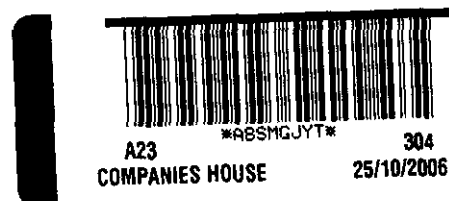


**BG UK Holdings Limited**

**Annual Report and Financial Statements**

**For the year ended 31 December 2005**

**Company Registration Number: 2059279**



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## Directors' report for the year ended 31 December 2005

The Directors present their report and the audited Financial Statements for the year ended 31 December 2005.

### Principal activity

The principal activity of BG UK Holdings Limited is to act as an investment holding company to promote the interests of BG Group plc. It is expected that this will remain the principal activity of the Company for the foreseeable future. Details of the Company's primary subsidiary undertaking and its principal activity is given in note 5 to the Financial Statements.

### Results and dividend

The Company's result for the financial year was £nil (2004: £nil).

The Directors have not declared a dividend in respect of the year ended 31 December 2005 (2004: £30,000,000).

### Directors

The following served as Directors during the year:

C E Bolton  
J P O'Driscoll  
J C W Stewart (alternate to J P O'Driscoll)

### Company Secretaries

The following served as joint Company Secretaries during the year:

#### Appointed

C S Inman  
P A Moore 7 June 2005

### Directors' insurance

The ultimate parent undertaking has purchased insurance to cover the Directors against liabilities in relation to the Company.

### Directors' interests

At no time did any Director, still holding office on 31 December 2005, have any beneficial interest in the shares of the Company or any other company within BG Group except for those interests in the shares of the ultimate parent undertaking, BG Group plc, as stated below:

### Beneficial holdings

	Beneficial interests in ordinary shares	
	As at 1 Jan 2005	As at 31 Dec 2005
J P O'Driscoll	18,427	38,540
C E Bolton	20,654	16,456
J C W Stewart	6,749	10,744

### Sharesave Scheme

	Options as at 1 Jan 2005	Options granted in the year	Options exercised in the year	Options as at 31 Dec 2005
J P O'Driscoll	3,458	-	-	3,458
C E Bolton	6,916	-	-	6,916
J C W Stewart	3,458	-	-	3,458

**Directors' report for the year ended 31 December 2005 continued****Company Share Option Scheme**

	Options as at 1 Jan 2005	Options granted in the year	Options exercised in the year	Options as at 31 Dec 2005
J P O'Driscoll	175,284	46,373	(97,086)	124,571
C E Bolton	147,107	31,736	(52,789)	126,054
J C W Stewart	109,645	12,446	(11,173)	110,918

**Long Term Incentive Scheme**

	Notional allocations of shares as at 1 Jan 2005	Notional allocations of shares made during the year	Number of shares added through dividend reinvestment	Number of shares forfeited at end of performance period	Number of shares vested during the year	Notional allocation of shares as at 31 Dec 2005
J P O'Driscoll	181,971	47,807	203	(20,812)	(51,448)	157,721
J C W Stewart	35,036	15,398	-	-	-	50,434

Full details of all employee share and option schemes can be found in the BG Group Annual Report and Accounts 2005.

**Derivative financial instruments**

The Company did not transact in any derivative financial instruments during the period. Full details of the BG Group policies and procedures surrounding financial instruments and details of such transactions can be found in the BG Group Annual Report and Accounts 2005.

**Auditors**

In accordance with Section 386 of the Companies Act 1985 the Company has elected to dispense with the annual reappointment of auditors and accordingly PricewaterhouseCoopers LLP remain in office.

## **Directors' report for the year ended 31 December 2005 continued**

### **Statement of Directors' responsibilities**

The Directors are required by the Companies Act 1985 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 6 to 10 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards have been followed and that the Financial Statements have been prepared on the going concern basis. The Company has complied with UK disclosure requirements.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enables them to ensure that the Financial Statements comply with the Companies Act 1985.

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.

The Directors, having prepared the Financial Statements, have requested the Auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

By order of the Board



**C S Inman**  
Company Secretary

Date: 11.10.06

Registered Office:  
100 Thames Valley Park Drive  
Reading  
Berkshire  
RG6 1PT  
Registered in England & Wales No. 2059279

## **Independent Auditors' report to the member of BG UK Holdings Limited**

We have audited the Financial Statements of BG UK Holdings Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

### **Respective Responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's member as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

**Independent Auditors' report to the member of BG UK Holdings Limited**  
continued

**Opinion**

In our opinion, the Financial Statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its result for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London WC2N 6RH

Date: *11/10/06.*

**Profit and loss account for the year ended 31 December 2005**

	<b>Notes</b>	<b>2005 £000</b>	<b>2004 £000</b>
<b>Result on ordinary activities after taxation</b>		-	-
Dividends	4	-	(30,000)
<b>Retained result/(loss) for the year</b>	10, 11	<u>-</u>	<u>(30,000)</u>

The result for the year is derived solely from continuing operations.

There were no recognised gains and losses other than in the profit and loss account and, therefore, a separate statement of total recognised gains and losses has not been presented.

