



## **CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS**

We have examined the attached special purpose information disclosure statements of NGC Holdings Limited Retail Gas (Information Disclosure) Business and dated 15 November 2010 for the purposes of regulation 6 of the Gas (Information Disclosure) Regulation 1997.

We certify that, having made all reasonable enquiry, to the best of our knowledge, those financial statements have been prepared in accordance with the requirements of the Gas (Information Disclosure) Regulations 1997.

*KPMG*

KPMG

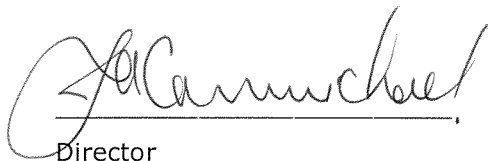
15 November 2010



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**CERTIFICATION OF FINANCIAL STATEMENTS DISCLOSED BY DIRECTORS  
OF THE CORPORATION**

We, JAMES CARMICHAEL and ALISON PATERSON, directors of NGC Holdings Limited ("the Corporation"), certify that, having made all reasonable enquiry, to the best of our knowledge, the attached audited financial statements of the Corporation, prepared for the purposes of regulation 6 of the Gas (Information Disclosure) Regulations 1997, comply with the requirements of that regulation.

  
Director

Date: 15 November 2010

  
Director

Date: 15 November 2010

NGC HOLDINGS LIMITED

(A WHOLLY OWNED SUBSIDIARY OF  
VECTOR LIMITED)

GAS RETAILING ACTIVITIES  
2010

INFORMATION FOR DISCLOSURE

PURSUANT TO THE  
GAS (INFORMATION DISCLOSURE) REGULATIONS 1997

**NGC HOLDINGS LIMITED**  
**GAS RETAILING ACTIVITIES**

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	2010 \$000	2009 \$000
<b>Operating revenue</b>		<b>268,501</b>	<b>256,923</b>
Gas purchases, transmission and network charges		(264,035)	(249,242)
Personnel expenses		(1,637)	(1,207)
Other expenses		(231)	255
<b>Operating expenditure</b>		<b>(265,903)</b>	<b>(250,194)</b>
<b>Earnings before interest, income tax, depreciation and amortisation (EBITDA)</b>		<b>2,598</b>	<b>6,729</b>
Depreciation and amortisation		(346)	(373)
<b>Profit before interest and income tax</b>	<b>1</b>	<b>2,252</b>	<b>6,356</b>
Finance costs	<b>2</b>	(1,069)	(1,447)
<b>Profit before income tax</b>		<b>1,183</b>	<b>4,909</b>
Income tax expense	<b>3</b>	(344)	(1,343)
<b>Net profit for the period</b>		<b>839</b>	<b>3,566</b>
<b>Total comprehensive income for the period</b>		<b>839</b>	<b>3,566</b>



**NGC HOLDINGS LIMITED**  
**GAS RETAILING ACTIVITIES**

**STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2010

	NOTE	2010 \$000	2009 \$000
<b>CURRENT ASSETS</b>			
Trade receivables	6	23,117	29,821
<b>Total current assets</b>		<b>23,117</b>	<b>29,821</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	166	315
Intangible assets	11	554	602
Deferred tax	4	21	6
<b>Total non-current assets</b>		<b>741</b>	<b>923</b>
<b>Total assets</b>		<b>23,858</b>	<b>30,744</b>
<b>CURRENT LIABILITIES</b>			
Dividend payable		839	3,566
Notional borrowings		1,455	-
Income tax		373	1,138
Payables and accruals	7	7,491	8,722
Provisions	8	90	89
<b>Total current liabilities</b>		<b>10,248</b>	<b>13,515</b>
Notional borrowings	14	13,510	17,129
<b>Total non-current liabilities</b>		<b>13,510</b>	<b>17,129</b>
<b>Total liabilities</b>		<b>23,758</b>	<b>30,644</b>
<b>EQUITY</b>			
Notional reserves	5	100	100
<b>Total equity</b>		<b>100</b>	<b>100</b>
<b>Total equity and liabilities</b>		<b>23,858</b>	<b>30,744</b>



# **NGC HOLDINGS LIMITED**

## **GAS RETAILING ACTIVITIES**

### **STATEMENT OF ACCOUNTING POLICIES**

FOR THE YEAR ENDED 30 JUNE 2010

#### **REPORTING ENTITIES**

These financial information disclosure statements comprise the gas retailing activities of NGC Holdings Limited and its subsidiaries. The gas retailing activities involve the supply of gas to consumers.

NGC Holdings Limited is a company registered under the Companies Act 1993. NGC Holdings Limited is a wholly owned subsidiary of Vector Limited. The gas retailing activities of NGC Holdings Limited form part of that statutory entity, the financial statements of which are consolidated into the Vector Limited financial statements for the year ended 30 June 2010 which have been prepared in accordance with New Zealand International Financial Reporting Standards. These financial statements have been prepared in accordance with accounting policies detailed below and the disclosures correspond accordingly.

These financial information disclosure statements for the gas retailing activities are special purpose financial reports.

#### **STATUTORY BASE**

The financial information disclosure statements have been prepared in accordance with the requirements of the Gas (Information Disclosure) Regulations 1997.

#### **MEASUREMENT BASE**

The financial information disclosure statements are prepared on the basis of historical cost and should be read in conjunction with the accounting policies in Vector Limited's annual report for the year ended 30 June 2010.

The avoidable cost allocation methodology (ACAM) as described in the Electricity Information Disclosure Handbook 31 March 2004 has been adopted, for the allocation of revenues, costs, assets and liabilities between the regulated activities and other activities of the company. Under the Gas (Information Disclosure) Regulation 1997, there is no mandated allocation methodology, thus ACAM as prescribed in the Electricity Information Disclosure Handbook has been applied.

Allocations have been carried out on the following basis:

- Direct allocation of all components of financial statement items which are directly attributable to the activity.
- For any components of financial statement items that are not directly attributable to an activity:
  - By assessing the proportions of those components which are avoidable and non-avoidable; and
  - Allocating those components amongst the activities on the basis of those proportions using an appropriate cost allocator.

The two main allocators used are the number of employees and the book value of property, plant and equipment. Some costs, for example IT costs and non-system asset depreciation, are separately analysed and are allocated using allocators specific to those costs.

In applying the principles of ACAM, activities have been split into two categories – activities potentially subject to limited or no competition and activities that operate in a competitive market. ACAM is intended to show that no more than the standalone costs have been allocated to the activities in potentially non-competitive markets. The 'not directly attributable' costs are initially allocated to the activities potentially subject to limited or no competition, any residual costs i.e. avoided costs are allocated to incremental activities. The gas retailing activities are treated as an incremental activity as it operates in a competitive market.

All financial statement items not allocated to the gas retailing activities, are allocated to other activities within the Vector group. Other activities are not disclosed within these financial information disclosure statements.

#### **PRESENTATION OF FINANCIAL STATEMENTS**

In accordance with the revised IAS 1 Presentation of Financial Statements (2007), which became effective for financial periods commencing on or after 1 January 2009, movements in equity resulting from transactions other than those with owners are presented in a statement of comprehensive income. Since this change in accounting policy only impacts presentation aspects, there are no impacts on the statement of comprehensive income, or the statement of financial position. Comparative information has been re-presented so that it conforms to the revised standard.

The comparative figures have been reclassified to ensure consistency with the presentation of Vector Limited statutory financial statements where required.

#### **GOING CONCERN**

The financial statements have been prepared on a going concern basis.



