

Hydrocarbons Offshore Services Limited
Directors' Report and Financial Statements
For the period ended 31 December 2002

Company Registration Number: 1796415



Hydrocarbons Offshore Services Limited

Directors' Report and Financial Statements for the period ended 31 December 2002

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Hydrocarbons Offshore Services Limited

Directors' report for the period ended 31 December 2002

The Directors submit their report and financial statements for the period ended 31 December 2002.

Review of business

The Company did not trade during the year.

Directors

The following served as Directors during the year:

Appointed

F J Chapman
W M Friedrich
M J Houston
D McManus
J C Wormley
D E Roberts

3 February 2003

Directors' interests

F J Chapman and W M Friedrich are also Directors of the ultimate parent company BG Group plc and details of their interests in the shares of BG Group plc appear in that company's Annual Report and Accounts for 2002.

At no time did any Director still holding office at 31 December 2002 have any beneficial interest in the shares of the Company or any other company within BG Group plc except for those interests in the shares of BG Group plc stated below.

Beneficial holdings

	<u>01 January</u> <u>2002</u> <u>Ordinary</u> <u>Shares</u>	<u>31 December</u> <u>2002</u> <u>Ordinary</u> <u>Shares</u>
M J Houston	58,335	62,832
D McManus	1,565	3,129
J C Wormley	32,029	33,594
J C Wormley (ADR's)	10,000	10,000

ADR's = American Depositary Receipts

Savings-related share options

	<u>01 January</u> <u>2002</u>	<u>Granted</u>	<u>Exercised</u>	<u>31 December</u> <u>2002</u>
M J Houston	4,230	-	-	4,230
D McManus	7,466	-	-	7,466
J C Wormley	4,230	-	-	4,230

Company share option scheme

	<u>01 January</u> <u>2002</u>	<u>Granted</u>	<u>Exercised</u>	<u>31 December</u> <u>2002</u>
M J Houston	136,632	130,685	-	267,317
D McManus	186,306	132,512	-	318,818
J C Wormley	151,971	133,465	-	285,436

Short-term incentive scheme**Ordinary Shares**

	<u>1 January</u> <u>2002</u>	<u>Allocated</u>	<u>Disposed</u>	<u>Lapsed</u>	<u>31 December</u> <u>2002</u>
M J Houston	4,766	-	(4,766)	-	-

Long-term incentive scheme**Ordinary Shares**

	<u>1 January</u> <u>2002</u>	<u>Allocated</u>	<u>Disposed</u>	<u>Lapsed</u>	<u>31 December</u> <u>2002</u>
M J Houston	98,902	164,294	-	(8,214)	254,982
D McManus	114,189	164,455	-	-	278,644
J C Wormley	130,722	167,790	-	(20,306)	278,206

Full details of all employee share schemes can be found on pages 60 to 63 in the BG Group plc Annual Report and Accounts 2002.

Review of results and dividend

There have been no movements in reserves during the period.

The Directors do not propose to declare a dividend for the period ended 31 December 2002.

Auditors

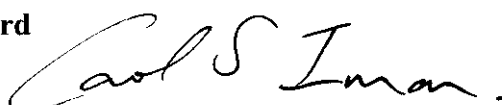
The Company was dormant within the meaning Section of 249AA(1) of the Companies Act 1985. Accordingly, the Company is exempt from the obligation to appoint auditors as required by Section 384 of that Act.

By order of the Board

C S Inman

Secretary

4 September 2003



Hydrocarbons Offshore Services Limited

Directors' Responsibility Statement

The Directors are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the financial statements on pages 4 to 7, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the company keeps accounting records, which disclose with reasonable accuracy the financial position of the Company.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Hydrocarbons Offshore Services Limited

Profit and loss account for the period ended 31 December 2002

The Company has not traded during the year ended 31 December 2002 and has received no income and incurred no expenditure. Consequently during the year the Company has made neither a profit nor a loss nor were there any recognised gains and losses during the year.

The notes on pages 6 and 7 form part of these financial statements.

Hydrocarbons Offshore Services Limited

Balance sheet

As at 31 December 2002

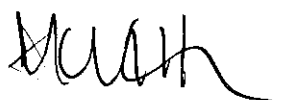
	Note	2002 £000	2001 £000
Current Assets			
Debtors	3	140	140
Creditors (amounts falling due within one year)	4	(91)	(91)
Net assets		<u>49</u>	<u>49</u>
Capital and reserves			
Called up share capital	5	1	1
Profit and loss account		<u>48</u>	<u>48</u>
Equity shareholders' funds	6	<u>49</u>	<u>49</u>

For the year ended 31 December 2002 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.

The financial statements on pages 4 to 7 were approved by the Board of Directors on 4 September 2003 and were signed on its behalf by:



M J Houston
Director

Hydrocarbons Offshore Services Limited

Notes to the financial statements

1 Ultimate parent company

BG Group plc, a company registered in England and Wales is the ultimate holding company. BG Group plc has a 100% interest in the equity capital of BG Energy Holdings Limited. BG Energy Holdings Limited has a 100% interest in the equity capital of Hydrocarbons Offshore Services Limited.

Copies of the parent company's consolidated accounts can be obtained from BG Group plc, 100 Thames Valley Park Drive, Reading, Berkshire, RG6 1PT.

2 Principal accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historic cost convention.

Cash flow statement

The Company has taken advantage of the exemptions available to wholly owned UK subsidiaries under Financial Reporting Standard No.1 (Revised 1996) "Cash Flow Statements", and accordingly has not prepared a cash flow statement.

Related party disclosures

The Company is an indirect wholly owned subsidiary of BG Group plc and has taken advantage of the exemption within Financial Reporting Standard No. 8 "Related Party Disclosures" from disclosure of transactions with other group companies.

3 Debtors

	2002 £000	2001 £000
Amounts owed by Group Undertakings	91	91
Corporation tax	49	49
	<u>140</u>	<u>140</u>

Hydrocarbons Offshore Services Limited

Financial statements continued

4	Creditors (amounts falling due within one year)	2002	2001
		£000	£000
	Amounts owed by group undertakings	(89)	(89)
	Other Creditors	<u>(2)</u>	<u>(2)</u>
		<u>(91)</u>	<u>(91)</u>

5 Called up share capital

	2002	2001
	£000	£000
Authorised:		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, issued and fully paid:		
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

6 Reconciliation of movements in shareholders' funds

	2002	2001
	£000	£000
Opening Shareholders' funds	49	50
Profit/(Loss) for the year	<u>-</u>	<u>1</u>
Closing shareholders' funds	<u>49</u>	<u>49</u>

7 Employees

The Company has no employees. The emoluments of the directors are paid by the parent company, which makes no recharge to the company. The directors are also directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries.