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 19 November 2008 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

19 November 2008

CERTIFICATION OF FINANCIAL STATEMENTS DISCLOSED BY DIRECTORS OF THE CORPORATION

We, Alison Paterson ~~and~~ and Michael Stiassny [illegible],
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: 19 November 2008

Director

Date: 19 November 2008

NGC HOLDINGS LIMITED

(A WHOLLY OWNED SUBSIDIARY OF
VECTOR LIMITED)

GAS WHOLESALING ACTIVITIES 2008

INFORMATION FOR DISCLOSURE

PURSUANT TO THE
GAS (INFORMATION DISCLOSURE) REGULATIONS 1997

NGC HOLDINGS LIMITED
GAS WHOLESALING ACTIVITIES

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2008 $000	2007 $000
Operating revenue		**277,352**	313,427
Gas purchases		**(231,306)**	(265,743)
Indirect expenses		**(1,936)**	(2,260)
Operating expenditure		**(233,242)**	(268,003)
Earnings before interest, income tax, depreciation and amortisation		**44,110**	45,424
Depreciation and amortisation		**(199)**	(138)
Operating surplus before income tax	**1**	**43,911**	45,286
Income tax expense	**2**	**(14,493)**	(15,277)
Net surplus for the year		**29,418**	30,009

NGC HOLDINGS LIMITED
GAS WHOLESALING ACTIVITIES

BALANCE SHEET
AS AT 30 JUNE 2008

	NOTE	2008 $000	2007 $000
CURRENT ASSETS			
Notional cash		**49,783**	48,158
Prepaid gas	**4**	**-**	4,210
Receivables and prepayments	**6**	**15,960**	17,882
Total current assets		**65,743**	70,250
NON-CURRENT ASSETS			
Property, plant and equipment	**10**	**388**	354
Intangible assets	**11**	**280**	140
Deferred tax	**3**	**1,345**	881
Total non-current assets		**2,013**	1,375
Total assets		**67,756**	71,625
CURRENT LIABILITIES			
Income tax		**14,893**	15,518
Dividend payable		**29,418**	30,009
Payables and accruals	**7**	**21,824**	25,998
Provisions	**8**	**1,521**	-
Total current liabilities		**67,656**	71,525
Total liabilities		**67,656**	71,525
EQUITY			
Notional reserves	**5**	**100**	100
Total equity		**100**	100
Total equity and liabilities		**67,756**	71,625

NGC HOLDINGS LIMITED
GAS WHOLESALING ACTIVITIES

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2008

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 person (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 has adopted New Zealand International Financial Reporting Standards, as such these financial information disclosure statements follow the same accounting policies as that of Vector Limited and comply with New Zealand equivalents to IFRS. 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.

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 the Vector group annual report for the year ended 30 June 2008.

The policy to apply the avoidable cost allocation methodology (ACAM) 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 businesses and other activities of the Vector group. Under the Gas (Information Disclosure) Regulation 1997, there is no specific requirement to apply the ACAM methodology, thus the Electricity Information Disclosure Handbook in allocating costs 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 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 it operates in a competitive market.

All financial statement items 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.

NGC HOLDINGS LIMITED
GAS WHOLESALING ACTIVITIES

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2008

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies that materially affect the measurement of profit or loss and balance sheet items have been applied.

A) INCOME RECOGNITION

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

B) GOODS AND SERVICES TAX (GST)

The income statement has been prepared so that all components are stated exclusive of GST. All items in the balance sheet 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) 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 income statement 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 income statement over the expected life of the contract.

E) INCOME TAX

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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. 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 by the 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 each balance date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

F) IDENTIFIABLE INTANGIBLE ASSETS

Software

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

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2008

G) 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.

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. The costs of distribution systems, distribution land and distribution buildings forming part of property, plant and equipment at 1 July 2006, the date of transition to NZ IFRSs, are measured on the basis of deemed historic cost in accordance with the exemption available on transition under NZ IFRS 1.

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 income statement as incurred.

H) 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 income statement over its useful economic life.

	ESTIMATED USEFUL LIVES YEARS
Plant, vehicles and equipment	3 - 40 years

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.

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.