# **NGC HOLDINGS LIMITED**

## **GAS RETAILING ACTIVITIES**

### **STATEMENT OF ACCOUNTING POLICIES**

FOR THE YEAR ENDED 30 JUNE 2010

#### **SIGNIFICANT ACCOUNTING POLICIES**

The following specific accounting policies that materially affect the measurement of profit or loss, comprehensive income, assets, liabilities and equity have been applied consistently to all periods presented in the financial statements.

##### **A) REVENUE**

###### **Sale of goods**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods.

##### **B) GOODS AND SERVICES TAX (GST)**

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

##### **C) RECEIVABLES**

Receivables are carried at estimated realisable value after providing against debts where collection is doubtful.

##### **D) INCOME TAX**

Income tax expense comprises current and deferred tax.

Income tax assets and liabilities are the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable or receivable in respect of previous years. During the financial period, the income tax liability or asset is estimated based on the forecast effective tax rate for that entire financial period.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Movements in deferred tax assets and liabilities are recognised within tax expense in the statement of comprehensive income unless the temporary difference initially arose in equity or the difference resulted from application of ACAM to balance sheet items in which case the movement is then recognised as an adjustment in equity and / or borrowings against the item to which the temporary difference relates.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at balance date.

Deferred tax assets including unutilised tax losses are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at balance date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### **E) IDENTIFIABLE INTANGIBLE ASSETS**

###### **Easements**

Easements are perpetual rights to use land owned by others for a stated purpose and are classified as intangible assets. Easements are not amortised.

###### **Software**

Software that is not integral to the functionality of the related hardware is classified as an intangible asset. It is amortised on a straight line basis over its useful life, commencing on the date it is available for use. Software assets which are integral to the operation of the related hardware are classified as computer equipment within property, plant and equipment. Software intangible assets have a useful life of between 2 and 10 years.



# **NGC HOLDINGS LIMITED**

## **GAS RETAILING ACTIVITIES**

### **STATEMENT OF ACCOUNTING POLICIES**

FOR THE YEAR ENDED 30 JUNE 2010

#### **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **F) PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are tangible assets expected to be used during more than one financial period and include spares held for the servicing of other property, plant and equipment that is owned.

The initial cost of purchased property, plant and equipment is the value of the consideration given to acquire the property, plant and equipment and the value of other directly attributable costs, which have been incurred in bringing the property, plant and equipment to the location and condition necessary for the intended service.

The initial cost of self-constructed property, plant and equipment includes the cost of all materials used in construction, direct labour on the project, financing costs that are attributable to the project, costs of ultimately dismantling and removing the items and restoring the site on which they are located (where an obligation exists to do so) and an appropriate proportion of the other directly attributable overheads incurred in bringing the items to working condition for their intended use. Financing costs that would have been avoided if the expenditure on qualifying assets had not been made are capitalised while the construction activities are in progress. Costs cease to be capitalised as soon as the property, plant and equipment is ready for productive use and do not include any costs of abnormal waste.

Uninstalled property, plant and equipment are stated at the lower of cost and estimated recoverable amount. Estimated recoverable amount is the greater of the estimated amount from the future use of the property, plant and equipment and its ultimate disposal, and its fair value less costs to sell.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation and impairment losses.

Subsequent expenditure relating to an item of property, plant and equipment is added to its gross carrying amount when such expenditure can be measured reliably and either increases the future economic benefits beyond its existing service potential, or is necessarily incurred to enable future economic benefits to be obtained, and that expenditure would have been included in the initial cost of the item had the expenditure been incurred at that time. The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

##### **G) DEPRECIATION**

Depreciation of property, plant and equipment is calculated on a straight line basis so as to expense the cost of the property, plant and equipment, less any expected residual value, to the statement of comprehensive income over its useful economic life.

Depreciation commences when the item of property, plant and equipment is brought into productive use, or when such items become available for use.

