



New Zealand Gazette

OF THURSDAY, 21 NOVEMBER 2002

WELLINGTON: WEDNESDAY, 27 NOVEMBER 2002 — ISSUE NO. 170

NGC NEW ZEALAND LIMITED (FORMERLY NATURAL GAS CORPORATION OF NEW ZEALAND LIMITED)

INFORMATION FOR DISCLOSURE

PURSUANT TO THE GAS (INFORMATION
DISCLOSURE) REGULATIONS 1997

NGC NEW ZEALAND LIMITED
(Formerly Natural Gas Corporation of New Zealand Limited)

INFORMATION FOR DISCLOSURE FOR THE YEAR ENDED 30 JUNE 2002
Pursuant to the Gas (Information Disclosure) Regulations 1997

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The financial information presented has been prepared to comply with the requirements of the Gas (Information Disclosure) Regulations 1997 and should not be used for any purposes other than that required under those regulations.

NGC – Gas Distribution Activities
Statement of Financial Performance
For the year ended 30 June 2002
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	June 2002	June 2001
Revenue		29,257	36,915
Abnormal Items	2	4,850	7,652
Expenses	2	(14,470)	(17,129)
Surplus before Taxation	2	19,637	27,438
Income Tax Expense	3	(6,482)	(6,889)
Net Surplus for the Year		13,155	20,549

NGC – Gas Distribution Activities
Statement of Financial Position
As at 30 June 2002
For the purposes of the Gas (Information Disclosure) Regulations 1997

		SThousands	
	Note	2002	2001
Fixed and Long Term Assets			
Fixed Assets	4	117,126	213,810
Deferred Expenditure	5	774	902
Total Non Current Assets		117,900	214,712
Current Assets			
Cash and Short Term Deposits		-	16,461
Accounts Receivable	6	14,339	6,374
Inventories – Consumable Spares		136	371
Total Current Assets		14,475	23,206
Total Assets		132,375	237,918
Equity			
Notional Reserves	7	107,026	122,375
Total Equity		107,026	122,375
Non Current Liabilities			
Related Party Advance	8	-	83,069
Deferred Income	9	7	12
Deferred Taxation		13,875	20,707
Total Non Current Liabilities		13,882	103,788
Current Liabilities			
Bank Overdraft		168	-
Current Tax		5,577	5,949
Accounts Payable and Accruals		5,722	5,806
Total Current Liabilities		11,467	11,755
Total Liabilities and Equity		132,375	237,918

NGC – Gas Distribution Activities
Notes to the Financial Statements
For the year ended 30 June 2002

1. Statement of Accounting Policies

a) Accounting Entity

The financial statements are those of NGC – Gas Distribution Activities (NGC). Gas Distribution Activities involves the ownership and the supply of line function services for the distribution of gas.

The financial statements represent the aggregated Gas Distribution Activities of NGC of New Zealand (NGCNZ) and AGL NZ Energy Limited (AGLNZE). AGLNZE is a subsidiary of AGL. NGCNZ is an indirect subsidiary of AGL and the two entities were therefore in a prescribed relationship, as defined in the Gas (Information Disclosure) Regulations 1997.

In 2001, as required by the Regulations, these financial statements represented the aggregated Gas Distribution Activities of NGCNZ and AGLNZE. They were compiled by aggregating the balances of each entity on a line by line basis for the period from 1 July 2000 to 30 June 2001, being the period in which a prescribed relationship existed.

On 30 June 2001 AGLNZE disposed of its metering distribution business and on 25 July 2001 disposed of its distribution pipeline business. These accounts include the results of the AGLNZE distribution pipeline business from 1 July 2001 to 25 July 2001.

b) Special Purpose Financial Statements

The financial statements have been prepared in accordance with the Gas (Information Disclosure) Regulations 1997 and generally accepted accounting principles.

c) General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of earnings and the financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these financial statements. This includes the going concern concept and the matching of revenue and expenses under the accrual concept.

d) Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been adopted:

i) Revenues and Expenses

Revenues and expenses are stated exclusive of Goods and Services Tax (GST).

ii) Valuation of Fixed Assets

Pipelines, compressors and gate stations are recorded at the most recent valuation, adjusted by subsequent additions, disposals and depreciation. Valuations are carried out regularly and reviewed by independent experts, using the optimised deprival valuation methodology. All fixed assets other than pipelines, compressors and gate stations, are included at cost less accumulated depreciation.

Under the modified historical cost method, the revaluation, reflecting the difference between the net carrying value of the assets and the valuation (net of the deferred tax), is recorded in the asset revaluation reserve. In arriving at the net carrying value any accumulated depreciation is written back against the asset value. The revaluation increase or decrease is transferred from the revaluation reserve to retained earnings on the disposal of an asset.

Construction in progress is recorded at cost. For projects having a cost in excess of \$500,000 and a construction period of not less than three months, finance costs relating to that project are capitalised. The finance costs capitalised are based on the actual cost directly attributable to the construction of the asset. Where this is not clearly identifiable, NGC's cost of debt is used. Assets constructed by NGC are commissioned and transferred from construction in progress to fixed assets as each facility or operating unit within a facility becomes operational and available for use.

iii) Current Assets

Accounts receivable are valued at their estimated realisable value. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. All other current assets are valued at their estimated realisable value.

iv) Depreciation

The rates of depreciation vary according to the nature and economic lives of the assets and fall within the following ranges (on a straight line basis):

Low Pressure Pipelines	25 to 50 years	Plant, Equipment	
Meters and Stations	15 to 45 years	& Motor Vehicles	5-20 years
Buildings	40-100 years	Capital Spares	5-20 years

Depreciation of pipelines commences when the pipeline is physically complete and flowing gas.

v) Deferred Income

Contributions received from gas utilities and other parties towards the capital expenditure on pipelines are accounted for initially in a deferred income account. Amortisation to income of the deferred income account takes place only after the obligations in connection with the contributions are performed. The deferred income account is amortised to the statement of financial performance over the life of the pipelines to which they relate or over the life of the gas supply contract whichever is the shorter.

vi) Taxation

NGC recognises deferred taxation using the liability method and on a comprehensive basis. Income tax expense is recognised on the surplus before taxation. It is then adjusted for permanent differences between taxable and accounting income. The tax effect of all timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is recognised in the statement of financial position as a future tax benefit or as deferred tax. The future tax benefit or deferred tax is stated at the income tax rates prevailing at balance date. Future tax benefits are not recognised unless realisation of the asset is virtually certain. Future tax benefits and deferred tax is offset.

vii) Deferred Expenditure

Deferred expenditure is expenditure which provides benefits beyond the current accounting period. These expenditures include the connection of new customers to the gas system and the conversion of existing customers' appliances to the use of natural gas which are written off over periods up to ten years, and financing costs which are amortised to earnings over the remaining life of the relevant lending facility.

e) Changes in Accounting Policy and Comparatives

There have been no changes in accounting policies. These policies have been applied on a consistent basis during the year.

