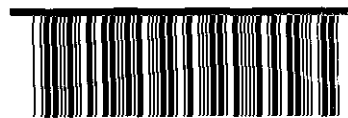


BG INTELLECTUAL PROPERTY LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2000**

REGISTERED NO. 2842953



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Directors' report for the year ended 31 December 2000

The Directors submit their report and the audited financial statements for the year ended 31 December 2000.

Principal Activities

The principal activity of the Company is that of holding the corporate trademarks and patents of the ultimate parent undertaking, BG Group plc.

Review of results and dividend

The Company's loss for the financial year was £1,000 (1999: Loss £190,000). This has been transferred from reserves.

The directors do not propose to declare a dividend for the year ended 31 December 2000 (1999: £nil).

Directors

The Directors who served during the year were:-

	Date of appointment	Date of resignation
M J Gamble	23 October 2000	
D F Hatton	23 October 2000	
G L Barrett	25 November 1999	
W M Friedrich	21 February 1997	
K Nash	25 November 1999	20 October 2000
B A E Laurie	21 February 1997	20 October 2000
T M Melvin	21 February 1997	20 October 2000

Company secretary

J E H Griffin

Directors' Interests

At no time did any Director, still holding office at 31 December 2000, have any beneficial interest in the shares of the Company or any other company within the BG Group plc except for those interests in the shares of the parent company, BG Group plc, stated below:

Beneficial Holdings (i)

	Ordinary Shares	
	As at 31 Dec 2000	As at 31 Dec 1999
G L Barrett	10,691	3,808
M J Gamble	2,670	5,480
D F Hatton	6,093	14,006

BG Intellectual Property Limited
Report and Accounts for the year ended 31 December 2000

Savings Related Share Options Scheme (ii)

	As at 31 Dec 1999	Lapsed	Granted	Exercised	As at 31 Dec 2000
G L Barrett	4,300	1,812	4,230	2,488	4,230
M J Gamble	-	-	4,230	-	4,230
D F Hatton	-	-	7,368	-	7,368

Company Share Option Scheme (ii)

	As at 31 Dec 1999	Granted	Exercised	As at 31 Dec 2000
G L Barrett	-	7,094	-	7,094
M J Gamble	-	14,897	-	14,897
D F Hatton	-	25,698	-	25,698

Long Term Incentive Scheme Notional Allocations (iii)

	As at 31 Dec 1999	Number of Shares Transferred	Restated following Demerger	Allocated	As at 31 Dec 2000
G L Barrett	8,300	3,261	3,646	1,281	4,927
M J Gamble	5,485	3,033	3,361	4,845	8,206
D F Hatton	56,202	26,489	15,443	8,358	23,801

- (i) Beneficial interests including shares acquired pursuant to the BG Employee Profit Sharing Scheme.
- (ii) All options were granted under the terms of the ultimate parent Company's savings related option scheme, executive option scheme and company share option scheme, details of which are given in that company's report and accounts.
- (iii) Figures given represent the maximum award possible if performance criteria are met at the end of the performance and retention period (5 or 6 years).

Auditors

PricewaterhouseCoopers have expressed their willingness to be reappointed as auditors of the company and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

..... JEN Griffin
J Griffin, Secretary

Date 26 October 2001

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

Registered in England: No. 2842953

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 and 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 which they consider to be applicable have been followed and that the financial statements have been prepared on the going concern basis.

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.

Auditors' report to the members

We have audited the financial statements on pages 6 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom, by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the United Kingdom Companies Act. 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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



Date

26 October

2001

BG Intellectual Property Limited
Report and Accounts for the year ended 31 December 2000

Profit and loss account

	Notes	2000 £000	1999 £000
Operating Costs	3	(1)	(190)
Loss on ordinary activities before taxation		(1)	(190)
Taxation	4	-	-
Loss after taxation for the year		(1)	(190)

The results for the year are derived solely from continuing operations.

There were no recognised gains and losses other than in the profit and loss account.

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.

BG Intellectual Property Limited
Report and Accounts for the year ended 31 December 2000

Balance sheet at 31 December

	Notes	2000 £000	1999 £000
Tangible fixed assets	5	4	5
Current assets			
Debtors	6	66	152
Creditors (amounts falling due within one year)	7	(3)	(89)
Net assets		67	68
Capital and reserves			
Called up share capital	8	1,000	1,000
Profit and loss account	9	(933)	(932)
Equity shareholders' funds	9	67	68

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


Director **GAYNOR BARRETT**

Approved by the Board on **26 OCTOBER 2001**

The notes on pages 8 to 10 form part of these financial statements.

Notes to the financial statements

1. Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Patents and licences

Expenditure on patents and licences is charged to the profit and loss account as incurred.

Depreciation

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives of 5 years.

2. Directors' emoluments

The Directors were employed as officers of the BG Group plc group and were remunerated by other companies in the group in respect of their services to the group as a whole.

3. Operating costs

	2000 £000	1999 £000
Depreciation	<u>1</u>	<u>1</u>

The Company has no employees (1999: nil).

4. Taxation

No provision has been made for the year (1999: £nil).

5. Tangible Fixed Assets – Office Machinery (Computers)

	£000
Cost:	
As at 1 January 2000	6
Additions	-
As at 31 December 2000	<u>6</u>
Depreciation:	
As at 1 January 2000	(1)
Charge for year	(1)
As at 31 December 2000	<u>(2)</u>
Net book value:	
As at 31 December 2000	<u>4</u>
As at 1 January 2000	<u>5</u>

6. Debtors

	2000 £000	1999 £000
Amounts owed by third parties	-	5
Amounts owed by group undertakings	66	147
	<u>66</u>	<u>152</u>

7. Creditors (amounts falling due within one year)

	2000 £000	1999 £000
Amounts owed to third parties	<u>3</u>	<u>89</u>

8. Called up share capital

	2000 £000	1999 £000
Ordinary shares of £1 each		
Authorised 100,000,000	100,000	100,000
Allotted issued and fully paid. 1,000,002	<u>1,000</u>	<u>1,000</u>

9. Reconciliation of movements in shareholder's funds

	Share capital £'000	Profit & loss account £'000	Total £'000
As at 1 January 2000	1,000	(932)	68
Shares issued	-	-	-
Retained loss for the year	-	(1)	(1)
As at 31 December 2000	<u>1,000</u>	<u>(933)</u>	<u>67</u>

10. Related Parties

As the Company is a wholly owned subsidiary of BG Group plc, advantage has been taken of the exemption afforded by FRS 8 not to disclose any related party transactions with members of the BG Group plc Group or with BG Group plc Associates and Joint Ventures.

11. Cash Flow Statement

As part of its published financial statements BG Group plc, the ultimate parent company, and BG Energy Holdings Limited, the immediate parent company, prepare a consolidated cash flow statement. BG Intellectual Property Limited has taken advantage of the exemption under FRS1 (revised) and chosen not to publish its own cash flow statement.

12. Ultimate parent company

The company's immediate parent company is BG Energy Holdings Limited and the ultimate parent company and controlling party is BG Group plc. BG Group plc and BG Energy Holdings Limited, an immediate holding company, are the only companies to consolidate the accounts of the company. BG Group plc and BG Energy Holdings Limited are registered in England.

Copies of the consolidated accounts of BG Group plc and BG Energy Holdings Limited can be obtained from 100 Thames Valley Park Drive, Reading, RG6 1PT.