on our infrastructure projects. Offsetting this was the demise of Tasman Pacific Airlines, trading as Qantas New Zealand, which reduced our aviation revenues and created a significant bad debt.

Collaboration In order to function effectively within the community, we have developed good working relationships with many agencies with interests in common. One example is the Volcanic Ash Advisory Service, which is concerned with the hazard of airborne ash particles. This has been developed with the Civil Aviation Authority, the Institute of Geophysical and Nuclear Sciences, Airways Corporation of New Zealand, and the Board of Airline Representatives of New Zealand. During the year there were concerns that this valuable service would be discontinued because of funding issues, but a constructive agreement was reached due to the good relationships between the parties.

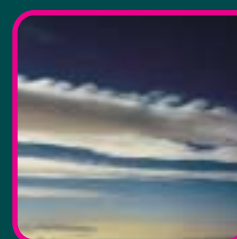
Other examples of collaboration include operation of the Lightning Detection Network for Transpower, and our CupMet website for America’s Cup yachting syndicates, which combines data from MetService, NIWA, and the Auckland Volunteer Coastguard.

International relationships MetService is privileged to be a participant in the international meteorological community, and plays a constructive role in supporting capacity building in the region through New Zealand Overseas Development Assistance. Considerable interest continues to be shown in how we run MetService, and during the year we have hosted visitors from the Singapore Meteorological Service, China Meteorological Administration, Meteorological Service of Canada, the UK Meteorological Office, and the World Meteorological Organization (WMO).

As required by the Agreement with the Minister of Transport, and WMO regulations, I represent New Zealand at the WMO. Neil Gordon, our Chief Meteorologist, holds the position of President of the WMO Commission for Aeronautical Meteorology. Steve Ready, Mesoscale Forecaster, is Chairman of the WMO Tropical Cyclone Committee for the Southwest Pacific and Southeast Indian Ocean. As well as contributing to WMO programmes we receive significant benefit – one example being our exposure to the applied science of ensemble weather prediction.

Left: Lenticular clouds with Kelvin-Helmholtz waves.

Right: Dense looking North West Arch cloud above the Canterbury Plains.



Outlook We will benefit from the implementation of the ICE project. It will provide a contemporary data storage and management capability, increasing capacity, flexibility, and timeliness in responding to customers. This will support our planned expansion in the media, aviation, and energy industries when they come to fruition. MetService is well positioned to service global markets based on its operational effectiveness, relationship building capabilities, and the availability of lower cost, higher bandwidth communications links.

We will continue to manage our international development with a combination of imagination and prudence. This entails being in a position to add capacity quickly if new business is secured, and to avoid over-committing to costs on speculation alone. One area where this is especially crucial is in judging the numbers of professional staff to recruit, given the specialised nature of weather prediction and the time it takes to develop skills.

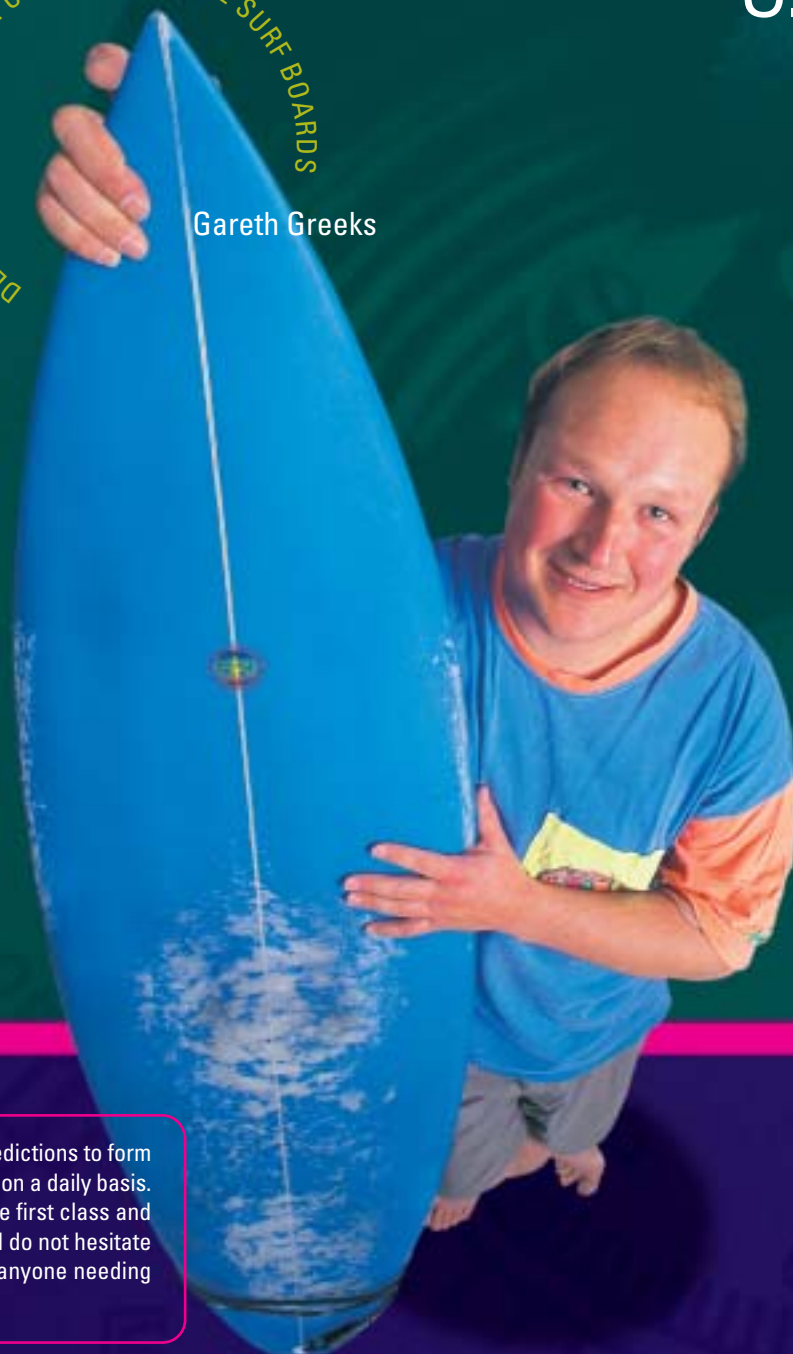
MetService is a focussed business with aligned activities, which operates in a responsive and collaborative manner. Under its present structure, the long term outlook for forecasting and financial performance is good, however in the near term the depreciation associated with the infrastructure developments will reduce profitability.