2. Surplus before Taxation

	\$ Thousands	
	2002	2001
Surplus before Taxation is stated after charging/(crediting):		
Audit fees and expenses	11	11
Depreciation	4,280	5,776
Amortisation	133	1,403
Leasing Costs	301	635
Profit on Sale of Pipeline Assets	(4,850)	-
Profit on Sale of Metering Assets	-	(7,652)

3. Income Tax

\$ Thousands		
	2002	2001
The Income Tax Expense has been calculated as follows:		
Surplus before Taxation	19,637	27,438
Income Tax at 33%	6,481	9,054
Adjusted for:		
Permanent Differences	1	(2,182)
Prior Period Adjustments	-	17
	6,482	6,889

4. Fixed Assets

\$Thousands				
2002				
	Cost/ Valuation	Accumulated Depreciation	Net Book Value	Depreciation Charge
Pipeline Compressors & Gate Stations	122,548	6,929	115,619	3,924
Plant, Equipment & Motor Vehicles	4,445	2,999	1,446	355
Identifiable Intangible	-	-	-	-
Work in Progress	-	-	-	-
Freehold Land & Buildings	71	10	61	1
	127,064	9,938	117,126	4,280

\$Thousands				
2001				
	Cost/ Valuation	Accumulated Depreciation	Net Book Value	Depreciation Charge
Pipeline Compressors & Gate Stations	165,438	5,441	159,997	5,205
Plant, Equipment & Motor Vehicles	6,537	4,540	1,997	569
Identifiable Intangible	53,315	2,987	50,328	1,403
Work in Progress	346	-	346	-
Freehold Land & Buildings	1,151	9	1,142	2
	226,787	12,977	213,810	7,179

Pipelines, compressors and gate stations were revalued using the optimised deprival valuation methodology as at 30 June 2000. The valuation was reviewed and certified by Cap Gemini Ernst and Young. Based on the latest Government valuations the Directors estimate that the fair valuation of land and buildings is approximately equivalent to their net book value as at 30 June 2002.

5. Deferred Expenditure

	SThousands	
	2002	2001
Balance as at 1 July	902	1,118
Less amounts amortised to expenses	(128)	(216)
	<u>774</u>	<u>902</u>

6. Accounts Receivable

	SThousands	
	2002	2001
Trade Debtors	14,228	6,374
Prepayments and Sundry Receivables	111	-
	<u>14,339</u>	<u>6,374</u>

7. Notional Reserves

NGC's Gas Distribution Activity is not a company and therefore has no share capital. Notional reserves are determined on the basis that Gas Distribution is fully equity funded by NGC of New Zealand Limited. Notional reserves therefore represent all funding provided to Gas Distribution by the NGC Group.

8. Related Party Transactions

The related party advance in 2001 was an advance to AGLNZE from AGL NZ Limited. The balance had no fixed repayment term, was unsecured and bore no interest. The loan was repaid during 2001.

9. Deferred Income

	SThousands	
	2002	2001
Balance as at 1 July	12	17
Less amount amortised to earnings	(5)	(5)
	<u>7</u>	<u>12</u>

Deferred income represents contributions from customers as explained in Note 1(d)(v).

10. Capital Commitments

Amounts committed but not recorded in these financial statements total \$0.2 million (2001 \$0.9 million).

	\$ Thousands	
Operating Lease Commitments	2002	2001
Non cancellable operating lease rentals are payable as follows:		
Not later than one year	331	166
Between one and two years	306	133
Between two and five years	297	159
Later than five years	30	-
	964	458

11. Contingent Liabilities

There are no contingent liabilities which would have a material adverse effect on the financial statements.

12. Financial Instruments*Interest Rate Risk*

There is no interest rate risk as NGC – Distribution Activities does not hold any interest bearing assets or liabilities.

Credit Risk

Financial instruments potentially subject to credit risk are cash deposits and trade debtors. Cash deposits are placed with a small number of trading banks and the amount deposited per bank is limited. The counter parties and the credit limits are approved by the Board of Directors. NGC completes credit evaluations on customers where possible and requires a bond to be paid when customers cannot demonstrate an adequate credit history. There are no significant concentrations of credit risk.

Foreign Currency Risk

Transactions denominated in foreign currencies are undertaken from time to time and resulting from these activities exposures in foreign currencies arise, these exposures are managed by other NGC Group companies.

Fair Values

Cash at bank, other investments, trade creditors and amounts due to subsidiaries - the carrying value of these items is equivalent to their fair value.

NGC – Gas Distribution Activities
Statement of Performance Measures
For the year ended 30 June 2002
For the purposes of the Gas (Information Disclosure) Regulations 1997

	2002 NGC/ AGLNZE	2001 NGC/ AGLNZE	2000 NGC/ AGLNZE	1999 NGC Only	1998 NGC Only
1. Financial Performance Measures					
a) Measures including abnormal items and earnings adjustments					
Accounting Return on Total Assets	11.37%	16.27%	14.44%	15.35%	10.14%
Accounting Return on Equity	11.47%	33.56%	39.24%	12.00%	8.42%
Accounting Rate of Profit	9.04%	15.70%	17.83%	10.95%	7.62%
b) The accounting rate of profit for 2000 includes a revaluation increase of \$9.9 million in respect of the NGC network. Excluding this amount, the accounting rate of profit would be reduced from 17.83% to 11.68% in 2000.					
c) 2002 and 2001 ratios are calculated inclusive of abnormal items. The 2002 Ratios include abnormal items of \$4.9m being profit on the sale of the AGLNZE pipeline assets. In addition, the 2001 Ratios are calculated after adding back to earnings, the amortisation of identifiable intangible asset (pre-tax \$1.4 million), and ODV write-downs through earnings of AGL NZE and after deducting from funds employed and shareholders funds the value of the identifiable intangible asset of AGL NZE (\$50 million).					
d) Measures Adjusted to exclude abnormal items					
Accounting Return on Total Assets	8.43%	11.89%	11.91%	11.43%	10.14%
Accounting Return on Equity	8.58%	23.50%	33.08%	9.07%	8.42%
Accounting Rate of Profit	6.14%	11.56%	15.22%	7.03%	7.62%
e) Measures Adjusted to exclude abnormal items and earnings adjustments described above					
Accounting Return on Total Assets	8.43%	8.77%	6.66%	11.43%	10.14%
Accounting Return on Equity	8.58%	11.88%	10.10%	9.07%	8.42%
Accounting Rate of Profit	6.14%	8.47%	9.04%	7.03%	7.62%
2. Efficiency Performance Measures					
Direct Line Costs per Kilometre	\$716	\$1,100	\$1,345	\$1,854	\$1,731
Indirect Line Costs per Gas Customer	\$155	\$71	\$64	\$65	\$90

