



New Zealand Gazette

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NATURAL GAS CORPORATION OF NEW ZEALAND LIMITED

INFORMATION FOR DISCLOSURE

PURSUANT TO THE GAS (INFORMATION
DISCLOSURE) REGULATIONS 1997

NATURAL GAS CORPORATION OF NEW ZEALAND LIMITED**INFORMATION FOR DISCLOSURE FOR THE YEAR ENDED 30 JUNE 2001**

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.

Natural Gas Corporation – Gas Distribution Activities
Statement of Financial Performance
For the year ended 30 June 2001
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	June 2001	June 2000
Revenue		36,915	35,529
Abnormal Items	2	7,652	4,235
Expenses	2	(17,129)	(20,910)
Surplus before Taxation	2	27,438	18,854
Income Tax Expense	3	(6,889)	(6,080)
Net Surplus for the Year		20,549	12,774

Natural Gas Corporation – Gas Distribution Activities
Statement of Financial Position
As at 30 June 2001
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	2001	2000
Fixed and Long Term Assets			
Fixed Assets	4	213,810	221,252
Deferred Expenditure	5	902	1,118
Total Non Current Assets		214,712	222,370
Current Assets			
Cash and Short Term Deposits		16,461	498
Accounts Receivable		6,374	5,011
Current tax		-	2,820
Inventories – Consumable Spares		371	438
Total Current Assets		23,206	8,767
Total Assets		237,918	231,137
Equity			
Notional Reserves	6	122,375	107,880
Total Equity		122,375	107,880
Non Current Liabilities			
Related Party Advance	7	83,069	101,436
Deferred Income	8	12	17
Deferred Taxation		20,707	17,665
Total Non Current Liabilities		103,788	119,118
Current Liabilities			
Current Tax		5,949	-
Accounts Payable and Accruals		5,806	4,139
Total Current Liabilities		11,755	4,139
Total Liabilities and Equity		237,918	231,137

Natural Gas Corporation – Gas Distribution Activities
Notes to the Financial Statements
For the year ended 30 June 2001

1. Statement of Accounting Policies

a) Accounting Entity

The financial statements are presented by Natural Gas Corporation of New Zealand Limited (NGCNZ). They represent the aggregated Gas Distribution Activities of NGCNZ and AGL NZ Energy Limited (AGLNZE). AGLNZE is a subsidiary of the Australian Gas Light Company (AGL). NGCNZ is an indirect subsidiary of AGL and the two entities are therefore in a prescribed relationship, as defined in the Gas (Information Disclosure) Regulations 1997.

As required by the Regulations, these financial statements represent the aggregated Gas Distribution Activities of NGCNZ and AGLNZE. They have been 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 has existed.

b) 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.

c) 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) *Intangible Assets*

The identifiable intangible asset recognises the purchase price for the gas network acquired over and above the certified ODV valuation.

The identifiable intangible assets are amortised over the expected average remaining life of the network assets of 42 years, on a straight-line basis.

iv) *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.

v) *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	Motor Vehicles	5 years
Meters and Stations	20 to 50 years	Plant and Equipment	5-15 years
Buildings	40-100 years	Capital Spares	5-15 years

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

vi) *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.

vii) *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.

viii) 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.

ix) 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

	\$ Thousands	
	2001	2000
Surplus before Taxation is stated after charging/(crediting):		
Audit fees and expenses	11	35
Depreciation	5,776	6,025
Amortisation	1,403	1,267
Leasing Costs	635	223
Abnormal Items:		
Deferred Income	-	(4,235)
Profit on Sale of Metering Assets	(7,652)	-

3. Income Tax

	\$ Thousands	
	2001	2000
The Income Tax Expense has been calculated as follows:		
Surplus before Taxation	27,438	18,854
Income Tax at 33%	9,054	6,222
Adjusted for:		
Permanent Differences	(2,182)	(37)
Prior Period Adjustments	17	(105)
	6,889	6,080

4. Fixed Assets

	\$Thousands			\$ Thousands		
	2001			2000		
	Cost/ Valuation	Accumulated Depreciation	Net Book Value	Cost/ Valuation	Accumulated Depreciation	Net Book Value
Pipeline Compressors & Gas Stations	165,438	5,441	159,997	167,144	2,211	164,933
Machinery, Equipment & vehicles	6,537	4,540	1,997	5,056	2,526	2,530
Identifiable Intangible	53,315	2,987	50,328	53,315	1,584	51,731
Work in Progress	346	-	346	925	-	925
Freehold Land & Buildings	1,151	9	1,142	1,141	8	1,133
	226,787	12,977	213,810	227,581	6,329	221,252

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 2001.