Finally I would like to repeat my appreciation to all employees, the Board of Directors, and our suppliers and customers for their part in the continuing success of MetService.

John R Lumsden
Chief Executive

DESIGNER AND BUILDER OF CUSTOM MADE SURF BOARDS

Gareth Greeks



“I use the online observations, weather charts and predictions to form a picture as to the wave conditions around the country on a daily basis. The products and services provided by MetService are first class and have been instrumental in the growth of my business. I do not hesitate in endorsing the products supplied by MetService to anyone needing accurate information about the weather.”

NOTABLE PERFORMANCES

The Chairman's Awards recognise individual employees or teams achieving results well beyond normal job requirements. The criteria are that the work must be clearly outstanding, over and above the normal work expectations, relevant to the business of MetService, and support corporate objectives.

The Henry Hill Award recognises the person best demonstrating the enthusiasm and dedication to weather and forecasting in the spirit of the late Henry Hill, a renowned meteorologist of the New Zealand Meteorological Service.
Special Merit: Gwennyth Hodgson, Liz McLaughlin.

STEVE READY



PAUL NGAMANU



JOHN CROUCH

TONY SIMMERS



JAMES GUTHRIE



PETER LOWE



HENRY MADDOCKS



ROYCE BROWN



TOM SUTHERLAND



TONY HAWKINS



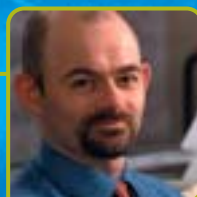
HAYWARD OSBORN



ANDY DOWNS



JEFF DOWNS



PAUL SPENCE



GARRY CLARKE

WEATHER OVERVIEW

July 2000 – June 2001

In all, 48 heavy rainfall events, 15 strong wind events and 6 heavy snow events were recorded across the country during the year.

Summer brought the third burst of a La Niña pattern in three years; by winter 2001 the pattern had become neutral, with neither La Niña nor El Niño dominant. Apart from some cooler than normal periods around November and January, the warm seas around New Zealand continued, maintaining warmer than normal temperatures for many parts of the country.

Blocked or slow-moving anticyclones dominated the New Zealand weather pattern over much of the year, interspersed with some slow-moving depressions. These depressions generally took tracks across the country during winter/spring and over the north of the country during summer. In spring, there were particularly intense bringing a series of heavy snowfalls. Over a three day period, 200 mm of rain fell in Canterbury flooding the Selwyn River, and 750 mm of rain fell in two days in early October.

Between September and January there were several periods of strong winds, major damage caused power cuts in Wellington and to parts of the Hawke's Bay in September. A depression in mid October caused substantial damage to the Lyttelton marina, and gusts greeted the first of the BT Challenge yachts into Wellington.

Summer and autumn will be remembered for the lack of rain over central and southern New Zealand, the driest growing season in the last 70 to 100 years in Marlborough, Nelson, Wellington, and Canterbury. By contrast, there were several wet episodes over Northland, Coromandel and the Bay of Plenty.

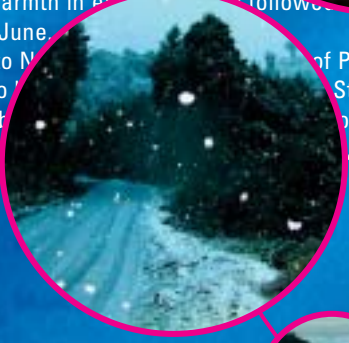
There was also a widening of temperature extremes. November was the coldest since 1946, followed by a wave over Christmas and into the New Year. Another period of record warmth in early February followed in May by two major snowfalls in ten days, and extended periods of frost in June.