#### **ESTIMATED USEFUL LIVES YEARS**

Plant, vehicles and equipment	3 – 40 years
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##### **H) LEASED ASSETS**

###### **Operating leases**

Payments made under operating leases, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased property, plant and equipment are recognised in the statement of comprehensive income on a straight-line basis over the lease term. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease. Property, plant and equipment used under operating leases are not recognised in the statement of financial position.

##### **I) PROVISIONS**

###### **Employee entitlements**

Employee entitlements to salaries and wages, annual leave, long-term leave and other benefits are recognised when they accrue to employees.





# **NGC HOLDINGS LIMITED**

## **GAS RETAILING ACTIVITIES**

### **STATEMENT OF ACCOUNTING POLICIES**

FOR THE YEAR ENDED 30 JUNE 2010

#### **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **I) PROVISIONS (CONTINUED)**

###### **Other provisions**

Provisions are estimated by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where a provision is currently expected to be utilised within one year, or where the future actions of a third party could cause the liability to be settled within one year, the provision is not discounted.

The amortisation or unwinding of any discount applied in establishing the net present value of provisions is charged to finance costs in the statement of comprehensive income as the period of discounting diminishes.

Provisions are liabilities which arise where it is considered, as a result of a past event, that a constructive or legal obligation exists to settle items in the foreseeable future. A provision is recognised where the likelihood of a resultant liability is considered more probable than not and the amount required to settle the liability can be reliably estimated. Where the likelihood of a resultant liability is more than remote but insufficient to warrant a provision, such events are disclosed as contingent liabilities.

##### **J) IMPAIRMENT**

The carrying amounts of the assets are reviewed at balance date to determine whether there is any evidence of impairment.

Where assets are deemed to be impaired, the impairment loss is the amount that the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the statement of comprehensive income.

###### **Impairment of receivables**

The carrying amount of the receivables is compared to the recoverable amount which is amortised cost. Amortised cost is estimated as the present value of estimated future cash flows. Long term receivables are discounted to reflect the time value of money. An impairment loss is recognised if the carrying amount of a receivable or grouping of similar receivables exceeds its recoverable amount. Receivables with a short duration are not discounted.

For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account previous experience of doubtful or delayed collection of debts on portfolios with a similar amount of days overdue.

###### **Impairment of non-financial assets**

The carrying amounts of the non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists then the asset's carrying amount is compared to its recoverable amount to determine the level of impairment if any.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing the 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.

Impairment losses recognised in prior periods are assessed at each balance date for any indications that the loss has decreased or no longer exists. An impairment loss may be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed to the statement of comprehensive income only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.



**NGC HOLDINGS LIMITED**  
**GAS RETAILING ACTIVITIES**

**STATEMENT OF ACCOUNTING POLICIES**  
FOR THE YEAR ENDED 30 JUNE 2010

**NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

Refer to the accounting policies in Vector Limited's annual report for the year ended 30 June 2010 for detailed information.

**APPROVAL OF FINANCIAL STATEMENTS**

The financial information disclosure statements were approved by the board of directors on 15 November 2010.



**NGC HOLDINGS LIMITED**  
**GAS RETAILING ACTIVITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**1. PROFIT BEFORE INTEREST AND INCOME TAX**

	2010	2009
	\$000	\$000
Profit before interest and income tax includes:		
Audit fees	28	28
Depreciation of plant, vehicles and equipment	155	159
Operating leasing costs	50	47
Personnel expenses	1,637	1,207
Amortisation of software intangibles	191	214
Increase / (decrease) in provisions	1	(5,924)
Decrease in provision for doubtful debts	(70)	(538)

**2. FINANCE COSTS**

	2010	2009
	\$000	\$000
<b>Finance costs</b>		
Interest expense	1,069	1,447

**3. INCOME TAX EXPENSE**

	2010	2009
	\$000	\$000
Profit before income tax	1,183	4,909
<b>Tax at current rate of 30%</b>	<b>355</b>	<b>1,473</b>
Prior period adjustments	1	(132)
Other	(13)	2
Future reduction in tax rate impacting deferred tax	1	-
<b>Income tax expense</b>	<b>344</b>	<b>1,343</b>
Current income tax	405	1,295
Deferred income tax	(61)	48
<b>Total</b>	<b>344</b>	<b>1,343</b>