NGC ONLY	2002	2001	2000	1999	1998
3. Energy Delivery Efficiency Performance Measures					
Load Factor	84.83%	69.22%	85.33%	83.66%	78.12%
Unaccounted for Gas Ratio	0.31% Loss	0.31% Loss	0.31% Loss	0.01% gain	0.38% loss
4. Statistics					
System Length (km)	2,639	2,533	2,479	2,267	2,428
Maximum Monthly Amount of Gas Entering System (GJ)	1,005,560	1,223,573	856,362	812,703	908,776
Total Annual Amount of Gas Conveyed through System (GJ)	10,235,729	10,163,878	8,769,123	8,192,334	8,518,965
Total Annual Amount of Gas Conveyed through System for persons not in a prescribed business relationship (GJ)	1,218,363	173,197	805,395	75,120	2,788,000
Total Number of Customers	52,318	50,452	48,270	47,727	45,834
5. Reliability Performance Measures					
Unplanned Transmission System Interruptions (hours)	n.a	n.a	n.a	n.a.	n.a.
Unplanned Distribution System Interruptions not related to Transmission System Interruptions (hours/customer)	.00245	.0086	.4564	.00103	0.0211
Interruptions attributable to third party interference	.00109	.0084	.01679	.000356	0.0087
Unplanned Distribution System Interruptions related to Transmission System Interruptions (hours/customer)	0	0	.7513	0	0

AGL NZE ONLY	2001	2000	1999
3. Energy Delivery Efficiency Performance Measures			
Load Factor	64.98	65.23%	79.39%
Unaccounted for Gas Ratio	2.8% gain	0.5% loss	0.5% loss
4. Statistics			
System Length (km)	1,162	1,030	954
Maximum Monthly Amount of Gas Entering System (GJ)	239,608	240,099	214,139
Total Annual Amount of Gas Conveyed through System (GJ)	1,868,405	1,879,423	510,044

AGL NZE ONLY	2001	2000	1999
Total Annual Amount of Gas Conveyed through System for persons not in a prescribed business relationship (GJ)	310,560	1,367,372	Nil
Total Number of Customers	28,347	27,068	26,697
5. Reliability Performance Measures			
Unplanned Transmission System Interruptions (hours)	n.a.	n.a.	n.a.
Unplanned Distribution System Interruptions not related to Transmission System Interruptions (hours/customer)	Nil	Nil	Nil
Interruptions attributable to third party interference	0.1428	0.1219	Nil
Unplanned Distribution System Interruptions related to Transmission System Interruptions (hours/customer)	Nil	Nil	Nil

GAS DISTRIBUTION ACTIVITIES**CERTIFICATE OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND
STATISTICS DISCLOSED BY DIRECTORS OF THE CORPORATION**

We, Phillip Melmoth James and Kevin Maxwell Baker, directors of NGC New Zealand Limited, formerly Natural Gas Corporation of New Zealand Limited (the 'Corporation'), certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (c) 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; and
- (d) the attached information, being financial performance measures, efficiency performance measures, energy delivery performance measures and statistics, and reliability performance measures in relation to the Corporation, and having been prepared for the purposes of regulations 15 to 19 of the Gas (Information Disclosure) Regulations 1997, complies with the requirements of those regulations.



Phillip Melmoth James

Kevin Maxwell Baker

20 November 2002



PricewaterhouseCoopers
113-119 The Terrace
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Wellington, New Zealand
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NGC – Gas Distribution Activities

Certification of Performance Measures by Auditor

We have examined the attached information, being:

- financial performance measures specified in clause 1 of Part 2 of Schedule 1 of the Gas (Information Disclosure) Regulations 1997; and
- financial components of the efficiency performance measures specified in clause 2 of Part 2 of that Schedule;

and having been prepared by NGC Holdings Limited in respect to NGC – Gas Distribution Activities dated 20 November 2002 for the purposes of Regulations 15 and 16 of those Regulations.

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

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
20 November 2002



PricewaterhouseCoopers
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Certification by Auditor in Relation to Financial Statements

NGC – Gas Distribution Activities

We have examined the attached financial statements prepared by NGC Holdings Limited in respect to NGC – Gas Distribution Activities dated 20 November 2002 for the purposes of Regulation 6 of the Gas (Information Disclosure) Regulations 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.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers
20 November 2002

NGC – Gas Retailing Activities
Statement of Financial Performance
For the year ended 30 June 2002
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	June 2002	June 2001
Gas Sales		251,320	242,244
Expenses		(247,202)	(231,207)
Surplus before Taxation	2	4,118	11,037
Income Tax Expense	3	(1,624)	(3,731)
Net Surplus for the Year		2,494	7,306

NGC – Gas Retailing Activities**Statement of Financial Position****As at 30 June 2002****For the purposes of the Gas (Information Disclosure) Regulations 1997**

		\$Thousands	
	Note	2002	2001
Fixed and Long Term Assets			
Fixed Assets	4	2,072	4,384
Goodwill		4,146	4,396
Deferred Expenditure	5	774	902
Total Non Current Assets		6,992	9,682
Current Assets			
Trade Debtors		30,126	31,687
Current Tax			7,803
Inventories – Consumable Spares		-	5
Total Current Assets		30,126	39,495
Total Assets		37,118	49,177
Equity			
Notional Reserves	6	23,277	24,193
Total Equity		23,277	24,193
Non Current Liabilities			
Deferred Taxation		968	739
Total Non Current Liabilities		968	739
Current Liabilities			
Bank Overdraft		-	2,495
Current Tax		439	
Accounts Payable and Accruals		12,434	21,705
Total Current Liabilities		12,873	24,245
Total Liabilities and Equity		37,118	49,177