5. Deferred Expenditure

	\$Thousands	
	2001	2000
Balance as at 1 July	1,118	1,183
Plus amounts capitalised	-	151
Less amounts amortised to expenses	(216)	(216)
	902	1,118

6. 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 Natural Gas Corporation of New Zealand Limited. Notional reserves therefore represent all funding provided to Gas Distribution by the Natural Gas Corporation Group.

7. Related Party Transactions

The related party advance is an advance to AGLNZE from AGL NZ Limited. The balance has no fixed repayment term, is unsecured and bears no interest. Subsequent to year end, the loan was repaid.

Gas transportation charges were paid by On energy Limited, a subsidiary of Natural Gas Corporation Holdings Limited.

8. Deferred Income

	\$Thousands	
	2001	2000
Balance as at 1 July	17	4,908
Less amount amortised to earnings	(5)	(4,891)
	12	17

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

9. Capital Commitments

Amounts committed but not recorded in these financial statements total \$0.9 million (2000 \$0.9 million).

	\$ Thousands	
Operating Lease Commitments	2001	2000
Non cancellable operating lease rentals are payable as follows:		
Not later than one year	166	276
Between one and two years	133	220
Between two and five years	159	298
Later than five years	-	159
	458	953

9. Contingent Liabilities

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

10. Subsequent Events

On 25 July 2001, subsequent to the year end, AGLNZE sold its network assets, and the proceeds were used to repay the related party advance (Note 7).

Natural Gas Corporation – Gas Distribution Activities
Statement of Performance Measures
For the year ended 30 June 2001
For the purposes of the Gas (Information Disclosure) Regulations 1997

	2001 NGC/ AGLNZE	2000 NGC/ AGLNZE	1999 NGC Only	1998 NGC Only	1997 NGC Only
1. Financial Performance Measures					
a) Measures including abnormal items and earnings adjustments					
Accounting Return on Total Assets	16.27%	14.44%	15.35%	10.14%	10.3%
Accounting Return on Equity	33.56%	39.24%	12.00%	8.42%	8.6%
Accounting Rate of Profit	15.70%	17.83%	10.95%	7.62%	6.7%
b) <i>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.</i>					
c) <i>The above ratios are calculated inclusive of abnormal item relating to the profit on sale of meters which are included as part of distribution activities, which amounted to \$7.3 million net of tax (abnormal items in 2000: \$2.8 million). In addition, they 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).</i>					
d) Measures Adjusted to exclude abnormal items (see Note 1.2 to the financial statements)					
Accounting Return on Total Assets	11.89%	11.91%	11.43%	10.14%	10.3%
Accounting Return on Equity	23.50%	33.08%	9.07%	8.42%	8.6%
Accounting Rate of Profit	11.56%	15.22%	7.03%	7.62%	6.7%
e) Measures Adjusted to exclude abnormal items and earnings adjustments described above					
Accounting Return on Total Assets	8.77%	6.66%	11.43%	10.14%	10.3%
Accounting Return on Equity	11.88%	10.10%	9.07%	8.42%	8.6%
Accounting Rate of Profit	8.47%	9.04%	7.03%	7.62%	6.7%
2. Efficiency Performance Measures					
Direct Line Costs per Kilometre	\$1,100	\$1,345	\$1,854	\$1,731	\$1,444
Indirect Line Costs per Gas Customer	\$71	\$64	\$65	\$90	\$132