**4. DEFERRED TAX**

	PROPERTY, PLANT AND EQUIPMENT	PROVISIONS AND ACCRUALS	TOTAL
2010	\$000	\$000	\$000
Balance at the beginning of the period	(58)	64	6
Amounts recognised in the statement of comprehensive income:			
Relating to the current period	28	3	31
Prior period adjustments recognised in the current period	2	29	31
Relating to future reduction in tax rate	5	(6)	(1)
Amounts recognised in the statement of financial position	(46)	-	(46)
<b>Balance at the end of the period</b>	<b>(69)</b>	<b>90</b>	<b>21</b>
Deferred tax assets	-	90	90
Deferred tax liabilities	(69)	-	(69)
<b>Net deferred tax (liabilities) / assets</b>	<b>(69)</b>	<b>90</b>	<b>21</b>

# NGC HOLDINGS LIMITED

## GAS RETAILING ACTIVITIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

#### 4. DEFERRED TAX (continued)

	PROPERTY, PLANT AND EQUIPMENT	PROVISIONS AND ACCRUALS	TOTAL
	\$000	\$000	\$000
2009			
Balance at the beginning of the period	(23)	77	54
Amounts recognised in the statement of comprehensive income:			
Relating to the current period	(130)	(206)	(336)
Prior period adjustments recognised in the current period	95	193	288
<b>Balance at the end of the period</b>	<b>(58)</b>	<b>64</b>	<b>6</b>
Deferred tax assets	-	64	64
Deferred tax liabilities	(58)	-	(58)
<b>Net deferred tax (liabilities) / assets</b>	<b>(58)</b>	<b>64</b>	<b>6</b>

The tax charge is notional, therefore no actual tax payments are made and as a result there are no imputation credits available to the gas retailing activities.

In May 2010 the Government announced a reduction in the company tax rate to 28%, effective from the 2011/2012 income year. In accordance with NZ IAS 12 the deferred tax has been restated to reflect this change.

#### 5. NOTIONAL RESERVES

	2010	2009
	\$000	\$000
Balance at the beginning of the period	100	100
Net profit for the period	839	3,566
Notional dividend declared	(839)	(3,566)
<b>Balance at the end of the period</b>	<b>100</b>	<b>100</b>

A provision has been made for a notional dividend of \$0.8 million (30 June 2009: \$3.6 million) payable for the current year.

#### 6. TRADE RECEIVABLES

	2010	2009
	\$000	\$000
<b>Current</b>		
Trade receivables	23,147	29,921
Provision for doubtful debts	(30)	(100)
<b>Total</b>	<b>23,117</b>	<b>29,821</b>

#### 7. PAYABLES AND ACCRUALS

	2010	2009
	\$000	\$000
<b>Current</b>		
Trade payables – NGC gas wholesaling activities (related party)	5,366	7,967
Other trade payables and creditors	1,932	508
Interest payable	193	247
<b>Total</b>	<b>7,491</b>	<b>8,722</b>

**NGC HOLDINGS LIMITED**  
**GAS RETAILING ACTIVITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2010

**8. PROVISIONS**

	2010	2009
	\$000	\$000
Balance at the beginning of the period	89	6,013
Increase of provision for employee entitlements	1	2
Decrease of other provisions	-	(5,926)
<b>Balance at the end of the period</b>	<b>90</b>	<b>89</b>

**9. COMMITMENTS**

There is no capital expenditure committed for and not recorded in these financial statements for the year ended 30 June 2010 (30 June 2009: nil).