**NGC – Gas Retailing Activities
Notes to the Financial Statements
For the year ended 30 June 2002**

1. Statement of Accounting Policies

a) Accounting Entity

The financial statements are those of NGC – Gas Retailing Activities. Gas Retailing Activities involves the supply of gas to a consumer.

b) Special Purpose Financial Statements

The financial statements have been prepared in accordance with the Gas (Information Disclosure) Regulations 1997 and generally accepted accounting principles.

c) General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of earnings and the financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these financial statements. This includes the going concern concept and the matching of revenue and expenses under the accrual concept.

d) Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been adopted:

i) Revenues and Expenses

Revenues and expenses are stated exclusive of Goods and Services Tax (GST).

ii) Valuation of Fixed Assets

All fixed assets are included at cost less accumulated depreciation.

iii) Current Assets

Accounts receivable are valued at their estimated realisable value. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. All other current assets are valued at their estimated realisable value.

iv) Depreciation

The rates of depreciation vary according to the nature and economic lives of the assets and fall within the following ranges (on a straight line basis):

Plant and Equipment	5-15 years
Motor Vehicles	5 years

v) Taxation

NGC recognises deferred taxation using the liability method and on a comprehensive basis. Income tax expense is recognised on the surplus before taxation. It is then adjusted for permanent differences between taxable and accounting income. The tax effect of all timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is recognised in the statement of financial position as a future tax benefit or as deferred tax. The future tax benefit or deferred tax is stated at the income tax rates prevailing at balance date. Future tax benefits are not recognised unless realisation of the asset is virtually certain. Future tax benefits and deferred tax is offset.

vi) Deferred Expenditure

Deferred expenditure is expenditure which provides benefits beyond the current accounting period and is written off over periods up to ten years. These expenditures relate to the connection of new customers to the gas system and the conversion of existing customers' appliances to the use of natural gas.

vii) Goodwill

The excess of cost over the fair value of businesses acquired is recognised as goodwill and is amortised to the Statement of Financial Performance over periods of up to 20 years.

viii) Changes in Accounting Policies

There have been no changes in accounting policies.

2. Surplus before Taxation

	\$ Thousands	
	2002	2001
<hr/>		
Surplus before Taxation is stated after charging:		
Audit fees and expenses	28	28
Fees for other services paid to the Auditors	-	-
Depreciation	1,098	1,578
Leasing Costs	-	394
Goodwill Amortisation	370	250

3. Taxation

	\$ Thousands	
	2002	2001
<hr/>		
The Income Tax Expense has been calculated as follows:		
Surplus before Taxation	4,118	11,037
Income Tax at 33%	1,359	3,642
Adjustments to tax for:		
Non-deductible expenditure	265	89
Tax Charge	<u>1,624</u>	<u>3,731</u>

4. Fixed Assets

SThousands				
2002				
	Cost/ Valuation	Accumulated Depreciation	Net Book Value	Depreciation Charge
Equipment	5,524	3,662	1,862	1,017
Motor Vehicles	382	172	210	81
	5,906	3,834	2,072	1,098

SThousands				
2001				
	Cost/ Valuation	Accumulated Depreciation	Net Book Value	Depreciation Charge
Equipment	9,213	5,123	4,090	1,468
Motor Vehicles	528	234	294	110
	9,741	5,357	4,384	1,578

5. Deferred Expenditure

\$ Thousands		
	2002	2001
Balance as at 1 July	902	1,118
Plus amount capitalized	90	-
Less amounts amortised to expenses	(218)	(216)
	774	902

6. Notional Reserves

Gas Retailing is not a company and therefore has no share capital. Notional Reserves are determined on the basis that Gas Retailing is fully equity funded by NGC of New Zealand Limited. Notional Reserves therefore represent all funding provided to Gas Retailing by NGC Group.

7. Financial Instruments

Interest Rate Risk - not subject to this risk as there are no interest bearing assets or liabilities.

Credit Risk - potentially subject to credit risk are cash deposits and trade debtors, cash deposits are placed with a small number of trading banks and the amount deposited per bank is limited. The Board of Directors approves the counter parties and the credit limits. NGC completes credit evaluations on customers where possible and requires a bond to be paid when customers cannot demonstrate an adequate credit history. There are no significant concentrations of credit risk.

Foreign currency risk - transactions denominated in foreign currencies are undertaken from time to time and resulting from these activities exposures in foreign currencies arise, these exposures are managed by other NGC Group companies

Fair values - cash at bank, other investments, trade creditors and amounts due to subsidiaries - the carrying value of these items is equivalent to their fair value

8. Capital Commitments

Amounts committed but not recorded in these financial statements total \$Nil (2000: \$Nil).

Operating Lease Commitments

	\$ Thousands	
	2002	2001
<hr/>		
Non cancelable operating lease rentals are payable as follows:		
Not later than one year	-	321
Between one and two years	-	81
Between two and five years	-	7
Later than five years	-	-
	<hr/>	<hr/>
	-	409


9. Contingent Liabilities

There are no material contingent liabilities, which would have a material adverse affect on these financial statements.

GAS RETAILING ACTIVITIES**CERTIFICATE OF FINANCIAL STATEMENTS DISCLOSED BY DIRECTORS OF THE CORPORATION**

We, Phillip Melmoth James and Kevin Maxwell Baker, directors of NGC New Zealand Limited, formerly Natural Gas Corporation of New Zealand 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.



Phillip Melmoth James

Kevin Maxwell Baker

20 November 2002



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Certification by Auditor in Relation to Financial Statements

NGC – Gas Retail Activities

We have examined the attached financial statements prepared by NGC Holdings Limited in respect to NGC – Gas Retail Activities dated 20 November 2002 for the purposes of Regulation 6 of the Gas (Information Disclosure) Regulations 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.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
20 November 2002

NGC – Gas Transmission Activities
Statement of Financial Performance
For the Year Ended 30 June 2002
For the purposes of the Gas (Information Disclosure) Regulations 1997

	Note	\$Thousands	
		2002	2001
Revenue		81,799	74,967
Expenses		(36,361)	(31,134)
Surplus before Taxation	2	45,438	43,833
Income Tax Expense	3	16,169	15,646
Net Surplus for the Year		29,269	28,187

