KPMG

CERTIFICATION BY AUDITOR IN RELATION TO FINANCIAL STATEMENTS

We have examined the attached special purpose information disclosure statements of NGC Holdings Limited Wholesale Gas (Information Disclosure) Business and dated 14 November 2007 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

21 November 2007

CERTIFICATION OF FINANCIAL STATEMENTS DISCLOSED BY DIRECTORS OF THE CORPORATION

We, Bob Thomson 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: 14 November 2007

Director

Date: 14 November 2007

NGC HOLDINGS LIMITED

(A WHOLLY OWNED SUBSIDIARY OF VECTOR LIMITED)

GAS WHOLESALING ACTIVITIES 2007

INFORMATION FOR DISCLOSURE

PURSUANT TO THE
GAS (INFORMATION DISCLOSURE) REGULATIONS 1997

NGC HOLDINGS LIMITED
GAS WHOLESALING ACTIVITIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	2007 $000	2006 $000
Operating revenue		**313,427**	138,454
Operating expenditure		**(268,003)**	(143,946)
Earnings before interest, income tax, depreciation and amortisation		**45,424**	(5,492)
Depreciation and amortisation		**(138)**	-
Operating surplus/(deficit) before income tax	1	**45,286**	(5,492)
Income tax (expense) / benefit	2	**(15,277)**	1,811
Net surplus/(deficit) for the year		**30,009**	(3,681)

NGC HOLDINGS LIMITED
GAS WHOLESALING ACTIVITIES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2007

	NOTE	2007 $000	2006 $000
CURRENT ASSETS			
Notional cash		**48,134**	3,564
Prepaid gas	4	**4,210**	7,950
Receivables and prepayments	6	**17,844**	6,272
Inventories		**38**	740
Income tax		**-**	1,263
Total current assets		**70,226**	19,789
NON-CURRENT ASSETS			
Property, plant and equipment	10	**518**	-
Prepaid gas	4	**-**	4,932
Deferred tax	3	**881**	878
Receivables and prepayments	6	**-**	1,400
Total non-current assets		**1,399**	7,210
Total assets		**71,625**	26,999
CURRENT LIABILITIES			
Income tax		**15,518**	-
Dividend payable		**30,009**	-
Payables and accruals	7	**25,998**	26,899
Total current liabilities		**71,525**	26,899
Total liabilities		**71,525**	26,899
EQUITY			
Notional reserves	5	**100**	100
Total equity		**100**	100
Total equity and liabilities		**71,625**	26,999

NGC HOLDINGS LIMITED
GAS WHOLESALING ACTIVITIES
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2007

ENTITIES REPORTING

These financial information disclosure statements comprise the gas wholesaling business activities of NGC Holdings Limited and its subsidiaries. The gas wholesaling activities involves the sale of gas to persons for the purpose of resupply by the other persons (other than those wholesaling activities involving the supply of gas to refuellers).

NGC Holdings Limited is a company registered under the Companies Act 1993. NGC Holdings Limited is a wholly owned subsidiary of Vector Limited. NGC Holdings Limited is yet to adopt New Zealand International Financial Reporting Standards, as such these financial information disclosure statements apply the same accounting policies as that of Vector Limited and comply with New Zealand Generally Accepted Accounting Practice. The accounting policies as they relate to the gas wholesaling business are detailed below.

These financial information disclosure statements for the gas wholesaling business activities of the Vector group are Special Purpose Financial Reports as defined in the New Zealand Institute of Chartered Accountants' "framework for differential reporting".

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.

The Vector group has adopted a policy to apply the avoidable cost allocation methodology (ACAM) described in the Electricity Information Disclosure Handbook 31 March 2004, for the allocation of revenues, costs, assets and liabilities between the regulated businesses and other activities of the group. Under the Gas (Information Disclosure) Regulation 1997, there is no specific guidance provided on the cost allocation method to apply, thus the Vector group has followed the Electricity Information Disclosure Handbook in allocating costs.