Cyclone SOSE moved out of the tropics in April bringing heavy rain to Northland, the Bay of Plenty, and parts of Gisborne. The system combined with a front from the south to cause heavy rain in the Bay of Plenty.

Freak local weather events included a tornado in Hokitika in September, a hailstorm in Alexandra in January, and New Zealand's wettest recorded single hour rainfall in Warkworth, in May.



Above: Altocumulus clouds illuminated by the setting sun at Collingwood.



Left: Snow falling on the Akatarawa Road.



Below: Mist in the Tararua mountains with a stratocumulus layer above.

DIRECTORS' REPORT

The directors have pleasure in presenting their Annual Report, together with the audited financial statements of Meteorological Service of New Zealand Limited for the year ended 30 June 2001.

For, and on behalf of the Board, which authorised the issue of the Annual Report on 21 August 2001.

J M Crook
Chairman

G W F Thompson
Director

BUSINESS ACTIVITIES

The principal activity of the Company is the provision of weather information in the form of timely and accurate forecasts, warnings and advice. The Company's business also includes information presentation services.

Ancillary to the core business is the acquisition, processing, interpretation and dissemination of near real-time data, whether carried on in New Zealand or elsewhere.

Results Of Operations (\$000)	2001	2000
Net Surplus attributable to Shareholders	3,711	3,685
Interim Dividends	(1,100)	(2,000)
Final Dividend declared		(1,215)
Retained Earnings at beginning of the year	815	345
Retained Earnings at end of year	3,426	815

CHANGES IN CAPITAL

There were no changes in capital during the year under review.

AUDITOR

In accordance with Section 19 of the State Owned Enterprises Act 1986, the Audit Office is the Auditor for the Company. PricewaterhouseCoopers audit the Meteorological Service of New Zealand Limited on behalf of the Controller and Auditor-General.

During the year, amounts received or due and receivable by PricewaterhouseCoopers were: Meteorological Service of New Zealand Limited – Audit \$26,500 (2000: \$30,000) and – Other Services \$14,000 (2000: \$17,000), and Metra Information Limited – Audit \$3,500 (2000: \$5,000).

REMUNERATION OF EMPLOYEES

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

\$000s	Number
100 – 109	5
130 – 139	1
150 – 159	1
170 – 179	1
180 – 189	1
310 – 319	1

DIRECTORS

In accordance with the Constitution of the Company, directors are appointed by shareholding Ministers. Dr M Buchanan-Oliver was appointed to the Board in November 2000.

DIRECTORS' REMUNERATION

Directors' remuneration and benefits received, or due and receivable during the accounting period, are as follows:

2000	\$000
J M Crook	36
K Hazlett	18
R Tait	18
G Thompson	18
Dr M Buchanan-Oliver	12
Total Directors' Remuneration	102

No remuneration was paid to directors in their capacity as directors of Metra Information Limited.

DIRECTORS' INTERESTS

Interests Register

Directors declared they had no interests of a nature required to be noted in the Interests Register.

Directors' Loans

There were no loans by the Company to directors.

Directors' Insurance

The Company has arranged policies for Director's Liability Insurance, which ensures that generally directors will incur no monetary loss as a

result of actions undertaken by them as directors. Certain actions are specifically excluded, for example the incurring of penalties and fines which may be imposed in respect of breaches of the law.

DONATIONS

The Company has made no donations in the latest financial year.

CHANGES IN ACCOUNTING POLICIES

There have been no material changes in accounting policies in the latest financial year.

KEY PERFORMANCE INDICATORS

for the year ended 30 June 2001

	Statement of Corporate Intent Target	Actual 2001	Actual 2000
Net Surplus attributable to Shareholders	\$2,681,000	\$3,711,000	\$3,685,000
Net Surplus attributable to Shareholders : Average S/H Funds*	38.6%	58.8%	66.0%
EBIT : Total Tangible Assets	34.8%	45.0%	47.7%
Current Ratio*	1.01:1	1.18:1	1.21:1
Equity Ratio*	63.1%	54.1%	48.8%
Net Surplus attributable to Shareholders : Total Sales	11.5%	15.6%	15.7%
Accounting Value of Crown's Investment	\$7,479,000	\$8,426,000	\$5,815,000
Probability of Detection (POD)	Minimum		
Heavy Rain	75%	88%	82%
Heavy Snow	75%	86%	87%
Severe Gales	75%	75%	86%
False Alarm Ratio (FAR)	Maximum		
Heavy Rain	40%	19%	29%
Heavy Snow	40%	32%	50%
Severe Gales	40%	28%	30%

Quality Certification

We retained full ISO 9001 recertification and are happy to record that the auditors found us fully compliant. After holding our initial Civil Aviation Rule Part 174 certification for 5 years, we have successfully received recertification with a high standard against the measurement criteria.

* Calculation of ratios for 2001 include dividends declared post balance date (see note 17) but not included in the Statement of Financial Position.

POD:
Probability of Detection measures the proportion of forecast events against actual events.

FAR:
False Alarm Ratio measures the proportion of forecasts where the actual event did not reach the warning criteria.