NGC – Gas Transmission Activities

Statement of Financial Position

As at 30 June 2002

For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	2002	2001
Fixed and Long Term Assets			
Fixed Assets	4	373,491	379,586
Deferred Expenditure	5	5,283	6,369
Total Non Current Assets		378,774	385,955
Current Assets			
Bank		-	21
Accounts Receivable	6	8,590	8,631
Inventories – Consumable Spares		1,192	969
Current Taxation		1,836	2,028
Total Current Assets		11,618	11,649
Total Assets		390,392	397,604
Equity			
Notional Reserves	7	321,342	336,194
Total Equity		321,342	336,194
Non Current Liabilities			
Deferred Income	8	-	-
Deferred Taxation		55,572	54,650
Total Non Current Liabilities		55,572	54,650
Current Liabilities			
Bank Overdraft		200	-
Accounts Payable and Accruals		13,278	6,760
Total Current Liabilities		13,478	6,760
Total Liabilities and Equity		390,392	397,604

**NGC – Gas Transmission Activities
Notes to the Financial Statements
For the Year Ended 30 June 2002**

1. Statement of Accounting Policies

a) Accounting Entity

The financial statements are those of NGC – Gas Transmission Activities (NGC). Gas Transmission Activities involves the ownership and the supply of line function services for the transportation of gas.

b) Special Purpose Financial Statements

The financial statements have been prepared in accordance with the Gas (Information Disclosure) Regulations 1997 and generally accepted accounting principles.

c) General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of earnings and the financial position under the historical cost method, as modified by the revaluation of certain assets, have been followed in the preparation of these financial statements. This includes the going concern concept and the matching of revenue and expenses under the accrual concept.

d) Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been adopted:

i) Revenue and Expenses

Revenue and expenses are stated exclusive of Goods and Services Tax (GST).

ii) Valuation of Fixed Assets

Pipelines, compressors and gate stations are recorded at the most recent valuation, adjusted by subsequent additions, disposals and depreciation. Valuations are carried out regularly and reviewed by independent experts, using the optimised deprival valuation methodology. All fixed assets other than pipelines, compressors and gate stations, are included at cost less accumulated depreciation.

Under the modified historical cost method, the revaluation, reflecting the difference between the net carrying value of the assets and the valuation (net of the deferred tax), is recorded in the asset revaluation reserve. In arriving at the net carrying value any accumulated depreciation is written back against the asset value. The revaluation increase or decrease is transferred from the revaluation reserve to retained earnings on the disposal of an asset.

Construction in progress is recorded at cost. For projects having a cost in excess of \$500,000 and a construction period of not less than three months, finance costs relating to that project are capitalised. The finance costs capitalised are based on the actual cost directly attributable to the construction of the asset. Where this is not clearly identifiable, NGC's cost of debt is used. Assets constructed by NGC are commissioned and transferred from construction in progress to fixed assets as each facility or operating unit within a facility becomes operational and available for use.

iii) Current Assets

Accounts receivables are valued at their estimated realisable value. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. All other current assets are valued at their estimated realisable value.

iv) Depreciation

The rates of depreciation vary according to the nature and economic lives of the assets and fall within the following ranges (on a straight line basis):

High Pressure Pipelines	65 Years	Plant, Equipment and	
Compressors and Gate Stations	35-45 Years	Motor Vehicles	5-20 years
Buildings	40-100 years	Capital Spares	5-20 years

Depreciation of pipelines commences when the pipeline is physically complete and flowing gas.

v) Deferred Income

Contributions received from gas utilities and other parties towards the capital expenditure on pipelines are accounted for initially in a deferred income account. Amortisation to income of the deferred income account takes place only after the obligations in connection with the contributions are performed. The deferred income account is amortised to the statement of financial performance over the life of the pipelines to which they relate or over the life of the gas supply contract whichever is the shorter.

vi) Taxation

Deferred taxation is recognised using the liability method and on a comprehensive basis. Income tax expense is recognised on the surplus before taxation. It is then adjusted for permanent differences between taxable and accounting income. The tax effect of all timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is recognised in the statement of financial position as a future tax benefit or as deferred tax. The future tax benefit or deferred tax is stated at the income tax rates prevailing at balance date. Future tax benefits are not recognised unless realisation of the asset is virtually certain. Future tax benefits and deferred tax is offset.

vii) Deferred Expenditure

Deferred expenditure is expenditure which provides benefits beyond the current accounting period. These expenditures include the connection of new customers to the gas system and the conversion of existing customers' appliances to the use of natural gas which are written off over periods up to ten years, and financing costs which are amortised to earnings over the remaining life of the relevant lending facility.

e) Changes in Accounting Policy and Comparatives

There have been no changes in accounting policies. These policies have been applied on a consistent basis during the year.

2. Surplus before Taxation

	\$Thousands	
	2002	2001
Surplus before Taxation is stated after charging:		
Audit fees and expenses	30	30
Depreciation	9,522	9,775

3. Income Tax

		\$Thousands	
		2002	2001
a)	The Income Tax Expense has been calculated as follows:		
	Surplus before Taxation	45,438	43,833
	Income Tax at 33%	14,995	14,465
	Adjustments to tax for:		
	Non-deductible expenditure	1,174	1,181
	Tax Charge	16,169	15,646

4. Fixed Assets

2002				
	Cost/ Valuation	Accumulated Depreciation	Net Book Value	Depreciation Charge
Pipelines, Compressors and Gate Stations	378,820	17,307	361,513	8,741
Plant and Equipment	14,052	11,808	2,244	494
Motor Vehicles	1,945	971	974	223
Freehold Land and Buildings	4,212	810	3,402	64
Construction in Progress	5,358	-	5,358	-
	404,387	30,896	373,491	9,522

2001				
	Cost/ Valuation	Accumulated Depreciation	Net Book Value	Depreciation Charge
Pipelines, Compressors and Gate Stations	377,680	8,581	369,099	8,898
Plant and Equipment	14,017	11,298	2,719	630
Motor Vehicles	1,841	1,023	818	197
Freehold Land and Buildings	4,155	747	3,408	50
Construction in Progress	3,542	-	3,542	-
	401,235	21,649	379,586	9,775

Pipelines, compressors and gate stations were revalued as at 30 June 2000 using the optimised deprival valuation methodology. The valuation was reviewed and certified by Cap Gemini Ernst and Young. Based on the latest Government valuations the Directors estimate that the fair valuation of land and buildings is approximately equivalent to their net book value as at 30 June 2002.

5. Deferred Expenditure

	\$Thousands	
	2002	2001
Balance as at 1 July 2001	6,369	7,455
Less Amounts Amortised to Expenses	(1,086)	(1,086)
	5,283	6,369

6. Accounts Receivable

	\$Thousands	
	2002	2001
Trade Debtors	7,435	4,766
Prepayments and Sundry Receivables	1,155	3,865
	8,590	8,631

7. Notional Reserves

NGC's Gas Transmission Activity is not a company and therefore has no share capital. Notional reserves are determined on the basis that Gas Transmission is fully equity funded by NGC of New Zealand Limited. Notional reserves therefore represent all funding provided to Gas Transmission by the NGC Group.