NGC ONLY	2001	2000	1999	1998	1997
3. Energy Delivery Efficiency Performance Measures					
Load Factor	69.22%	85.33%	83.66%	78.12%	85.75%
Unaccounted for Gas Ratio	0.31% Loss	0.31% Loss	0.01% gain	0.38% loss	0.08% gain
4. Statistics					
System Length (km)	2,533	2,479	2,267	2,428	2,338
Maximum Monthly Amount of Gas Entering System (GJ)	1,223,573	856,362	812,703	908,776	879,772
Total Annual Amount of Gas Conveyed through System (GJ)	10,163,878	8,769,123	8,192,334	8,518,965	9,052,762
Total Annual Amount of Gas Conveyed through System for persons not in a prescribed business relationship (GJ)	173,197	805,395	75,120	2,788,000	0
Total Number of Customers	50,452	48,270	47,727	45,834	43,342
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)	.0086	.4564	.00103	0.0211	0.0268
Interruptions attributable to third party interference	.0084	.01679	.000356	0.0087	0.0228
Unplanned Distribution System Interruptions related to Transmission System Interruptions (hours/customer)	0	.7513	0	0	0

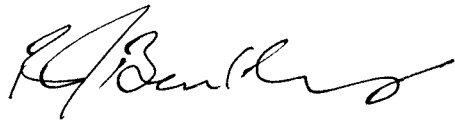
AGL NZE ONLY	2001	2000	1999
3. Energy Delivery Efficiency Performance Measures			
Load Factor	64.98	65.23%	79.39%
Unaccounted for Gas Ratio	2.8% gain	0.5% loss	0.5% loss
4. Statistics			
System Length (km)	1,162	1,030	954
Maximum Monthly Amount of Gas Entering System	239,608 GJ	240,099 GJ	214,139 GJ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

AGL NZE ONLY	2001	2000	1999
Total Annual Amount of Gas Conveyed through System for persons not in a prescribed business relationship	310,560 GJ	1,367,372 GJ	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, Richard John Bentley and Gregory John Walton Martin, directors of 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.



Richard John Bentley



Gregory John Walton Martin

23 November 2001



PricewaterhouseCoopers
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Wellington, New Zealand
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Natural Gas Corporation - Distribution

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 Natural Gas Corporation - Distribution and dated 23 November 2001 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
23 November 2001



PricewaterhouseCoopers
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Certification by Auditor in Relation to Financial Statements

Natural Gas Corporation - Distribution

We have examined the attached financial statements prepared by Natural Gas Corporation - Distribution and dated 23 November 2001 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
23 November 2001

Natural Gas Corporation – Gas Retailing Activities
Statement of Financial Performance
For the year ended 30 June 2001
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	June 2001	June 2000
Gas Sales		242,244	182,178
Expenses		(231,207)	(180,554)
Surplus before Taxation	2	11,037	1,624
Income Tax Expense	3	(3,731)	(536)
Net Surplus for the Year		7,306	1,088

Natural Gas Corporation – Gas Retailing Activities
Statement of Financial Position
As at 30 June 2001
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	2001	2000
Fixed and Long Term Assets			
Fixed Assets	4	4,384	5,644
Goodwill		4,396	4,646
Deferred Expenditure	5	902	1,118
Total Non Current Assets		9,682	11,408
Current Assets			
Trade Debtors		31,687	35,617
Current Tax		7,803	69
Inventories – Consumable Spares		5	419
Total Current Assets		39,495	36,105
Total Assets		49,177	47,513
Equity			
Notional Reserves	6	24,193	26,121
Total Equity		24,193	26,121
Non Current Liabilities			
Deferred Taxation		739	1,972
Total Non Current Liabilities		739	1,972
Current Liabilities			
Bank Overdraft		2,495	891
Accounts Payable and Accruals		21,705	18,529
Total Current Liabilities		24,245	19,420
Total Liabilities and Equity		49,177	47,513

Natural Gas Corporation – Gas Retailing Activities
Notes to the Financial Statements
For the year ended 30 June 2001

1. Statement of Accounting Policies

a) Accounting Entity

The financial statements are those of Natural Gas Corporation – Gas Retailing Activities (NGC), 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 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):

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	
	2001	2000
Surplus before Taxation is stated after charging:		
Audit fees and expenses	28	28
Fees for other services paid to the Auditors	-	25
Depreciation	1,584	1,578
Leasing Costs	394	192
Goodwill Amortisation	250	250