CHANGES IN ACCOUNTING POLICIES

The Vector group elected to adopt 1 July 2006 as its transition date to the requirements of NZ IFRS in accordance with NZ IFRS 1, *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards*. An explanation of how the transition to NZ IFRS has affected the reported financial position and financial performance of the Vector group is provided in detail in its annual report for the year ended 30 June 2008.

All accounting policies that applies to the Vector group after transition to NZIFRS have been applied to these financial statements for the year ended 30 June 2008 and comparative year ended 30 June 2007.

NGC HOLDINGS LIMITED
GAS WHOLESALING ACTIVITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. OPERATING SURPLUS BEFORE INTEREST AND INCOME TAX	2008 $000	2007 $000
Operating surplus before income tax includes:		
Audit fees	**10**	10
Depreciation – plant, vehicles and equipment	**45**	56
Operating leasing costs	**42**	11
Employee benefits	**637**	394
Amortisation of software intangibles	**154**	82

2. INCOME TAX	NOTE	2008 $000	2007 $000
Operating surplus before income tax		**43,911**	45,286
Tax at current rate of 33%		**14,491**	14,944
Prior period adjustment		**-**	162
Adjustment to deferred tax for change in company tax rate		**-**	128
Other		**2**	43
Income tax expense		**14,493**	15,277
Current income tax		**14,893**	15,280
Deferred income tax	**3**	**(400)**	(3)
Total		**14,493**	15,277

3. DEFERRED TAX

2008	PROPERTY, PLANT AND EQUIPMENT $000	PROVISIONS AND ACCRUALS $000	TOTAL $000
Balance at the beginning of the year	**(31)**	**912**	**881**
Relating to current period	**(5)**	**405**	**400**
Prior period adjustment	**-**	**64**	**64**
Balance at the end of the year	**(36)**	**1,381**	**1,345**
Deferred tax assets	**-**	**1,381**	**1,381**
Deferred tax liabilities	**(36)**	**-**	**(36)**
Net deferred tax (liability) / asset	**(36)**	**1,381**	**1,345**

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 wholesaling activities.

NGC HOLDINGS LIMITED
GAS WHOLESALING ACTIVITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

3. DEFERRED TAX (continued)

2007	PROPERTY, PLANT AND EQUIPMENT $000	PROVISIONS AND ACCRUALS $000	TOTAL $000
Balance at the beginning of the year	(26)	904	878
Decrease relating to change in company tax rate	-	(128)	(128)
Relating to current period	(5)	136	131
Balance at the end of the year	(31)	912	881
Deferred tax assets	-	912	912
Deferred tax liabilities	(31)	-	(31)
Net deferred tax (liability) / asset	(31)	912	881

4. GAS CONTRACTS AND PREPAID GAS

	2008 $000	2007 $000
Current		
Maui prepaid gas	**-**	4,210
Total	**-**	4,210

5. NOTIONAL RESERVES

	2008 $000	2007 $000
Balance at the beginning of the year	**100**	100
Net surplus for the year	**29,418**	30,009
Notional dividend declared	**(29,418)**	(30,009)
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 $29 million (30 June 2007:$30 million) payable for the current year.

6. RECEIVABLES AND PREPAYMENTS

	2008 $000	2007 $000
Current		
Trade receivables	**4,647**	4,955
Trade receivables - gas retailing activities (related party)	**9,295**	11,817
Prepayments and other receivables	**2,018**	1,110
Total	**15,960**	17,882

All trade receivables are expected to be realised therefore no doubtful debts have been provided for.

7. PAYABLES AND ACCRUALS

	2008 $000	2007 $000
Current		
Trade payables and other creditors	**21,824**	25,998
Total	**21,824**	25,998

8. PROVISIONS

	2008 $000	2007 $000
Balance at the beginning of the year	**-**	-
Additions:		
Provision for onerous contracts	**1,425**	-
Provision for employee entitlements	**96**	-
Balance at the end of the year	**1,521**	-

The provision for onerous contracts relates to a historic loss making contract.

9. COMMITMENTS

There is no capital expenditure committed for and not recorded in these financial statements for the year ended 30 June 2008 (30 June 2007: nil).

Operating lease commitments	2008 $000	2007 $000
Non cancellable operating lease payments are as follows:		
Within one year	**42**	17
One to five years	**69**	42
Beyond five years	**-**	6
Total	**111**	65

The majority of the operating lease commitments relate to premises.