Warning Criteria

MetService is required to issue warnings of widespread hazardous weather which may cause conditions that could threaten life or property on land. Warnings are issued to a variety of organisations and the media, in the form of Special Weather Bulletins.

Warnings of heavy rain are issued when:

rain is expected to exceed 50mm in six hours; or rain is expected to exceed 100mm in 24 hours.

Warnings of heavy snow are issued when:

snow is expected to affect areas below 1000m in the North Island; and snow is expected to affect areas below 500m in the South Island; and snow is expected to exceed 10cm in six hours, or 25cm in 24 hours.

Warnings of severe gales are issued when:

sustained winds are expected to exceed 47kt or gusts exceed 60kt, over land.

FINANCIAL STATEMENTS

NET SURPLUS ATTRIBUTABLE TO SHAREHOLDERS \$000,000



The accompanying Notes to the Financial Statements on pages 16 to 21 form part of these Financial Statements.

STATEMENTS OF FINANCIAL PERFORMANCE

for the year ended 30 June 2001

Note	Group 2001 \$000s	Group 2000 \$000s	Parent 2001 \$000s	Parent 2000 \$000s
REVENUE				
	23,826	23,414	23,223	22,994
	23,826	23,414	23,223	22,994
EXPENSES				
	30	35	26	30
	14	17	14	17
	105	75	105	75
	120	9	120	9
	1,484	1,511	1,462	1,494
	102	119	102	119
	(4)	(17)	(4)	(17)
	16,514	16,214	15,827	15,820
	18,365	17,963	17,652	17,547
	5,461	5,451	5,571	5,447
	92	27	88	26
	5,553	5,478	5,659	5,473
	(1,842)	(1,793)	(1,875)	(1,790)
	3,711	3,685	3,784	3,683
RETAINED EARNINGS				
	815	345	825	357
	(1,100)	(3,215)	(1,100)	(3,215)
	\$3,426	\$815	\$3,509	\$825

7.0 statements of financial performance

7.1 statements of financial position

7.2 statements of movements in equity

statements of cash flows

8.0 notes to the financial statements

8.1 notes to the financial statements

8.3 notes to the financial statements

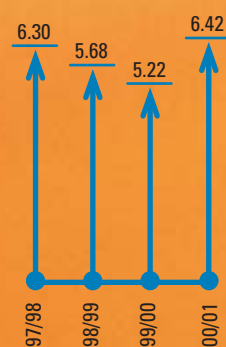
8.4 notes to the financial statements

8.5 notes to the financial statements

8.6 notes to the financial statements

9.0 auditors report

NET BOOK VALUE OF FIXED ASSETS \$000,000



The accompanying Notes to the Financial Statements on pages 16 to 21 form part of these Financial Statements.

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2001

Note	Group 2001 \$000s	Group 2000 \$000s	Parent 2001 \$000s	Parent 2000 \$000s
EQUITY				
	5,000	5,000	5,000	5,000
	3,426	815	3,509	825
	8,426	5,815	8,509	5,825
LIABILITIES				
	3,069	2,863	2,991	2,811
	27	22	27	22
	59	-	93	-
	-	2,215	-	2,215
	3,155	5,100	3,111	5,048
	1,000	1,000	1,000	1,000
	\$12,581	\$11,915	\$12,620	\$11,873
ASSETS				
	123	89	47	66
	2,203	2,232	2,109	2,150
	593	410	386	369
	-	-	448	135
	2,220	2,777	2,220	2,777
	520	636	520	636
	-	27	-	27
	5,659	6,171	5,730	6,160
	457	485	456	487
	43	44	43	44
	6,422	5,215	6,391	5,182
	\$12,581	\$11,915	\$12,620	\$11,873

7.0 statements of financial performance

7.1 statements of financial position

7.2 statements of movements in equity

8.0 notes to the financial statements

8.1 notes to the financial statements

8.3 notes to the financial statements

8.4 notes to the financial statements

8.5 notes to the financial statements

8.6 notes to the financial statements

9.0 auditors report

The Board of Directors of Meteorological Service of New Zealand Limited authorised these Financial Statements for issue on 21 August 2001.

J M Crook

J M Crook
Chairman

G W F Thompson

G W F Thompson
Director

STATEMENTS OF MOVEMENTS IN EQUITY		for the year ended 30 June 2001			
Note	Group 2001 \$000s	Group 2000 \$000s	Parent 2001 \$000s	Parent 2000 \$000s	
EQUITY AS AT 1 JULY					
	5,815	5,345	5,825	5,357	
Surplus for the Year	3,711	3,685	3,784	3,683	
DIVIDENDS PAYABLE IN CASH					
Interim Dividends	17 (1,100)	(2,000)	(1,100)	(2,000)	
Final Dividend	17 -	(1,215)	-	(1,215)	
EQUITY AS AT 30 JUNE					
	\$8,426	\$5,815	\$8,509	\$5,825	