3. Taxation

	\$ Thousands	
	2001	2000
The Income Tax Expense has been calculated as follows:		
Surplus before Taxation	11,037	1,624
Income Tax at 33%	3,642	536
Adjustments to tax for:		
Non-deductible expenditure	89	-
Tax Charge	3,731	536

4. Fixed Assets

	\$Thousands			\$ Thousands		
	2001			2000		
	Cost/ Valuation	Accumulated Depreciation	Net Book Value	Cost/ Valuation	Accumulated Depreciation	Net Book Value
Equipment	9,213	5,123	4,090	9,684	4,977	4,707
Motor Vehicles	528	234	294	1,707	770	937
	9,741	5,357	4,384	11,391	5,747	5,644

5. Deferred Expenditure

	\$ Thousands	
	2001	2000
Balance as at 1 July	1,118	1,275
Plus amount capitalised	-	59
Less amounts amortised to expenses	(216)	(216)
	902	1,118

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 Natural Gas Corporation of New Zealand Limited. Notional Reserves therefore represent all funding provided to Gas Retailing by the Natural Gas Corporation Group.

7. Capital Commitments

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

Operating Lease Commitments

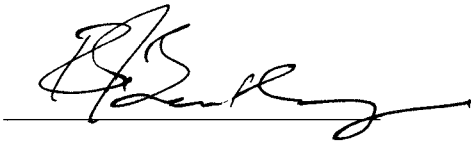
	\$ Thousands	
	2001	2000
Non cancelable operating lease rentals are payable as follows:		
Not later than one year	321	402
Between on and two years	81	7
Between two and five years	7	-
Later than five years	-	-
	409	409

8. 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, Richard John Bentley and Gregory John Walton Martin, directors of 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.

A handwritten signature in black ink, appearing to read 'R. Bentley', written over a horizontal line.

Richard John Bentley

A handwritten signature in black ink, appearing to read 'G. Martin', written over a horizontal line.

Gregory John Walton Martin

23 November 2001



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Certification by Auditor in Relation to Financial Statements

Natural Gas Corporation - Retail

We have examined the attached financial statements prepared by Natural Gas Corporation - Retail and dated 23 November 2001 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
23 November 2001

Natural Gas Corporation – Gas Transmission Activities
Statement of Financial Performance
For the year ended 30 June 2001
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	June 2001	June 2000
Revenue		74,967	76,247
Expenses		(31,134)	(29,366)
Surplus before Taxation	2	43,833	46,881
Income Tax Expense	3	(15,646)	(16,642)
Net Surplus for the Year		28,187	30,239

Natural Gas Corporation – Gas Transmission Activities
Statement of Financial Position
As at 30 June 2001
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	2001	2000
Fixed and Long Term Assets			
Fixed Assets	4	379,586	387,154
Deferred Expenditure	5	6,369	7,455
Total Non Current Assets		385,955	394,609
Current Assets			
Bank		21	-
Accounts Receivable	6	8,631	9,226
Inventories – Consumable Spares		969	1,168
Current Taxation		2,028	37
Total Current Assets		11,649	10,431
Total Assets		397,604	405,040
Equity			
Notional Reserves	7	336,194	345,072
Total Equity		336,194	345,072
Non Current Liabilities			
Deferred Income	8	-	1,307
Deferred Taxation		54,650	53,562
Total Non Current Liabilities		54,650	54,869
Current Liabilities			
Bank Overdraft		-	6
Accounts Payable and Accruals		6,760	5,093
Total Current Liabilities		6,760	5,099
Total Liabilities and Equity		397,604	405,040

Natural Gas Corporation – Gas Transmission Activities
Notes to the Financial Statements
For the year ended 30 June 2001

1. Statement of Accounting Policies

a) Accounting Entity

The financial statements are those of Natural Gas Corporation – 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.