The costs have been allocated on the following basis:

- Direct allocation of all components of financial statement items which are directly attributable to the specific businesses.
- For any components of financial statement items that are not directly attributable to a specific business:
  - By assessing the proportions of those components which are avoidable and non-avoidable; and
  - Allocating those components amongst the businesses 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 like integration costs, 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, businesses have been split into two categories – businesses potentially subject to limited or no competition and businesses that operate in a competitive market. ACAM is intended to show that no more than standalone costs have been allocated to the businesses in potentially non-competitive markets. The 'not directly attributable' costs are initially allocated to the businesses potentially subject to limited or no competition. Avoided costs are allocated to incremental businesses. The gas wholesaling activities are treated as an incremental business as this is a competitive market.

All costs not allocated to the gas wholesaling business, are allocated to other businesses within the Vector group. Other businesses are not disclosed within these financial information disclosure statements.

GOING CONCERN

The financial statements have been prepared on a going concern basis which the directors believe is appropriate.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies that materially affect the measurement of financial performance and financial position have been applied.

A) COMPARATIVES

Where a change in the presentational format of the financial information disclosure statements has been made during the period, comparative figures have been restated accordingly.

B) INCOME RECOGNITION

Income from the provision of gas wholesaling services is recognised as services are delivered.

C) GOODS AND SERVICES TAX (GST)

The statement of financial performance 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.

D) RECEIVABLES

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

E) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out or weighted average cost basis.

F) GAS CONTRACTS AND PREPAID GAS

The gas wholesaling activities may from time to time prepay for gas and these payments may entitle the gas wholesaling activities to delivery of gas in subsequent years without further payment. Gas prepayments are capitalised as an asset and are expensed to cost of goods sold in the statement of financial performance as the prepaid gas is utilised. The amortisation rate per unit of gas is based on the amount of prepaid gas which the gas wholesaling activities expects to access over the term of the contract.

Where the gas wholesaling activities recognises an estimated liability for future obligations to provide gas at a later date, fees associated with those gas advances are amortised to the statement of financial performance over the expected life of the contract.

G) INCOME TAX

The income tax expense recognised for the year is based on the operating surplus before taxation, adjusted for permanent differences between accounting and tax rules.

The impact of all timing differences between accounting and taxable income is recognised as a deferred tax liability or asset. This is the comprehensive basis for the calculation of deferred tax under the liability method.

A deferred tax asset, or the effect of tax losses carried forward is recognised in the financial statements only where there is the virtual certainty that the benefit of the timing differences, or losses, will be utilised.

H) PROPERTY, PLANT AND EQUIPMENT

The 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. All feasibility costs are expensed as incurred.

Subsequent expenditure relating to an item of property, plant and equipment is added to its gross carrying amount when such expenditure 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.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the statement of financial performance. Estimated recoverable amount is the greater of the estimated amount from the future use of property, plant and equipment and its ultimate disposal, and its net market value. Annual impairment reviews are undertaken for these classes of property, plant and equipment.

I) DEPRECIATION

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

Plant, vehicles and equipment	3 – 40 years

J) PROVISIONS

Employee entitlements

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

Other provisions

A provision is recognised as a liability where 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. Where the likelihood of a resultant liability is more than remote but insufficient to warrant a provision, such events are disclosed as contingent liabilities.

K) FINANCIAL INSTRUMENTS

Derivative financial instruments are used within predetermined policies and limits in order to manage its exposure to fluctuations in foreign currency exchange rates and interest rates.

Derivative financial instruments that are designated as hedges of specific items are recognised on the same basis as the underlying hedged items.

No speculative transactions are conducted nor are any derivative financial instruments held for trading purposes.

Fees and other costs incurred in raising debt finance not directly attributable to the acquisition of subsidiaries are capitalised and amortised over the term of the debt instrument or debt facility.

Interest income and expenses are recognised on an accrual basis. Where a debt instrument is issued at a discount or premium, the discount or premium is capitalised and amortised over the life of the instrument.