10. PROPERTY, PLANT AND EQUIPMENT

2008	COST / VALUATION $000	ACCUMULATED DEPRECIATION $000	NET BOOK VALUE $000
Plant, vehicles and equipment	**708**	**(320)**	**388**
Total	**708**	**(320)**	**388**

2007	COST / VALUATION $000	ACCUMULATED DEPRECIATION $000	NET BOOK VALUE $000
Plant, vehicles and equipment	858	(504)	354
Total	858	(504)	354

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

11. INTANGIBLE ASSETS

2008	COST / VALUATION $000	ACCUMULATED AMORTISATION $000	CARRYING AMOUNT $000
Software	**1,035**	**(755)**	**280**
Total	**1,035**	**(755)**	**280**

2007	COST / VALUATION $000	ACCUMULATED AMORTISATION $000	CARRYING AMOUNT $000
Software	551	(411)	140
Total	551	(411)	140

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

A comprehensive treasury policy approved by the board of directors is used to manage the risks of financial instruments. The policy outlines the objectives and approach that will be 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.

INTEREST RATE RISK

The interest rate exposure is 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. The main objectives are to minimise the cost of total debt, control variations in the interest expense of the debt portfolio from year to year and to match where practicable the interest rate risk profile of debt with the risk profile of the assets. The treasury policy sets parameters for managing the interest rate maturity profile. The parameters depend upon the Standard and Poor's credit rating and the Reserve Bank of New Zealand continuing to implement monetary policy through adjustments to the official cash rate.

FOREIGN EXCHANGE RISK

Transactions are conducted in foreign currencies for the purpose of protecting the NZD value of capital expenditure. The outstanding 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, financial institutions and customers. Credit policies are in place, 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 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. Non-performance by any of these financial institutions is not anticipated.

There exists some concentration of credit exposures with a few large energy retailers and large energy customers. To minimise this risk, credit evaluations are performed on large energy customers and requirement of a bond or other form of security where deemed necessary is made. Cash deposits with a small number of banking institutions are placed. There are limits to the amount deposited with each institution. The maximum exposure to credit risk is represented by the fair value of each financial instrument.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

CREDIT RISK (continued)

	2008 CARRYING AMOUNT $000	2007 CARRYING AMOUNT $000
Notional cash	**49,783**	48,158
Receivables and prepayments	**15,960**	17,882

LIQUIDITY RISK

Liquidity risk is the risk of 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 undrawn committed lines of credit is maintained. Cash flow reporting systems are maintained to monitor the forecast liquidity position over an outlook of five years.

The day-to-day liquidity exposure is managed by ensuring that sufficient levels of liquid assets and committed facilities are maintained for the next four to five weeks based on daily rolling operational cash flow forecasts. Short term liquidity crisis management is managed by ensuring sufficient borrowing capacity and liquid assets are available as determined from a monthly rolling 18 month cash flow forecast.

The long term liquidity exposure is managed by ensuring estimated deficits in net cash flow are able to be met as determined by the yearly rolling five year cash flow forecast.

A detailed disclosure of the financial instruments is available under Note 27 of Vector group's annual report for the year ended 30 June 2008.

13. 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 2007: nil).

14. TRANSACTIONS WITH RELATED PARTIES

NATURE OF THE TRANSACTION	RELATED PARTY	2008 $000	2007 $000
Sale of gas based on actual amounts billed and notional revenue charged based on gas wholesale's cost of gas.	Gas Retailing Activities	**249,657**	277,157
Sale of gas by products based on standard terms and conditions.	Kapuni Gas Treatment Plant	**7,482**	6,600
Purchase of gas transmission services based on notional revenue charged to gas wholesaling activities.	Gas Transmission Activities	**468**	316
Received allocation of share of the processing fees costs.	Kapuni Gas Treatment Plant	**2,242**	6,688
Operational gas swap arrangements.	Gas Transmission Activities	**25**	198

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

15. EXPLANATION OF TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

A detailed disclosure on the explanation of transition to IFRSs of the Vector group's New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) is available under Note 32 of the Vector group's annual report for the year ended 30 June 2008. The restatement of comparatives under IFRS has no impact on these financial statements.