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 and Equipment	5-15 years
Compressors and Gate Stations	35-45 years	Capital Spares	5-15 years
Buildings	40-100 years	Motor Vehicles	5 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 and is written off over periods up to ten years. These expenditures relate to the connection of customers to the gas system and the conversion of existing customers' appliances to the use of natural gas.

viii) 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

	\$Thousands	
	2001	2000
Surplus before Taxation is stated after charging:		
Audit fees and expenses	30	30
Depreciation	9,775	9,817

3. Income Tax

	\$Thousands	
	2001	2000
The Income Tax Expense has been calculated as follows:		
Surplus before Taxation	43,833	46,881
Income Tax at 33%	14,465	15,471
Adjustments to tax for:		
Non-deductible expenditure	1,181	1,171
Tax Charge	15,646	16,642

4. Fixed Assets

	\$Thousands					
	2001			2000		
	Cost/ Valuation	Accumulated Depreciation	Net Book Value	Cost/ Valuation	Accumulated Depreciation	Net Book Value
Pipelines, Compressors and Gate Stations	377,680	8,581	369,099	376,905	-	376,905
Machinery and Equipment	14,017	11,298	2,719	13,347	10,658	2,689
Motor Vehicles	1,841	1,023	818	1,850	904	946
Freehold Land and Buildings	4,155	747	3,408	4,102	697	3,405
Construction in Progress	3,542	-	3,542	3,209	-	3,209
	401,235	21,649	379,586	399,413	12,259	387,154

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 2001.

5. Deferred Expenditure

	\$Thousands	
	2001	2000
Balance as at 1 July	7,455	8,541
Less Amounts Amortised to Expenses	(1,086)	(1,086)
	6,369	7,455

6. Accounts Receivable

	\$Thousands	
	2001	2000
Trade Debtors	4,766	3,964
Prepayments and Sundry Receivables	3,865	5,262
	8,631	9,226

7. Notional Reserves

Gas Transmission 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 Natural Gas Corporation of New Zealand Limited. Notional reserves therefore represent all funding provided to Gas Transmission by the Natural Gas Corporation Group.

8. Deferred Income

	\$Thousands	
	2001	2000
Balance as at 1 July	1,307	3,619
Less amount amortised to earnings	(1,307)	(2,312)
	-	1,307

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

9. Capital Commitments

Capital amounts committed but not recorded in these financial statements total \$0.93 million (2000, \$1.88 million).

	\$ Thousands	
Operating Lease Commitments	2001	2000
Non cancellable operating lease rentals are payable as follows:		
Not later than one year	74	80
Between one and two years	50	77
Between two and five years	116	150
Later than five years	-	53
	240	360

10. Contingent Liabilities

There are no contingent liabilities, which would have a material adverse effect on these financial statements (2000, Nil).

Natural Gas Corporation – Gas Transmission Activities
Statement of Performance Measures
For the year ended 30 June 2001
For the purposes of the Gas (Information Disclosure) Regulations 1997

	2001	2000	1999	1998
1. Financial Performance Measures				
Accounting Return on Total Assets	11.3%	11.9%	9.7%	10.6%
Accounting Return on Equity	8.3%	8.7%	7.0%	7.8%
Accounting Rate of Profit	7.2%	8.4%	6.7%	7.3%
2. Efficiency Performance Measures				
Direct Line Costs per Kilometre	\$5,023	\$5,114	\$6,133	\$4,374
Indirect Line Costs per Gas Customer	\$941,611	\$929,333	\$589,083	\$675,545

3. Other Performance Measures and Statistics

3.1 Load factor

2001				2000		
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	42,993,206	4,804,021	74.6	41,869,514	4,842,133	72.1
Central	12,854,659	1,374,735	77.9	9,318,902	1,110,835	69.9
Bay of Plenty	11,840,281	1,128,152	87.5	11,852,566	1,204,496	82.0
Frankley Rd -	26,454,929	2,712,470	81.3	25,934,596	2,946,459	73.3
South	12,014,451	1,295,145	77.3	10,862,614	1,212,350	74.7

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.

No statistics are shown for North and Central for 1999 as these two areas were combined in that year.