8. Deferred Income

	\$Thousands	
	2002	2001
Balance as at 1 July 2001	-	1,307
Less amount amortised to earnings	-	(1,307)
	-	-

Deferred income represents contributions from customers as explained in Note 1(d)(v).

9. Capital Commitments

There were no capital amounts committed and not recorded in these financial statements (2001, \$0.93 million).

Operating lease commitments	\$Thousands	
	2002	2001
Non cancellable operating leases are payable as follows		
Not later than one year	61	74
Between one and two years	55	50
Between two and five years	89	116
Later than five years	-	-
	205	240

10. Contingent Liabilities

There are no contingent liabilities, which would have a material adverse effect on these financial statements (2001, Nil).

11. Financial Instruments*Interest Rate Risk*

There is no interest rate risk as NGC – Transmission Activities does not hold any interest bearing assets or liabilities.

Credit Risk

Financial instruments potentially subject to credit risk are cash deposits and trade debtors. Cash deposits are placed with a small number of trading banks and the amount deposited per bank is limited. The counter parties and the credit limits are approved by the Board of Directors. NGC completes credit evaluations on customers where possible and requires a bond to be paid when customers cannot demonstrate an adequate credit history. There are no significant concentrations of credit risk

Foreign Currency Risk

Transactions denominated in foreign currencies are undertaken from time to time and resulting from these activities exposures in foreign currencies arise, these exposures are managed by other NGC Group companies.

Fair Values

Cash at bank, other investments, trade creditors and amounts due to subsidiaries - the carrying value of these items is equivalent to their fair value.

NGC – Gas Transmission Activities
Statement of Performance Measures
For the year ended 30 June 2002
For the purposes of the Gas (Information Disclosure) Regulations 1997

	2002	2001	2000	1999
1. Financial Performance Measures				
Accounting Return on Total Assets	11.9%	11.3%	11.9%	9.7%
Accounting Return on Equity	8.9%	8.3%	8.7%	7.0%
Accounting Rate of Profit	7.7%	7.2%	8.4%	6.7%
2. Efficiency Performance Measures				
Direct Line Costs per Kilometer	\$2,548	\$2,584	\$3,415	\$5,539
Indirect Line Costs per Gas Customer	\$1,026,674	\$941,611	\$929,333	\$589,083

NB: Direct Line Costs per kilometer represent the direct costs associated with maintaining the NGC system. Prior year disclosure accounts represent the direct costs associated with maintaining the NGC and third party systems.

3. Other Performance Measures and Statistics

3.1 Load factor

2002				2001		
System	Gas Into System, a (GJ p.a.)	Max. Monthly Quantity, b (GJ/month)	Load Factor, $\frac{a \times 100}{12 \times b}$	Gas Into System, a (GJ p.a.)	Max. Monthly Quantity, b (GJ/month)	Load Factor, $\frac{a \times 100}{12 \times b}$
North & Central	51,657,400	5,546,350	77.6	42,993,206	4,804,021	74.6
Central	-	-	-	12,854,659	1,374,735	77.9
Bay of Plenty	12,304,129	1,152,940	88.9	11,840,281	1,128,152	87.5
Frankley Rd – Kapuni	24,450,814	2,870,377	71.0	26,454,929	2,712,470	81.3
South	14,431,137	1,661,135	72.4	12,014,451	1,295,145	77.3

NB: Gas entering the North System includes some of the gas into Central System.
Gas entering the Central System includes some of the gas into the Bay of Plenty System.
Gas entering the Frankley Rd – Kapuni System includes some of the gas into the South System.

2000				1999		
System	Gas Into System, a (GJ p.a.)	Max. Monthly Quantity, b (GJ/month)	Load Factor, $\frac{a \times 100}{12 \times b}$	Gas Into System, a (GJ p.a.)	Max. Monthly Quantity, b (GJ/month)	Load Factor, $\frac{a \times 100}{12 \times b}$
North & Central				27,565,731	2,519,007	91.2
North	41,869,514	4,842,133	72.1			
Central	9,318,902	1,110,835	69.9			
Bay of Plenty	11,852,566	1,204,496	82.0	11,605,971	1,165,652	83.0
Frankley Rd – Kapuni	25,934,596	2,946,459	73.3	30,528,389	3,360,884	75.7
South	10,862,614	1,212,350	74.7	9,998,616	1,218,760	68.4

3.2 Unaccounted-for gas ratio

2002				2001		
System	Unaccounted For Gas a (GJ p.a.)	Gas Into System b (GJ p.a.)	UFG % $\frac{a \times 100}{b}$	Unaccounted For Gas a (GJ p.a.)	Gas Into System b (GJ p.a.)	UFG % $\frac{a \times 100}{b}$
North & Central	156,962	51,657,400	0.30	-	-	-
North	-	-	-	(353,277)	42,993,206	(0.82)
Central	-	-	-	236,736	12,854,659	1.84
Bay of Plenty	78,787	12,304,129	0.64	21,224	11,840,281	0.18
Frankley Rd – Kapuni	285,057	24,450,814	1.17	115,901	26,454,929	0.44
South	333,622	14,431,137	2.31	229,681	12,014,451	1.91

NB: UFG = Receipts + (Initial Linepack - Final Linepack) - Deliveries - Gas Used in Transmission.
Positive UFG represents a “loss”, negative UFG a “gain”.