Fair value adjustments on derivative instruments acquired are initially recognised in the statement of financial position as a mark to market adjustment. Subsequent to initial recognition, the mark to market adjustment is amortised to the statement of financial performance over the period of the underlying derivative.

CHANGES IN ACCOUNTING POLICIES

All accounting policies have been applied on bases consistent with those applied for the year ended 30 June 2006.

NGC HOLDINGS LIMITED
GAS WHOLESALING ACTIVITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1. OPERATING SURPLUS / (DEFICIT) BEFORE INCOME TAX	NOTE	2007 $000	2006 $000
Operating surplus / (deficit) before income tax includes:			
Audit fees		**10**	10
Depreciation – plant, vehicles and equipment		**138**	-
Operating leasing costs		**11**	-
Provision release		**-**	(1,200)

2. INCOME TAX EXPENSE		2007 $000	2006 $000
Operating surplus/(deficit) before income tax		**45,286**	(5,492)
Prima facie tax at 33%		**14,944**	(1,812)
Plus/(less) tax effect of permanent differences:			
Prior period adjustment		**162**	(162)
Adjustment to deferred tax for change in company tax rate		**128**	-
Other permanent differences		**43**	163
Income tax expense/(benefit)		**15,277**	(1,811)
The income tax expense/(benefit) is represented by:			
Current tax		**15,280**	1,263
Deferred tax	3	**(3)**	(3,074)
Total		**15,277**	(1,811)

In May 2007, the Government changed the corporate tax rate to 30% effective from the 2008/2009 income year. In accordance with SSAP 12, the deferred tax asset has been restated, reflecting the change in corporate tax rate, which applies from 1 July 2008. The impact of the deferred tax restatement is a reduction in the deferred tax asset of $128,000 and a corresponding debit to income tax expense in the statement of financial performance.

3. DEFERRED TAX	2007 $000	2006 $000
Balance at the beginning of the year	**878**	(2,196)
Decrease relating to change in company tax rate	**(128)**	-
On net surplus for the year	**131**	3,074
Balance at the end of the year	**881**	878

The decrease in the deferred tax asset of $128,000 resulting from the charge in the corporate tax rate to 30% effective from the 2008/2009 income year is explained in Note 2 above.

4. GAS CONTRACTS AND PREPAID GAS	2007 $000	2006 $000
Current		
Maui prepaid gas	**4,210**	7,950
Total	**4,210**	7,950
Non-current		
Maui prepaid gas	**-**	4,932
Total	**-**	4,932

a) Maui Gas

At 30 June 2007, the gas wholesaling activities has 4.8PJ (30 June 2006: 12.7PJ) of remaining historic Maui gas entitlements including 4.4PJ (30 June 2006: 11.6PJ) which is likely to be delivered with no further payment to the Crown except for payment of the energy resource levy. The remaining 0.4PJ (30 June 2006: 1.1PJ) can be uplifted at the previous contract prices. As part of the variations executed on 1 June 2004, the gas wholesaling activities also has a right of first refusal (ROFR) at market price along with Contact Energy over any additional gas found after first reserving 40PJ for Methanex New Zealand Limited. A series of ROFR contracts has been entered into with Maui Development Limited (MDL) for 105PJ to be delivered between 1 April 2007 and 31 December 2014. Of that quantity, 60PJ was contingent on being confirmed as economically recoverable. In May 2007 a confirmation was received that MDL had converted 23.3PJ of previously contingent gas to firm contracted entitlements for the gas wholesaling activities. The ROFR contracts contain annual take or pay provisions and the gas wholesaling activities has entered into back to back arrangements with other parties for the on-sale of ROFR gas to cover the gas wholesaling activities take or pay liability through to December 2009.

b) Kapuni Gas

The gas wholesaling activities currently has entitlement to 50% of the recoverable gas reserves of the Kapuni field as they were determined to be at 1 April 1997. At 30 June 2007, this is estimated to be approximately 64PJ (30 June 2006: 76.8PJ), of which, 50.3PJ (30 June 2006: 56.3PJ) is at current Kapuni gas contract prices while the balance will be at a price yet to be negotiated.