STATEMENTS OF CASH FLOWS		for the year ended 30 June 2001			
Note	Group 2001 \$000s	Group 2000 \$000s	Parent 2001 \$000s	Parent 2000 \$000s	
CASH FLOW FROM OPERATING ACTIVITIES					
Cash was Provided from:					
Receipts from Customers	23,735	21,840	22,950	21,482	
Interest Received	160	112	156	112	
Cash was Applied to:					
Payments to Suppliers and Employees	(16,619)	(16,531)	(15,907)	(16,195)	
Interest Paid	(70)	(88)	(70)	(88)	
Income Taxation Paid	(1,728)	(1,760)	(1,726)	(1,758)	
Net Cash Flow from Operating Activities	6 5,478	3,573	5,403	3,553	
CASH FLOW FROM INVESTING ACTIVITIES					
Cash was Provided from:					
Sale of Fixed Assets	-	26	-	26	
Deposits Repaid	558	-	558	-	
Cash was Applied to:					
Deposits	-	(467)	-	(467)	
Term Investments	-	(5)	-	(5)	
Purchase of Fixed Assets	(2,687)	(1,054)	(2,665)	(1,054)	
Net Cash Flow Applied to Investing Activities	(2,129)	(1,500)	(2,107)	(1,500)	
CASH FLOW FROM FINANCING ACTIVITIES					
Cash was Applied to:					
Dividends	(3,315)	(2,020)	(3,315)	(2,020)	
Net Cash Flow Applied to Financing Activities	(3,315)	(2,020)	(3,315)	(2,020)	
Net Increase (Decrease) in Cash Held	34	53	(19)	33	
Add Opening Cash brought forward	89	36	66	33	
ENDING CASH CARRIED FORWARD					
	\$123	\$89	\$47	\$66	

The accompanying Notes to the Financial Statements on pages 16 to 21 form part of these Financial Statements.

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NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The financial statements presented here are for the reporting entity Meteorological Service of New Zealand Limited and the consolidated financial statements of the Group comprising Meteorological Service of New Zealand Limited and the wholly owned subsidiary Metra Information Limited. The financial statements are presented in accordance with the Companies Act 1993, and are prepared in accordance with the Financial Reporting Act 1993.

General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of results, cash flows and the financial position under the historical cost method are followed in the preparation of the financial statements.

Particular Accounting Policies

The following particular accounting policies, which significantly affect the measurement of financial performance, financial position and cash flows are applied.

Revenue

Revenue shown in the Statement of Financial Performance comprises the amounts received or receivable by the Company for goods and services supplied to customers in the ordinary course of business. Revenue excludes Goods and Services Tax.

Accounts Receivable

Accounts receivable are valued at their expected net realisable value. An estimate is made for doubtful debts based on a review of all outstanding accounts at year end. Bad debts are written off during the year they are identified.

Inventories

Inventories are valued at the lower of cost, on a weighted average cost of inventory on hand calculated at the time of the last purchase, and net realisable value.

Fixed Assets

Fixed assets are initially stated at cost and depreciated as indicated below.

Distinction between Capital and Revenue Expenditure

Capital expenditure is defined as all expenditure on the creation of a fixed asset, and any expenditure which results in a significant improvement in the formation of a fixed asset.

Revenue expenditure is defined as expenditure which restores an asset to its original condition and all expenditure incurred on maintenance and operating the Company.

Depreciation

Depreciation of fixed assets, other than freehold land, is calculated using the straight-line method to allocate the historical cost or valuation over the estimated useful life of the asset, after due allowance has been made for the expected residual value. Leasehold land capitalised on the establishment of the business is depreciated over the life of the lease. The cost of improvements to leasehold property are capitalised, disclosed as buildings on leased land, and amortised over the unexpired period of the lease, or the estimated useful life of the improvements, whichever is the shorter.

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

Buildings	2.5%
Computer Equipment	33.3%
Furniture & Fittings	20.0%
Meteorological Equipment	10.0%
Motor Vehicles	20.0%
Office Equipment	20.0%
Plant & Equipment	10.0%

The remaining useful lives of assets are reviewed periodically, and the annual depreciation charge is adjusted where necessary.

Taxation

The income taxation expense charged against the surplus includes both current and deferred taxation, and is calculated after allowing for non-assessable income and non-deductible costs.

Deferred taxation resulting from timing differences is adjusted against the surplus for the year using the liability method of calculation applied on a comprehensive basis. A deferred taxation benefit relating to

any taxation losses is only recognised if there is virtual certainty of realisation.

Leases

Operating lease payments, where lessors retain substantially all the risk or benefit of ownership of the leased items, are included in the determination of operating surplus in equal instalments over the term of the lease.

Foreign Currencies

Transactions denominated in foreign currency are recorded using the exchange rate at the date of the transaction, except for those transactions subject to forward contracts, where the forward rates specified in those contracts are applied.

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 Statements of Financial Performance.

Software

Computer software, either purchased or developed by MetService for its own use, is capitalised in the year in which the expenditure is incurred and amortised over a period of three years where it is considered that there will be an enduring identifiable benefit.