1999				1998		
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	22,687,600	2,262,940	83.6
North						
Central				8,765,941	825,083	88.5
Bay of Plenty	11,605,971	1,165,652	83.0	11,283,386	1,224,947	76.8
Frankley Rd – Kapuni	30,528,389	3,360,884	75.7	14,744,666	2,013,880	61.0
South	9,998,616	1,218,760	68.4	10,593,321	1,204,330	73.3

3.2 Unaccounted-for gas ratio

2001				2000		
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	(353,277)	42,993,206	(0.82)	(288,671)	41,869,514	(0.69)
Central	236,736	12,854,659	1.84	323,637	9,318,902	3.47
Bay of Plenty	21,224	11,840,281	0.18	32,853	11,852,566	0.28
Frankley Rd – Kapuni	115,901	26,454,929	0.44	(251,633)	25,934,596	(0.97)
South	229,681	12,014,451	1.91	144,283	10,862,614	1.33

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

The unexpectedly high UFG figure for the Central System is believed to be due to problems with check metering, particularly at the new interconnection to the Bay of Plenty System, rather than with custody-transfer metering. Under measurement may also have contributed to the Bay of Plenty UFG appearing so favourable.

No statistics are shown for North and Central for 1999 as these two areas were combined in that year

1999				1998		
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)	(217,574)	22,687,600	(0.96)
North						
Central				(87,037)	8,765,941	(0.99)
Bay of Plenty	(180,121)	11,605,971	(1.55)	(116,384)	11,283,386	(1.04)
Frankley Rd – Kapuni	280,691	30,528,389	0.92	(159,773)	14,744,666	(1.08)
South	(115,148)	9,998,616	(1.15)	(156,420)	10,593,321	(1.48)

3.3 Statistics

2001					2000			
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								
North	426.5	4,804,021	42,988,549		426.5	4,842,133	41,850,642	
Central	384.2	1,374,735	12,597,248		384.2	1,110,835	8,974,118	
Bay of Plenty	608.3	1,128,152	11,737,035		608.3	1,204,496	11,748,141	
Frankley Rd – Kapuni	72.3	2,712,470	26,336,173		72.3	2,946,459	26,170,977	
South	696.1	1,295,145	11,736,958		696.1	1,212,350	10,660,602	
Total	2,187.4		105,395,963	45,445,753	2,187.4		99,404,480	58,932,727

NB: No statistics are shown for North and Central for 1999 as these two areas were combined in that year

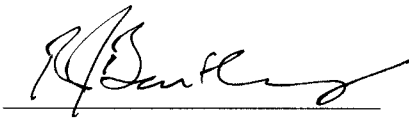
1999					1998			
System	Length (km)	Max. Monthly Quantity Entering the System (GJ/month)	Total Gas Conveyed (GJ p.a.)	Gas Conveyed Other than For NGC (GJ p.a.)	Length (km)	Max. Monthly Quantity Entering the System (GJ/month)	Total Gas Conveyed (GJ p.a.)	Gas Conveyed Other than For NGC (GJ p.a.)
North & Central	811.7	2,519,007	27,565,731		425.7	2,262,940	22,687,600	17,187,703
North								
Central					384.3	825,083	8,765,941	1,306,673
Bay of Plenty	594.8	1,165,652	11,605,971		594.8	1,224,947	11,283,386	0
Frankley Rd – Kapuni	62.4	3,360,884	30,528,389		72.1	2,013,880	14,744,666	6,519,971
South	697.4	1,218,760	9,998,616		697.4	1,204,330	10,593,321	2,703,337
Total	2166.3		79,698,707	45,618,141	2,174.3		68,074,914	27,717,684

	2001	2000	1999	1998
Number of transmission customers	11	9	12	11
Unplanned interruptions in transmission systems (Number of unplanned interruptions)	2	2	1	3

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

We, Richard John Bentley and Gregory John Walton Martin, directors of 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.



Richard John Bentley



Gregory John Walton Martin

23 November 2001



PricewaterhouseCoopers
113-119 The Terrace
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Wellington, New Zealand
Telephone +64 4 462 7000
Facsimile +64 4 462 7001

Natural Gas Corporation - Transmission

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 Natural Gas Corporation - Transmission and dated 23 November 2001 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
23 November 2001



PricewaterhouseCoopers
113-119 The Terrace
PO Box 243
Wellington, New Zealand
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Certification by Auditor in Relation to Financial Statements

Natural Gas Corporation - Transmission

We have examined the attached financial statements prepared by Natural Gas Corporation - Transmission and dated 23 November 2001 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
23 November 2001