An agreement has been reached with Shell (Petroleum Mining) Company Ltd (Shell) to purchase Shell's share of Kapuni gas, after Shell has met its pre-existing contract commitments, for the period from 1 January 2005 to 31 December 2013. Deliveries of this Kapuni gas will be dependent on the daily production from the field, but it is expected that approximately 45PJ of gas will be delivered under this contract. The maximum total quantity of gas to be delivered under the contract is 70PJ less any amounts credited to this contract from the Pohokura Gas contracts discussed below.

c) Pohokura Gas

The gas wholesaling activities currently purchases a portion of Shell's entitlements to gas from Pohokura, which commenced in September 2006 and runs until 30 September 2007. The rates of gas able to be purchased under this contract vary over the term of the contract and the gas wholesaling activities may purchase a total amount of up to 35PJ of gas under this contract. The first 10PJ of gas purchased under this contract has been credited to the gas wholesaling activities entitlement to 70PJ of gas as described above under Kapuni Gas.

It has also been agreed with Shell to purchase a further portion of Shell's entitlements to gas from Pohokura from 1 January 2007 until 30 June 2010. Delivery of such gas is dependent on Shell's share of Pohokura's daily production, but the gas wholesaling activities will have up to 30TJ/day available. The gas wholesaling activities may purchase a total amount of up to 38PJ of gas under this contract. Fifty percent of this gas will be credited to the gas wholesaling activities entitlement to 70PJ of Kapuni gas from Shell as described above.

Both of the above Pohokura contracts contain daily fixed quantity provisions.

d) Kahili Joint Venture

It was agreed with the Kahili Joint Venture (Kahili JV) in 2004 to purchase all the wet gas produced from the Kahili field. The Kahili JV comprises Austral Pacific Energy (NZ) Limited and Tag Oil (NZ) Ltd. The field is currently closed pending a re-drilling in 2008. The volume expected from any new well is uncertain but estimated to be 5PJ.

5. NOTIONAL RESERVES	2007 $000	2006 $000
Balance at the beginning of the year	**100**	18,635
Net surplus / (deficit) for the year	**30,009**	(3,681)
Notional dividend declared	**(30,009)**	-
Reset of equity position	**-**	(14,854)
Balance at the end of the year	**100**	100

The gas wholesaling activities is not a company and therefore has no share capital. A provision has been made for a notional dividend of $30 million payable for the current year.

6. RECEIVABLES AND PREPAYMENTS

	NOTE	2007 $000	2006 $000
Current			
Prepayments and other receivables		**1,072**	1,072
Trade receivables		**16,772**	5,200
Total		**17,844**	6,272
Non-current			
Other receivables		**-**	1,400
Total		**-**	1,400

7. PAYABLES AND ACCRUALS

		2007 $000	2006 $000
Current			
Trade payables and other creditors		**25,998**	26,899
Provisions	8	**-**	-
Total		**25,998**	26,899

8. PROVISIONS

	2007 $000	2006 $000
Balance at the beginning of the year	**-**	1,200
Unused provision reversed to the statement of financial performance	**-**	(1,200)
Balance at the end of the year	**-**	-

9. COMMITMENTS

There is no capital expenditure committed but not recorded in these financial statements for the year ended 30 June 2007 (30 June 2006: Nil).

Operating Lease Commitments	2007 $000	2006 $000
Within one year	**17**	-
One to two years	**15**	-
Two to five years	**27**	-
Beyond five years	**6**	-
	65	-

The majority of the operating lease commitments relate to premises leases.