Financial Instruments

Financial instruments with off balance sheet risk entered into as hedges of an underlying exposure to fluctuations in foreign currency exchange rates are accounted for on the same basis as the underlying exposure. Financial instruments entered into with no underlying exposure are accounted for on a mark-to-market basis.

Statements of Cash Flows

The following are definitions of the terms used in the Statements of Cash Flows:

- Cash is considered to be cash on hand and current accounts in banks.

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- ii) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.
- iii) Financing activities are those activities which result in changes in the size and composition of the capital structure. Dividends paid in relation to the capital structure are included in financing activities.
- iv) Operating activities include all transactions and other events that are not investing or financing activities.

Goods and Services Tax

All items included in the financial statements are reported exclusive of Goods and Services Tax, except for accounts payable and accounts receivable.

Principles of Consolidation

The consolidated financial statements are prepared from the financial statements of the Parent Company

and its subsidiary as at 30 June 2001 using the purchase method.

The results of any subsidiary acquired or disposed of during the year are included in the Statement of Financial Performance from the date of acquisition or disposal.

All significant transactions between Group companies are eliminated on consolidation.

When a member of the Group participates in a joint venture arrangement, that member recognises its proportionate interest in the individual assets, liabilities and expenses of the joint venture. The liabilities recognised include its share of those for which it is jointly liable.

Changes in Accounting Policies

Accounting policies have been applied on a basis consistent with the previous year, with the following exception.

Dividends declared by the directors after balance date have previously been treated as a liability at balance date. The recently released Financial Reporting Standard 5: Events After Balance Date does not permit provisions for distributions declared after balance date. The dividend declared by directors on 17 July 2001 is disclosed in Note 17. The implementation of this change has had the impact of increasing equity and decreasing liabilities by \$1,625,000.

NOTE 2 – SEGMENT INFORMATION

Meteorological Service of New Zealand Limited operates predominantly in one industry segment, meteorological services. Its operations are carried out predominantly in New Zealand and are therefore within one geographical segment for reporting purposes.

All activities are continuing.

NOTE 3 – TAXATION EXPENSE

	Group 2001 \$000s	Group 2000 \$000s	Parent 2001 \$000s	Parent 2000 \$000s
SURPLUS FOR THE YEAR	5,553	5,478	5,659	5,473
Prima Facie Taxation thereon at 33 per cent	1,833	1,808	1,867	1,806
The Taxation Effect of Permanent Differences is as follows:				
Non-Deductible Expenditure	9	12	8	11
Non-Assessable Income	-	(27)	-	(27)
Taxation Expense	\$1,842	\$1,793	\$1,875	\$1,790
Current Taxation	1,814	1,743	1,844	1,742
Future Income Tax benefit	28	50	31	48
Taxation Expense	\$1,842	\$1,793	\$1,875	\$1,790
Deferred Taxation				
Future Income Tax Benefit 1 July	485	535	487	535
On Surplus for the Year	(28)	(50)	(31)	(48)
Future Income Tax Benefit 30 June	\$457	\$485	\$456	\$487
Imputation Credit Account				
Imputation Credit Account 1 July	1,564	799	1,564	799
Income Taxation Paid during the Year	1,671	1,760	1,671	1,760
Imputation Credits attached to the Dividends Paid during the Year	(1,632)	(995)	(1,632)	(995)
Imputation Credit Account 30 June	\$1,603	\$1,564	\$1,603	\$1,564

NOTE 4 – NET FINANCE REVENUE

	Group 2001 \$000s	Group 2000 \$000s	Parent 2001 \$000s	Parent 2000 \$000s
Interest Revenue	162	113	158	112
Interest Expense	(70)	(86)	(70)	(86)
NET FINANCE REVENUE (EXPENSE)	\$92	\$27	\$88	\$26

NOTE 5 – FIXED ASSETS

		Group 2001 \$000s	Group 2000 \$000s	Parent 2001 \$000s	Parent 2000 \$000s
Land	Cost	118	118	118	118
	Accumulated Depreciation	-	-	-	-
	Book Value	118	118	118	118
Land-Leasehold	Cost	447	447	447	447
	Accumulated Depreciation	(201)	(179)	(201)	(179)
	Book Value	246	268	246	268
Buildings	Cost	390	378	390	378
	Accumulated Depreciation	(73)	(64)	(73)	(64)
	Book Value	317	314	317	314
Buildings on Leasehold Land	Cost	1,515	1,512	1,515	1,512
	Accumulated Depreciation	(380)	(343)	(380)	(343)
	Book Value	1,135	1,169	1,135	1,169
Furniture and Fittings	Cost	493	440	492	440
	Accumulated Depreciation	(364)	(297)	(364)	(297)
	Book Value	129	143	128	143
Computer Equipment	Cost	7,464	5,738	7,392	5,686
	Accumulated Depreciation	(5,420)	(4,443)	(5,378)	(4,424)
	Book Value	2,044	1,295	2,014	1,262
Meteorological Equipment	Cost	6,301	6,206	6,301	6,206
	Accumulated Depreciation	(5,228)	(5,047)	(5,228)	(5,047)
	Book Value	1,073	1,159	1,073	1,159
Motor Vehicles	Cost	216	188	216	188
	Accumulated Depreciation	(142)	(116)	(142)	(116)
	Book Value	74	72	74	72
Office Equipment	Cost	215	203	214	203
	Accumulated Depreciation	(172)	(159)	(171)	(159)
	Book Value	43	44	43	44
Plant and Equipment	Cost	434	381	434	381
	Accumulated Depreciation	(200)	(173)	(200)	(173)
	Book Value	234	208	234	208
Capital Work in Progress	Cost	1,009	425	1,009	425
NET TOTAL BOOK VALUE		\$6,422	\$5,215	\$6,391	\$5,182

The aggregate of the latest Government Valuation (1999) of Land is \$155,000, Buildings is \$400,000, and Buildings on Leased Land is \$2,557,500.