2000				1999		
System	Unaccounted For Gas a (GJ p.a.)	Gas Into System b (GJ p.a.)	UFG % $\frac{a \times 100}{b}$	Unaccounted For Gas a (GJ p.a.)	Gas Into System b (GJ p.a.)	UFG % $\frac{a \times 100}{b}$
North & Central	-	-	-	(407,463)	27,565,731	(1.48)
North	(288,671)	41,869,514	(0.69)			
Central	323,637	9,318,902	3.47			
Bay of Plenty	32,853	11,852,566	0.28	(180,121)	11,605,971	(1.55)
Frankley Rd – Kapuni	(251,633)	25,934,596	(0.97)	280,691	30,528,389	0.92
South	144,283	10,862,614	1.33	(115,148)	9,998,616	(1.15)

3.3 Statistics

2002				2001				
System	Length (km)	Max. Monthly Quantity Entering the System (GJ/month)	Total Gas Conveyed (GJ p.a.)	Gas Conveyed Other than For NGC (GJ p.a.)	Length (km)	Max. Monthly Quantity Entering the System (GJ/month)	Total Gas Conveyed (GJ p.a.)	Gas Conveyed Other than For NGC (GJ p.a.)
North & Central	810.7	5,546,350	51,092,450					
North				426.5	4,804,021	42,988,549		
Central				384.2	1,374,735	12,597,248		
Bay of Plenty	608.3	1,152,940	12,152,110	608.3	1,128,152	11,737,035		
Frankley Rd – Kapuni	72.3	2,870,377	24,160,700	72.3	2,712,470	26,336,173		
South	696.1	1,661,135	14,034,764	696.1	1,295,145	11,736,958		
Total	2,187.4		101,440,024	52,244,860	2,187.4		105,395,963	45,445,753


2000				1999				
System	Length (km)	Max. Monthly Quantity Entering the System (GJ/month)	Total Gas Conveyed (GJ p.a.)	Gas Conveyed Other than For NGC (GJ p.a.)	Length (km)	Max. Monthly Quantity Entering the System (GJ/month)	Total Gas Conveyed (GJ p.a.)	Gas Conveyed Other than For NGC (GJ p.a.)
North & Central					811.7	2,519,007	27,565,731	
North	426.5	4,842,133	41,850,642					
Central	384.2	1,110,835	8,974,118					
Bay of Plenty	608.3	1,204,496	11,748,141		594.8	1,165,652	11,605,971	
Frankley Rd – Kapuni	72.3	2,946,459	26,170,977		62.4	3,360,884	30,528,389	
South	696.1	1,212,350	10,660,602		697.4	1,218,760	9,998,616	
Total	2,187.40		99,404,480	58,932,727	2,166.3		79,698,707	45,618,141

	2002	2001	2000	1999
Number of transmission customers	14	11	9	12
Unplanned interruptions in transmission systems (Number of unplanned interruptions)	1	2	2	1

GAS TRANSMISSION ACTIVITIES**CERTIFICATE OF FINANCIAL STATEMENTS, PERFORMANCE MEASURES, AND
STATISTICS DISCLOSED BY DIRECTORS OF THE CORPORATION**

We, Phillip Melmoth James and Kevin Maxwell Baker, directors of NGC New Zealand Limited, formerly Natural Gas Corporation of New Zealand Limited (the 'Corporation'), certify that, having made all reasonable enquiry, to the best of our knowledge, -

- (a) 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; and
- (b) the attached information, being financial performance measures, efficiency performance measures, energy delivery performance measures and statistics, and reliability performance measures in relation to the Corporation, and having been prepared for the purposes of regulations 15 to 19 of the Gas (Information Disclosure) Regulations 1997, complies with the requirements of those regulations.



Phillip Melmoth James



Kevin Maxwell Baker

20 November 2002



PricewaterhouseCoopers
113-119 The Terrace
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NGC – Gas Transmission Activities

Certification of Performance Measures by Auditor

We have examined the attached information, being:

- financial performance measures specified in clause 1 of Part 2 of Schedule 1 of the Gas (Information Disclosure) Regulations 1997; and
- financial components of the efficiency performance measures specified in clause 2 of Part 2 of that Schedule;

and having been prepared by NGC Holdings Limited in respect to NGC – Gas Transmission Activities dated 20 November 2002 for the purposes of Regulations 15 and 16 of those Regulations.

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

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
20 November 2002



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Certification by Auditor in Relation to Financial Statements

NGC – Gas Transmission Activities

We have examined the attached financial statements prepared by NGC Holdings Limited in respect to NGC - Gas Transmission Activities dated 20 November 2002 for the purposes of Regulation 6 of the Gas (Information Disclosure) Regulations 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.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
20 November 2002

NGC – Gas Wholesaling Activities
Statement of Financial Performance
For the Year Ended 30 June 2002
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	June 2002	June 2001
Gas Sales		190,931	153,897
Expenses		(143,749)	(134,032)
Abnormal Item	10	12,000	-
Surplus before Taxation	2	59,182	19,865
Income Tax Expense	3	(19,617)	(6,555)
Net Surplus for the Year		39,565	13,310

NGC – Gas Wholesaling Activities**Statement of Financial Position****As at 30 June 2002****For the purposes of the Gas (Information Disclosure) Regulations 1997**

		\$Thousands	
	Note	2002	2001
Non Current Assets			
Gas Entitlements	4	89,794	148,874
Future Tax Benefit		325	1,362
Total Non Current Assets		90,119	150,236
Current Assets			
Cash at bank			3
Current Portion of Gas Entitlements	4	58,630	44,825
Accounts Receivable	5	22,691	11,140
Inventories – Consumable Spares		804	811
Total Current Assets		82,125	56,239
Total Assets		172,244	206,475
Equity			
Notional Reserves	6	134,848	186,760
Total Equity		134,848	186,760
Current Liabilities			
Bank Overdraft		319	
Current Tax		17,267	
Accounts Payable and Accruals	7	19,810	19,715
Total Current Liabilities		37,396	19,715
Total Liabilities and Equity		172,244	206,475

**NGC – Gas Wholesaling Activities
Notes to the Financial Statements
For the Year Ended 30 June 2002**

1. Statement of Accounting Policies

a) Accounting Entity

The financial statements are those of NGC – Gas Wholesaling Activities. Gas Wholesaling comprise those activities relating to 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).

b) Special Purpose Financial Statements

The financial statements have been prepared in accordance with the Gas (Information Disclosure) Regulations 1997 and generally accepted accounting principles.

c) General Accounting Policies

The general accounting policies recognised as appropriate for the measurement and reporting of earnings and the financial position under the historical cost method have been followed in the preparation of these financial statements. This includes the going concern concept and the matching of revenue and expenses under the accrual concept.

d) Particular Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been adopted:

i) Revenue and Expenses

Revenue and expenses are stated exclusive of Goods and Services Tax (GST).

ii) Current Assets

Accounts receivable are valued at their estimated realisable value. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis. All other current assets are valued at their estimated realisable value.

iii) Gas Entitlements

Under the terms of the gas supply contracts, NGC is required to pay for a minimum quantity of gas in each contract year whether or not delivery has been made. Prepayments for undelivered gas entitle NGC to delivery of gas in subsequent years without further payment. The prepayments are capitalised as a long-term asset and will be amortised to earnings as the prepaid gas is utilised.

iv) Taxation

NGC recognises deferred taxation using the liability method and on a comprehensive basis. Income tax expense is recognised on the surplus before taxation. It is then adjusted for permanent differences between taxable and accounting income. The tax effect of all timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is recognised in the statement of financial position as a future tax benefit or as deferred tax. The future tax benefit or deferred tax is stated at the income tax rates prevailing at balance date. Future tax benefits are not recognised unless realisation of the asset is virtually certain. Future tax benefits and deferred tax is offset.

v) Changes in Accounting Policy and Comparatives

There have been no changes in accounting policies. The presentation of certain comparatives has been restated to ensure consistency with current year disclosures.