**Operating lease commitments**

	2010	2009
	\$000	\$000
Non cancellable operating lease payments are as follows:		
Within one year	52	53
One to five years	1	37
<b>Total</b>	<b>53</b>	<b>90</b>

The majority of the operating lease commitments relate to premises.

**10. PROPERTY, PLANT AND EQUIPMENT**

	COST	ACCUMULATED DEPRECIATION	CARRYING AMOUNT
2010	\$000	\$000	\$000
Plant, vehicles and equipment	848	(682)	166
<b>Total</b>	<b>848</b>	<b>(682)</b>	<b>166</b>

	COST	ACCUMULATED DEPRECIATION	CARRYING AMOUNT
2009	\$000	\$000	\$000
Plant, vehicles and equipment	880	(565)	315
<b>Total</b>	<b>880</b>	<b>(565)</b>	<b>315</b>



**NGC HOLDINGS LIMITED**  
**GAS RETAILING ACTIVITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2010

**11. INTANGIBLE ASSETS**

	<b>COST</b>	<b>ACCUMULATED AMORTISATION</b>	<b>CARRYING AMOUNT</b>
<b>2010</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Software	2,060	(1,506)	554
<b>Total</b>	<b>2,060</b>	<b>(1,506)</b>	<b>554</b>

	<b>COST</b>	<b>ACCUMULATED AMORTISATION</b>	<b>CARRYING AMOUNT</b>
<b>2009</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Software	1,873	(1,271)	602
<b>Total</b>	<b>1,873</b>	<b>(1,271)</b>	<b>602</b>

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**FOREIGN EXCHANGE RISK**

Transactions are conducted in foreign currencies for the purpose of protecting the NZD value of capital expenditure. Forward exchange contracts are used to hedge forecasted foreign currency exposure arising out of the capital expenditure program. Hence at balance date no significant exposure to foreign currency risk exists.

**CREDIT RISK**

In the normal course of business, there is exposure to credit risks from energy retailers and customers. Credit policies are in place, which are used to manage the exposure to credit risks.

	<b>2010 CARRYING AMOUNT \$000</b>	<b>2009 CARRYING AMOUNT \$000</b>
Trade receivables	23,117	29,821

**13. CONTINGENT LIABILITIES**

Claims against the gas retailing activities, where appropriate, have been recognised and disclosed within provisions. No other material contingent liabilities requiring disclosure have been identified (30 June 2009: nil).



**NGC HOLDINGS LIMITED**  
**GAS RETAILING ACTIVITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2010

**14. NOTIONAL BORROWINGS**

Borrowings are a notional loan from Vector Limited to reflect a debt/equity mix in line with ACAM.

The interest cost on the borrowings has been calculated using a weighted average interest rate.

**15. TRANSACTIONS WITH RELATED PARTIES**

NATURE OF THE TRANSACTION	RELATED PARTY	2010 \$000	2009 \$000
Sold gas based on standard terms and conditions.	Vector Kapuni Limited	10,510	8,667
Sold gas based on standard terms and conditions.	Kapuni Gas Treatment Plant	831	1,044
Sold gas for use in the compressors and line heaters based on standard terms and conditions.	Gas Transmission Activities	3,475	3,798
Purchased gas based on actual amounts billed and notional revenue charged to gas retailing activities based on gas wholesales's cost of gas.	Gas Wholesaling Activities	214,193	199,442
Purchased gas transmission services based on standard terms and conditions.	Gas Transmission Activities	30,274	29,160
Purchased gas processing services based on notional revenue charged to gas retailing activities.	Kapuni Gas Treatment Plant	7,095	6,131
Purchased distribution services based on standard terms and conditions.	Gas Distribution Activities	3,791	4,198
Purchased metering services based on standard terms and conditions.	NGC Metering Limited	599	596
Purchased distribution services based on standard terms and conditions.	Vector Limited	4,498	4,506
Notional borrowings advance	Vector Limited	14,965	17,129

(Transmission and distribution services charges are paid to related parties at the time of billing.)