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NOTE 6 – RECONCILIATION OF SURPLUS ATTRIBUTABLE TO SHAREHOLDERS WITH CASH FLOW FROM OPERATING ACTIVITIES

	Group 2001 \$000s	Group 2000 \$000s	Parent 2001 \$000s	Parent 2000 \$000s
SURPLUS FOR THE YEAR	3,711	3,685	3,784	3,683
Non Cash Items				
(Gain) Loss on Disposal of Fixed Assets	(4)	(17)	(4)	(17)
Revaluation of Foreign Currency Assets	-	(2)	-	(2)
Depreciation	1,484	1,511	1,462	1,494
Movement in Future Income Tax Benefit	28	50	31	48
Total Non Cash Items	1,508	1,542	1,489	1,523
Movements in Working Capital				
(Increase) in Receivables	(154)	(1,360)	(289)	(1,474)
Increase (Decrease) in Accounts Payable and Accruals	211	(183)	183	(68)
Increase (Decrease) in GST and Income Taxation Payable	86	(17)	120	(17)
(Increase) Decrease in Inventories	116	(94)	116	(94)
Total Movement in Working Capital	259	(1,654)	130	(1,653)
NET CASH FLOW FROM OPERATING ACTIVITIES	\$5,478	\$3,573	\$5,403	\$3,553

NOTE 7 – CAPITAL

AUTHORISED, ISSUED AND FULLY PAID CAPITAL CONSISTS OF 5,000,000 ORDINARY SHARES	\$5,000	\$5,000	\$5,000	\$5,000
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Share issue details and rights – Ordinary shares

As at 30 June 2001 there were 5,000,000 shares issued and fully paid (2000: 5,000,000). All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUALS

Sundry Creditors and Accruals	1,196	1,108	1,169	1,060
Accounts Payable, including PAYE and GST	720	731	729	779
Employee Entitlements	899	889	899	889
Income in Advance	254	135	194	83
TOTAL ACCOUNTS PAYABLE AND ACCRUALS	\$3,069	\$2,863	\$2,991	\$2,811

NOTE 9 – CAPITAL COMMITMENTS

CAPITAL COMMITMENTS OUTSTANDING AT BALANCE DATE NOT PROVIDED FOR	\$323	-	\$323	-
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NOTE 10 – LEASE COMMITMENTS

	Group 2001 \$000s	Group 2000 \$000s	Parent 2001 \$000s	Parent 2000 \$000s
Non-Cancellable Operating Lease Commitments are:				
0-1 Year	92	92	92	92
1-2 Years	52	72	52	72
2-5 Years	120	99	120	99
5 Years and Over	135	152	135	152

NOTE 11 – SOFTWARE DEVELOPMENT COSTS

Incomplete Software Projects as at 1 July	221	283	221	283
Software Development Costs Incurred During the Year	498	473	498	473
Cost of Software sold to External Parties or Written Off	(75)	(69)	(75)	(69)
Software Development Costs Capitalised to Fixed Assets	(286)	(466)	(286)	(466)
INCOMPLETE SOFTWARE PROJECTS AS AT 30 JUNE	\$358	\$221	\$358	\$221

Internally developed software costs for which there is an enduring benefit are capitalised and amortised over a period of three years.

NOTE 12 – TERM LOAN

UNSECURED BANK LOAN	\$1,000	\$1,000	\$1,000	\$1,000
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On 30 June 1998, Meteorological Service of New Zealand Limited entered into a term loan agreement with the Westpac Banking Corporation.

No security has been provided for this loan.

The interest rate is fixed to 31 December 2001 at 7.15% pa (2000: 6.78% pa).

NOTE 13 – FINANCIAL INSTRUMENTS**Nature of activities and management policies with respect to financial instruments**

Forward Contract Agreements				
AT BALANCE DATE THE NOTIONAL PRINCIPAL OR CONTRACT AMOUNTS OF FOREIGN CURRENCY AGREEMENTS OUTSTANDING WERE (NZ\$)	\$106	\$190	\$106	\$190

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Meteorological Service of New Zealand Limited undertakes transactions denominated in foreign currencies from time to time and, resulting from these activities, incurs exposures to foreign currency risks. It is Meteorological Service of New Zealand Limited's policy to hedge foreign currency risks as they arise. Meteorological Service of New Zealand Limited uses forward and spot foreign exchange contracts to manage these exposures.