2. Surplus before Taxation

	SThousands	
	2002	2001
Surplus before Taxation is stated after charging:		
Audit fees and expenses	10	10

3. Taxation

	SThousands	
	2002	2001
The Income Tax Expense has been calculated as follows:		
Surplus before Taxation	59,182	19,865
Income tax at 33%	19,530	6,555
Adjustments to tax for:		
Non-deductible expenditure	87	-
Tax Charge	19,617	6,555

4. Gas Entitlements

	SThousands	
	2002	2001
Balance expected to be realised:		
Within one year	58,630	44,285
Later than one year	89,794	148,874
Advance Paid and Prepaid Gas Entitlements	148,424	193,159

NGC's entitlements to gas are:

a) Take or Pay Gas Contract

NGC has contracts with the Crown, whereby it has committed to purchase gas in annual contract quantities. The remaining commitments from 1 July 2002 to 27 June 2009 are 166 petajoules (30 June 2001, 191 petajoules).

b) Advance Paid Gas

NGC purchased, from the Crown, 262.5 petajoules of Maui gas to be delivered in annual scheduled entitlements up to 2009 for a single advance payment. This gas is referred to as Advance Paid Gas and requires no further payment to the Crown when delivery is taken except for payment of the energy resource levy. NGC takes approximately one unit of Advance Paid Gas for every two units purchased under its take or pay contract with the Crown.

At the same time NGC obtained access to an additional 94.1 petajoules of gas paid for but not taken by the Crown under its contract with Maui Mining Companies (refer 4(c) below).

The 262.5 petajoules and the 94.1 petajoules were purchased for a single payment of \$235 million. As at 30 June 2002 NGC had 83 petajoules (30 June 2001, 103 petajoules) of the Advance Paid Gas remaining.

c) Gasbank II

In 1992 NGC sold its entitlements to 79.8 petajoules of the 94.1 petajoules referred to above to Fletcher Challenge for \$22 million. Subsequent to this Shell Investments New Zealand Ltd (Shell New Zealand) acquired the Fletcher Challenge Ltd subsidiary and this agreement is now between Shell New Zealand and NGC. Under this agreement NGC held the right at all times to uplift all or any part of the 79.8 petajoules for the original price of \$22 million plus holding costs. Furthermore, in the event of any redetermination of the Maui field resulting in a reduction in NGC's annual contract quantities, the agreement requires that the gas entitlement is transferred back at no extra cost to NGC, in the amount by which NGC's annual contract quantities are reduced up to a maximum of 79.8 petajoules. As at 30 June 2002 NGC had repurchased 4.8 petajoules of the 79.8 petajoules.

d) Kapuni Indemnity Gas

NGC has exercised its option to purchase up to 70 petajoules of gas from Fletcher Challenge Energy starting in 2005. This arrangement is also now held with Shell New Zealand.

5. Accounts Receivable

	\$Thousands	
	2002	2001
Trade Debtors	21,705	3,738
Prepayments and Sundry Receivables	388	141
Amounts Owing from NGC Group Companies	598	7,261
Accounts Receivable	22,691	11,140

6. Notional Reserves

Gas Wholesaling is not a company and therefore has no share capital. Notional reserves are determined on the basis that Gas Wholesaling is fully equity funded by NGC of New Zealand Limited. Notional reserves therefore represent all funding provided to Gas Wholesaling by the NGC Group.

7. Accounts Payable and Accruals

	\$Thousands	
	2002	2001
Accounts Payable and Accrued Expenses	19,285	18,180
Amounts Owing to Other NGC Group Companies	525	1,535
Accounts Payable and Accruals	19,810	19,715

8. Financial Instruments

Interest Rate Risk - not subject to this risk as there are no interest bearing assets or liabilities.

Credit Risk - potentially subject to credit risk are cash deposits and trade debtors, cash deposits are placed with a small number of trading banks and the amount deposited per bank is limited. The Board of Directors approves the counter parties and the credit limits. NGC completes credit evaluations on customers where possible and requires a bond to be paid when customers cannot demonstrate an adequate credit history. There are no significant concentrations of credit risk

Foreign Currency Risk - transactions denominated in foreign currencies are undertaken from time to time and resulting from these activities exposures in foreign currencies arise. These exposures are managed by other NGC Group companies.

Fair Values - Cash at bank, other investments, trade creditors and amounts due to subsidiaries - the carrying value of these items is equivalent to their fair value

9. Capital Commitments

Amounts committed but not recorded in these financial statements total \$nil (2001, \$nil).

10. Abnormal Item

	SThousands	
	2002	2001
Receipt of Gas Commitment Fee from the amendment of a wholesale gas contract	12,000	-


11. Contingent Liabilities

NGC has transferred 25 petajoules of prepaid Maui gas to Methanex, which must be uplifted by 2006. The liability will arise if Methanex calls for prepaid gas within the terms of its own Maui contracts and the Crown does not deliver on that call. In these circumstances NGC must make its best endeavors to deliver sufficient gas to meet its remaining obligations (10.1 PJ at 30 June 2002) or refund part of the monies to Methanex.

There are no other material contingent liabilities or legal proceedings outstanding.

GAS WHOLESALING ACTIVITIES**CERTIFICATE OF FINANCIAL STATEMENTS DISCLOSED BY DIRECTORS OF THE CORPORATION**

We, Phillip Melmoth James and Kevin Maxwell Baker, directors of NGC New Zealand Limited, formerly Natural Gas Corporation of New Zealand 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.



Phillip Melmoth James

Kevin Maxwell Baker

20 November 2002



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Certification by Auditor in Relation to Financial Statements

NGC – Gas Wholesale Activities

We have examined the attached financial statements prepared by NGC Holdings Limited in respect to NGC – Gas Wholesale Activities dated 20 November 2002 for the purposes of Regulation 6 of the Gas (Information Disclosure) Regulations 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.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
20 November 2002