Natural Gas Corporation – Gas Wholesaling Activities
Statement of Financial Performance
For the Year Ended 30 June 2001
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	June 2001	June 2000
Gas Sales		153,897	125,164
Expenses		(134,032)	(96,893)
Surplus before Taxation	2	19,865	28,271
Income Tax Expense	3	(6,555)	(9,329)
Net Surplus for the Year		13,310	18,942

Natural Gas Corporation – Gas Wholesaling Activities
Statement of Financial Position
As at 30 June 2001
For the purposes of the Gas (Information Disclosure) Regulations 1997

		\$Thousands	
	Note	2001	2000
Non Current Assets			
Gas Entitlements	4	166,044	162,338
Future Tax Benefit		1,362	774
Total Non Current Assets		167,406	163,112
Current Assets			
Cash at bank		3	335
Current Portion of Gas Entitlements	4	27,115	33,670
Accounts Receivable	5	11,140	7,897
Inventories – Consumable Spares		811	764
Total Current Assets		39,069	42,666
Total Assets		206,475	205,778
Equity			
Notional Reserves	6	186,760	107,880
Total Equity		186,760	107,880
Current Liabilities			
Accounts Payable and Accruals	7	19,715	19,354
Total Current Liabilities		19,715	19,354
Total Liabilities and Equity		206,475	205,778

Natural Gas Corporation – Gas Wholesaling Activities
Notes to the Financial Statements
For the Year Ended 30 June 2001

1. Statement of Accounting Policies

a) Accounting Entity

The financial statements are those of Natural Gas Corporation – Gas Wholesaling Activities (NGC). Gas Wholesaling comprise those activities relating to the sale of gas to persons for the purpose of supply 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 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 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

	\$Thousands	
	2001	2000
Surplus before Taxation is stated after charging:		
Audit fees and expenses	10	10

3. Taxation

	\$Thousands	
	2001	2000
The Income Tax Expense has been calculated as follows:		
Surplus before Taxation	19,865	28,271
Income Tax at 33%	<u>6,555</u>	<u>9,329</u>

4. Gas Entitlements

	\$Thousands	
	2001	2000
Balance expected to be realised:		
Within one year	27,115	33,670
Later than one year	166,044	162,338
Advance Paid and Prepaid Gas Entitlements	<u>193,159</u>	<u>196,008</u>

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 2001 to 27 June 2009 are 191 petajoules (2000, 213 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 2001 NGC had 104 petajoules (2000, 123 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. NGC retains 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. As at 30 June 2001 NGC had repurchased 2.8 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.

5. Accounts Receivable

	\$Thousands	
	2001	2000
Trade Debtors	3,738	2,241
Prepayments and Sundry Receivables	141	131
Amounts Owing from NGC Group Companies	7,261	5,525
Accounts Receivable	11,140	7,897

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 Natural Gas Corporation of New Zealand Limited. Notional reserves therefore all represent all funding provided to Gas Wholesaling by the Natural Gas Corporation Group.

7. Accounts Payable and Accruals

	\$Thousands	
	2001	2000
Accounts Payable and Accrued Expenses	18,180	17,942
Amounts Owing to Other Natural Gas Corporation Group Companies	1,535	1,577
Accrued Take or Pay Liability	-	(165)
Accounts Payable and Accruals	19,715	19,354

8. Capital Commitments

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

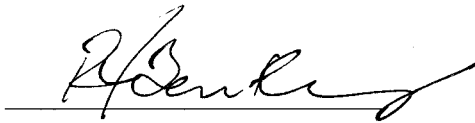
9. Contingent Liabilities

NGC has transferred 25 petajoules of prepaid Maui gas to Methanex, which must be uplifted by 2006. In the unlikely event that the Crown is unable to deliver these gas entitlements to Methanex, because of the failure of the Maui field, NGC must make its best endeavour to deliver gas or refund part or all 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, Richard John Bentley and Gregory John Walton Martin, directors of 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.



Richard John Bentley



Gregory John Walton Martin

23 November 2001



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Certification by Auditor in Relation to Financial Statements

Natural Gas Corporation - Wholesale

We have examined the attached financial statements prepared by Natural Gas Corporation - Wholesale and dated 23 November 2001 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
23 November 2001