Credit Risk

Financial instruments which potentially subject Meteorological Service of New Zealand Limited to credit risk principally consist of bank transactions and deposits, accounts receivable and sundry accounts receivable. Meteorological Service of New Zealand Limited 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 Minister of Transport represent a significant account receivable, however, it is not regarded as a significant concentration of credit risk.

Meteorological Service of New Zealand Limited does not require collateral or security to support financial

instruments due to the quality of financial institutions and trade debtors dealt with.

Interest Rate Risk

Meteorological Service of New Zealand Limited's short term deposits are at fixed interest rates and mature within 30 days.

Meteorological Service of New Zealand Limited has long term fixed rate borrowings which are used to fund ongoing activities. Interest rate exposure is maintained on a fixed rate basis.

Fair Values

There were no differences between the fair value and the carrying amounts of financial instruments at 30 June 2001.

NOTE 14: 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.

NOTE 15: RELATED PARTY TRANSACTIONS

During the year, Meteorological Service of New Zealand Limited provided certain meteorological services to the Minister of Transport under a significant agreement. Meteorological Service of New Zealand Limited also undertakes transactions with other State Owned Enterprises and Government Departments. All the foregoing were carried out on a commercial and arm's length basis in the normal course of business.

NOTE 16: INVESTMENT IN SUBSIDIARY/ JOINT VENTURE

The Parent Company's investment in the subsidiary comprises shares at cost. Metra Information Limited, a company involved with the provision of weather and information presentation services, is a wholly owned subsidiary with a 30 June balance date.

Metra Information Limited has a 50% participating interest in Weatherscape Technologies, a joint venture with Television New Zealand Limited, for the development and marketing of television weather graphical presentations overseas. The joint venture financial statements are unaudited.

NOTE 16 INVESTMENT IN SUBSIDIARY/JOINT VENTURE CONTINUED

	Group 2001 \$000	Group 2000 \$000	Parent 2001 \$000	Parent 2000 \$000
Financial Performance				
Revenue	38	-	-	-
Expenses	(41)	-	-	-
NET CONTRIBUTION TO GROUP OPERATING SURPLUS	(\$3)	-	-	-
Financial Position				
The Group's share of assets and liabilities, proportionately consolidated was:				
Current Assets	293	40	-	-
Current Liabilities	(39)	(34)	-	-
NET ASSETS EMPLOYED IN THE JOINT VENTURE	\$254	\$6	-	-

NOTE 17: DIVIDEND

Post Balance Date

Directors have declared a final dividend of \$1,125,000 (2000: \$1,215,000), and a further interim dividend of \$500,000 (2000: \$1,000,000), bringing the total dividend payment for the year to \$2,725,000 (2000: \$3,215,000).

NOTE 18: CONTINGENT LIABILITIES

Meteorological Service of New Zealand Limited has no contingent liabilities as at 30 June 2001 (2000: \$24,000).

AUDITOR'S REPORT

Report of the Audit Office to the readers of the financial statements of Meteorological Service of New Zealand Limited for the year ended 30 June 2001.

We have audited the financial statements on pages 13 to 21. The financial statements provide information about the past financial performance and financial position of the Meteorological Service of New Zealand Limited and Group as at 30 June 2001. This information is stated in accordance with the accounting policies set out on pages 16 to 17.

Responsibilities of the Board of Directors

The State-Owned Enterprises Act 1986 and Financial Reporting Act 1993 require the Board of Directors (the Board) to prepare financial statements which comply with generally accepted accounting practice and give a true and fair view of the financial position of the Meteorological Service of New Zealand Limited and Group as at 30 June 2001 and its financial performance and cash flows for the year ended 30 June 2001.

Auditors' Responsibilities

Section 19 of the State-Owned Enterprises Act 1986 requires the Audit Office to audit the financial statements presented by the Board. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and report its opinion to you.

The Controller and Auditor-General has appointed Timothy John Fairhall, of PricewaterhouseCoopers, to undertake the audit.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements.

It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements, and
- whether the accounting policies are appropriate to Meteorological Service of New Zealand Limited and Group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Controller and Auditor-General and the provision of tax advice, we have no relationship with or interests in the Meteorological Service of New Zealand Limited or its subsidiary.


Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by Meteorological Service of New Zealand Limited and Group as far as appears from our examination of those records; and
- the financial statements of Meteorological Service of New Zealand Limited and Group on pages 13 to 21:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of
 - the financial position of the Company as at 30 June 2001; and
 - its financial performance and cash flows for the year ended on that date.

Our audit was completed on 21 August 2001 and our unqualified opinion is expressed as at that date.



T J Fairhall
On behalf of the
Controller and
Auditor-General
Wellington, New Zealand.

PricewaterhouseCoopers

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DIRECTORY

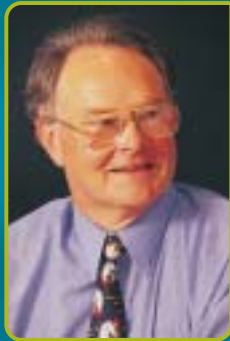


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