

ACRE OIL (UK) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 1998



Company Registered Number: 1272556

ACRE OIL (UK) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1998

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ACRE OIL (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

The Directors submit their report and accounts of the Company for the year to 31 December 1998.

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:

D F Hatton

S J Sharman

3. DIRECTORS' INTERESTS

Capital Re-organisation

Following the capital re-organisation of the Company on 27 October 1998, shares were consolidated with shareholders receiving 15 new shares for every 17 old shares held, plus either a B share for every old share held or 30p, free of all dealing charges. All directors took the option of 30p per B share. However, shares in Trust also attracted B shares and those shares remained in Trust 16th December, 1998 when they were converted into Ordinary shares.

None of the Directors had any material interest, at any time during the period, in any contract or arrangement made by the Company which is significant to the business of the Company.

At no time did any Director still holding office on 31st December 1997 have any beneficial interest in the shares of the Company or any company within the BG plc Group except for interests in the shares of the parent company, BG plc, as stated below:

All options were granted under the terms of the ultimate parent company's Savings Related Share Option Scheme, details of which are given in that company's annual report and accounts

ACRE OIL (UK) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST DECEMBER 1998

Beneficial Interests

	<u>1 January 1998</u>		<u>31 December 1998</u>
	<u>Ordinary Shares</u>	<u>B Shares</u>	<u>Ordinary Shares</u>
D F Hatton	828	939	2820
S J Sharman	1384	874	3376

Savings Related Share Options

	<u>1 January 1998</u>	<u>Exercised</u>	<u>Granted</u>	<u>31 December 1998</u>
D F Hatton	12683	Nil	Nil	12683
S J Sharman	7169	Nil	Nil	7169

Long Term Incentive Scheme
Notional Allocations

	<u>1 January 1998</u>	<u>Allocated</u>	<u>Transferred</u>	<u>31 December 1998</u>
D F Hatton	38073	10769	Nil	48842
S J Sharman	33095	8812	Nil	41907

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 1998 (1997: 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 250 of the Companies Act 1985, a special resolution was passed at an Extraordinary General Meeting held on 23 August, 1996 whereby the company became exempt from its obligation to appoint auditors as required by Section 384 of that Act.

By Order of the Board



John E H Griffin
Secretary

Registered Office:
100 Thames Valley Park Drive
Reading, Berkshire
RG6 1PT

Registered in England
No 1272556

Date: 26 October, 1999

ACRE OIL (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

The Company has not traded during the financial year and has received no income and incurred no expenditure. Consequently, during the year the Company has made neither a profit nor a loss (1997: Nil) nor were there any recognised gains and losses during the year (1997: Nil).

The notes on page 6 form part of these accounts.

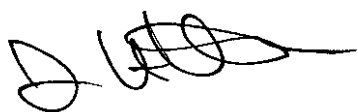
ACRE OIL (UK) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1998

	<u>Notes</u>	<u>31.12.98</u> £000	<u>31.12.97</u> £000
CURRENT ASSETS			
Debtors	4	440 ==	440 ==
CAPITAL AND RESERVES			
Called up share capital	5	440	440

The Company was dormant (within the meaning of Section 250 of the Companies Act 1985) throughout the accounting period ending on the date of this balance sheet.

Approved by the Board on: 26 OCTOBER, 1999



D F Hatton
Director

Date: 26 OCTOBER, 1999

The notes on page 6 form part of these accounts.

ACRE OIL (UK) LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998

1. OWNERSHIP

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

2. BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost accounting convention.

3. DIRECTORS' EMOLUMENTS AND EMPLOYEES

No director received emoluments in respect of his services to the Company during the year (1997 nil). The Company had no employees during the year (1997 - nil).

4. <u>DEBTORS</u>	<u>31.12.98</u> £000	<u>31.12.97</u> £000
Amounts owed by group undertakings	440 =	440 =
5. <u>SHARE CAPITAL</u>	<u>31.12.98</u> £	<u>31.12.97</u> £
<u>Authorised:</u>		
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>
<u>Allotted issued and fully paid:</u>		
435,287 ordinary shares of 1p each	4,352	4,352
435,287 deferred shares of £1 each	<u>435,287</u> <u>439,639</u>	<u>435,287</u> <u>439,639</u>