There is no difference between historical cost profits and the results presented.

The notes on pages 8 to 10 form part of these Financial Statements.



**Balance sheet as at 31 December**

	Notes	2005 £000	2004 £000
<b>Fixed assets</b>			
Investments	5	4,004,509	4,004,509
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	240,545	250,545
<b>Creditors: amounts falling due within one year</b>	7	(241,586)	(241,167)
<b>Net current (liabilities)/assets</b>		(1,041)	9,378
<b>Total assets less current liabilities</b>		4,003,468	4,013,887
<b>Creditors: amounts falling due after more than one year</b>	8	(710,485)	(720,904)
<b>Net assets</b>		3,292,983	3,292,983
<b>Capital and reserves</b>			
Called up share capital	9	3,103,447	3,103,447
Share premium account	10	177,895	177,895
Profit and loss account	10	11,641	11,641
<b>Equity shareholder's funds</b>	11	3,292,983	3,292,983

The notes on pages 8 to 10 form part of these Financial Statements.

The Financial Statements on pages 6 to 10 were approved by the Board of Directors and were signed on its behalf by:

  
**J P O'Driscoll**  
 Director

Date: 1<sup>st</sup> OCTOBER 2006

## Notes to the Financial Statements

### 1 Ultimate parent undertaking

The immediate parent undertaking is BG Energy Holdings Limited.

The ultimate parent undertaking and controlling party is BG Group plc, which is the parent undertaking of the largest group to consolidate these Financial Statements. The smallest group into which the Company is consolidated is that of which BG Energy Holdings Limited is the parent undertaking. BG Energy Holdings Limited and BG Group plc are both registered in England and Wales. Copies of the Group consolidated accounts may be obtained from the Company Secretary, 100 Thames Valley Park Drive, Reading, Berkshire, RG6 1PT.

### 2 Accounting policies

#### Basis of preparation and accounting principles

These accounts have been prepared on the going concern basis and in accordance with applicable accounting standards in the United Kingdom, using historical cost principles. A summary of the more important accounting policies which have been applied consistently is set out below.

#### Exemptions

The Company is a wholly owned subsidiary undertaking of BG Group plc and is therefore exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated accounts.

The Company has taken advantage of the exemptions available to wholly owned UK subsidiaries under Financial Reporting Standard (FRS) 1 (Revised 1996) 'Cash Flow Statements', and accordingly has not prepared a cash flow statement; and within FRS 8 'Related Party Disclosures' from disclosure of transactions with other group companies.

#### Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment.

#### Deferred Tax

Provision is made in full, on an undiscounted basis, for the deferred tax arising on the difference between the accounting treatment and tax treatment for depreciation in respect of accelerated capital allowances and other timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

### 3 Profit on ordinary activities before taxation

No Directors received emoluments in respect of their services to the Company during the year ended 31 December 2005 (2004 £nil).

The Company had no employees during the year ended 31 December 2005 (2004: nil). Remuneration of the Auditors has been borne by BG Energy Holdings Limited both in 2005 and 2004 and has not been recharged to the Company.

**Notes to the Financial Statements continued****4 Dividends**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Dividends paid to group undertaking	<u>-</u>	<u>(30,000)</u>

No dividend was paid to group undertakings during the year (2004: 0.967 pence per share).

**5 Fixed asset investments**

	<b>Subsidiary undertakings £000</b>
<b>Cost</b>	
As at 1 January and 31 December 2005	<u><b>4,004,509</b></u>

As at 31 December 2005, the Company's primary investment was BG Overseas Holdings Limited, an investment and holding company registered and operating in England and Wales. 100% of the ordinary share capital of BG Overseas Holdings Limited is directly owned by the Company. In accordance with the Companies Act 1985, a full list of subsidiary undertakings, joint ventures and associated undertakings will be included in the next Annual Return filed with the Registrar of Companies.

**6 Debtors: amounts falling due within one year**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Amounts owed by group undertakings	<u><b>240,545</b></u>	<u><b>250,545</b></u>

**7 Creditors: amounts falling due within one year**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings	<u><b>241,586</b></u>	<u><b>241,167</b></u>

**8 Creditors: amounts falling due after one year**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings	<u><b>710,485</b></u>	<u><b>720,904</b></u>

**9 Called up share capital**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised:</b>		
4,000 million ordinary shares of £1 each	<u><b>4,000,000</b></u>	<u><b>4,000,000</b></u>
<b>Allotted and fully paid up:</b>		
3,103 million ordinary shares of £1 each	<u><b>3,103,447</b></u>	<u><b>3,103,447</b></u>

**Notes to the Financial Statements** continued**10 Reserves**

	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>
As at 1 January and 31 December 2005	<u>177,895</u>	<u>11,641</u>

**11 Reconciliation of movements in shareholder's funds**

	<b>2005 £000</b>	<b>2004 £000</b>
As at 1 January	3,292,983	3,322,983
Result for the year	-	-
Dividends	-	(30,000)
As at 31 January	<u>3,292,983</u>	<u>3,292,983</u>