10. PROPERTY, PLANT AND EQUIPMENT

2007	COST / VALUATION $000	ACCUMULATED DEPRECIATION $000	NET BOOK VALUE $000
Plant, vehicles, equipment	1,409	(915)	494
Capital work in progress	24	-	24
Total	**1,433**	**(915)**	**518**

2006	COST / VALUATION $000	ACCUMULATED DEPRECIATION $000	NET BOOK VALUE $000
Plant, vehicles, equipment	-	-	-
Capital work in progress	-	-	-
Total	-	-	-

The corporate non-system fixed assets have been allocated to the gas wholesaling activities in 2007. These assets were not allocated in 2006 but their use was charged to the business by way of a management fee.

11. FINANCIAL INSTRUMENTS

A comprehensive treasury policy approved by the Vector board of directors is used to manage the risks of financial instruments. The policy outlines the objectives and approach that are adopted in the treasury management processes. The policy covers, among other things, management of credit risk, interest rate risk, funding risk, liquidity risk, currency risk and operational risk.

A detailed disclosure of Vector group's financial instruments is available under Note 30 of the Vector group's annual report for the year ended 30 June 2007.

INTEREST RATE RISK

Interest rate exposures are actively managed in accordance with treasury policy. In this respect, at least forty percent of all debt must be at fixed interest rates or effectively fixed using interest rate swaps, forward rate agreements, options and other derivative instruments.

FOREIGN EXCHANGE RISK

In this reporting period transactions in foreign currencies have been conducted for the purpose of protecting the NZ$ value of capital expenditure.

There are outstanding forward exchange contracts. At balance date there is no significant exposure to foreign exchange risk.

CREDIT RISK

In the normal course of business, there is exposure to credit risks from energy retailers, financial institutions and trade debtors. There are credit policies, which are used to manage the exposure to credit risks.

As part of these policies, exposures are limited to financial institutions having at least a credit rating of A+ long term from Standard & Poor's (or equivalent rating). In addition, limits on exposures to financial institutions have been set by the Vector board of directors and are monitored on a regular basis. In this respect, credit risk is minimised by spreading such exposures across a range of institutions. There is no anticipation of non-performance by any of these financial institutions.

11. FINANCIAL INSTRUMENTS (continued)

There are some concentration of credit exposures with a few large energy retailers and large energy customers. To minimise this risk, credit evaluations on all energy retailers and large energy customers are undertaken and a requirement for a bond or other form of security where deemed necessary is placed.

Cash deposits with a small number of banking institutions are placed and limits are set for the amount deposited with each institution.

The maximum exposure to credit risk is represented by the carrying value of each financial asset.

	2007 CARRYING AMOUNT $000	2006 CARRYING AMOUNT $000
Cash	48,134	3,564
Trade receivables	16,772	5,200

LIQUIDITY RISK

Liquidity risk is the risk of encountering difficulty in raising funds at short notice to meet financial commitments as they fall due.
In order to reduce the exposure to liquidity risk, access to un-drawn committed lines of credit has been established.

12. CONTINGENT LIABILITIES

The directors are aware of claims against entities within the Vector group and, where appropriate, have recognised provisions for these within the financial statements. No material contingencies requiring disclosure have been identified. (30 June 2006: nil).

13. TRANSACTIONS WITH RELATED PARTIES

NATURE OF THE TRANSACTION	RELATED PARTY	2007 $000	2006 $000
Sale of gas based on actual amounts billed and notional revenue charged based on gas wholesale's cost of gas.	Gas Retailing Activities	277,157	101,087
Sale of gas by products based on standard terms and conditions.	Kapuni Gas Treatment Plant	6,600	6,008
Purchase of gas transmission services based on actual revenue charged and notional revenue charged to gas wholesaling activities.	Gas Transmission Activities	316	645
Received allocation of share of the processing fees costs.	Kapuni Gas Treatment Plant	6,688	16,033
Entered into operational gas swap arrangements.	Gas Transmission Activities	198	768

14. INTERNATIONAL FINANCIAL REPORTING STANDARDS

A detailed disclosure of the Vector group's New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) transition management, impacts on transition to NZ IFRS, significant changes in accounting policies on transition to NZ IFRS and exemptions taken on transition to NZ IFRS is available under Note 34 of the Vector group's annual report for the year ended 30 June 2007.