

ACRE OIL (UK) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

Company Registered Number: 1272556



ACRE OIL (UK) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

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ACRE OIL (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The Directors submit their report and accounts of the Company for the year to 31 December 2003.

1. PRINCIPAL ACTIVITIES

The Company did not trade during the year and is not expected to commence trade in the near future.

2. DIRECTORS

The following served as Directors of the Company during the year:

C E Bolton
G Hall

The Secretary who held office during the year was J E H Griffin until 1 April 2003, and C S Inman with effect from 1 April 2003.

3. DIRECTORS' INTERESTS

Beneficial Holdings

	<u>1 Jan 2003</u>	<u>31 Dec 2003</u> <u>Ordinary Shares</u>
C E Bolton	12,406	18,091
G Hall	21,311	7,467

Saving Related Share Options

	<u>1 Jan 2003</u>	<u>Lapsed</u>	<u>Exercised</u>	<u>Granted</u>	<u>31 Dec 2003</u> <u>Ordinary Shares</u>
C E Bolton	8,460	-	-	-	8,460
G Hall	7,368	-	-	-	7,368

Company Share Option Scheme

	<u>1 Jan 2003</u>	<u>Granted</u>	<u>Exercised</u>	<u>1 Dec 2003</u>
C E Bolton	81,554	47,637	-	129,191
G Hall	64,144	26,894	-	91,038

Long Term Incentive Scheme

	Notional allocations of shares as at 1 Jan 2003	Notional allocations of shares made during the year	Number of shares added through dividend reinvestment	Forfeited at end of performance period	Shares vested during the year	Notional allocation of shares as at 31 Dec 2003
C E Bolton	6,537	-	40	(1,446)	(3,565)	1,566
G Hall	7,105	-	23	(2,435)	(2,056)	2,637

Full details of all employee share and option schemes can be found in the BG Group plc Annual Report and Accounts 2003.

4. DIRECTORS' INSURANCE

The ultimate parent company has maintained insurance premiums to cover Directors and other officers against any liabilities in relation to the Company.

5. DIVIDEND

The Directors do not propose to declare a dividend for the year ended 31 December 2003 (2002: Nil).

6. RESERVES

There have been no movements in reserves during the year.

7. AUDITORS

As the Company is dormant within the meaning of Section 249aa (1) of the Companies Act 1985, the Company is exempt from the obligation to appoint auditors as required by Section 384 of that Act.

By Order of the Board



C S Inman
Secretary

Date: 25 OCTOBER 2004

Registered Office:
100 Thames Valley Park Drive
Reading
Berkshire, RG6 1PT
Registered in England & Wales No: 1272556

ACRE OIL (UK) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

	<u>Notes</u>	<u>2003</u> £'000	<u>2002</u> £'000
CURRENT ASSETS			
Debtors	2	440	440
		==	==
CAPITAL AND RESERVES			
Called up share capital	3	440	440

For the year ended 31 December 2003 the Company was entitled to exemption under section 249aa(1) of the Companies Act 1985.

No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 249b(2).

The directors acknowledge their responsibility for: (i) ensuring the Company keeps accounting records which comply with section 221; and (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the Companies Act relating to accounts, so far as applicable to the Company.

Approved by the Board on 25 October 2004



G Hall
Director

25 OCTOBER 2004

The notes on page 5 form part of these accounts.

ACRE OIL (UK) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2003

1. ULTIMATE PARENT UNDERTAKING

Acre Oil (UK) Limited is a direct wholly owned subsidiary undertaking of BG Energy Holdings Limited, which is a direct wholly-owned subsidiary of the ultimate holding company BG Group plc, a company registered in England and Wales. Copies of the parent company's report and accounts can be obtained from BG Group plc, 100 Thames Valley Park Drive, Reading, Berkshire RG6 1PT.

2. DEBTORS

	<u>2003</u>	<u>2002</u>
	<u>£'000</u>	<u>£'000</u>

Amounts owed by group undertakings	440	440
	=	=

3. SHARE CAPITAL

	<u>2003</u>	<u>2002</u>
	<u>£'000</u>	<u>£'000</u>

Authorised:

456,471,300 ordinary shares of 1p each	4,564,713	4,564,713
435,287 deferred shares of £1 each	<u>435,287</u>	<u>435,287</u>

Allotted and fully paid

435,287 ordinary shares of 1p each	4,352	4,352
435,287 deferred shares of £1 each	<u>435,287</u>	<u>435,287</u>
	<u>439,639</u>	<u>439,639</u>