

Microgen Energy Limited

Directors' Report and Financial Statements

For the year ended 31 December 2005



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Directors' report for the year ended 31 December 2005

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

Principal activities

The Company did not trade during the year and has not commenced to trade as at the date of this report.

Reserves

There have been no movements in reserves during the period

Directors

The following served as Directors during the year:

| | Appointed | Resigned |
|----------------|------------------|-----------------|
| W H Adamson | | 12 July 2005 |
| J P Heininger | | 14 October 2005 |
| C J Lee | | |
| A C W Williams | 12 July 2005 | |

Company Secretaries

The following served as joint Company Secretaries during the year:

| | Appointed | Resigned |
|-----------|-------------------|-----------------|
| C S Inman | | |
| P A Moore | 26 September 2005 | |

Directors' insurance

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

Dividend

The Directors do not propose to declare a dividend for the year ended 31 December 2005 (2004:£nil)

Directors' Share 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 company within BG Group except for those interests in the shares of BG Group plc as stated below.

Beneficial holdings**Beneficial interests in ordinary shares**

| | As at 1 Jan 2005* | As at 31 Dec 2005 |
|----------------|-------------------|-------------------|
| A C W Williams | 1,975 | 2,159 |
| C J Lee | - | - |

Sharesave Scheme

| | Options as at 1 Jan 2005* | Options granted in period | Options exercised in period | Options lapsed in year | Options as at 31 Dec 2005 |
|----------------|------------------------------|---------------------------------|-----------------------------------|------------------------------|------------------------------|
| A C W Williams | 4,212 | - | - | - | 4,212 |
| C J Lee | - | - | - | - | - |

Company Share Option Scheme

| | Options as at 1 Jan 2005* | Options granted in period | Options exercised in period | Options lapsed in year | Options as at 31 Dec 2005 |
|----------------|------------------------------|---------------------------------|-----------------------------------|------------------------------|------------------------------|
| A C W Williams | 81,342 | 43,049 | - | - | 124,391 |
| C J Lee | - | - | - | - | - |

Long Term Incentive Scheme

| | Notional allocations of shares as at 1 Jan 2005* | Notional allocations of shares made during the period | Number of shares added through dividend reinvestment | Forfeited at end of performance period | Shares vested during the period | Notional allocation of shares as at 31 Dec 2005 |
|----------------|--|--|--|---|---|---|
| A C W Williams | 120,267 | 47,931 | - | - | - | 168,198 |
| C J Lee | - | - | - | - | - | - |

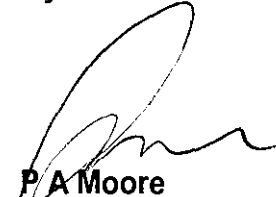
* Or at date of appointment (if later).

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

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:



P. A. Moore
Secretary

Date: 7 August 2006

Registered Office:

100 Thames Valley Park Drive
Reading
Berkshire RG6 1PT

Registered in England and Wales No: 4442132

Balance sheet as at 31 December 2005

| | Notes | 2005 £ | 2004 £ |
|--|-------|-----------|-----------|
| Fixed assets | | | |
| Investments | 4 | 2 | 1 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 5 | 1 | 1 |
| Current Liabilities | | | |
| Creditors: amounts falling due within one year | 6 | (2) | (1) |
| Total assets less current liabilities | | <u>1</u> | <u>1</u> |
| Capital and Reserves | | | |
| Called up share capital | 7 | <u>1</u> | <u>1</u> |
| Equity shareholder's funds | | <u>1</u> | <u>1</u> |

For the year ended 31 December 2005, the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

Members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 249B(2) of the Companies Act 1985.

The Directors acknowledge their responsibility for (i) ensuring the Company keeps accounting records which comply with section 221 of the Companies Act 1985; 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 of the Companies Act 1985, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as applicable to the Company.

The notes on pages 6 and 7 form part of these Financial Statements.

Approved by the Board of Directors:



A C W Williams
Director

Date: 7 August 2006

Notes to the Financial Statements

1 Ultimate parent undertaking

The immediate parent undertaking is BG International 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 these consolidated accounts may be obtained from the Company Secretary, 100 Thames Valley Park Drive, Reading, Berkshire, RG6 1PT.

2 Basis of accounting

Basis of preparation and accounting policies

These accounts have been prepared in accordance with applicable accounting standards in the United Kingdom, using historical cost principles.

3 Directors' emoluments and employees

No Director received emoluments in respect of his services to the Company during the year (2004:£nil). The Company had no employees during the year (2004: nil).

4 Investments

| | 2005 | 2004 |
|-------------------------|----------|----------|
| | £ | £ |
| Cost and net book value | | |
| As at 1 January 2005 | 1 | - |
| Additions | 1 | 1 |
| At 31 December 2005 | <u>2</u> | <u>1</u> |

The Company's principal subsidiary undertakings as at 31 December 2005 comprise:

| Name | Country of Incorporation | Activity | Direct interest in ordinary shares (%) | Indirect interest in ordinary shares (%) |
|--------------------------------|--------------------------|-----------------------|--|--|
| Microgen Manufacturing Limited | England | Microgen manufacturer | 100.0 | |
| Microgen Holdings Limited | England | Non - trading company | 100.0 | |
| Homepower Services Limited | England | Non - trading company | | 100.0 |

5 Debtors: amounts falling due within one year

| | 2005 | 2004 |
|------------------------------------|----------|----------|
| | £ | £ |
| Amounts owed by group undertakings | <u>1</u> | <u>1</u> |

6 Creditors: amounts falling due within one year

| | 2005 | 2004 |
|------------------------------------|----------|----------|
| | £ | £ |
| Amounts owed to group undertakings | <u>1</u> | <u>1</u> |

7 Called up share capital

| | 2005 | 2004 |
|--------------------------------|------------|------------|
| | £ | £ |
| Authorised: | | |
| 100 ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| Allotted and fully paid | | |
| 1 ordinary shares of £1 | <u>1</u> | <u>1</u> |

8 Reconciliation of movement in shareholder's funds

| | 2005 | 2004 |
|----------------------------------|----------|----------|
| | £ | £ |
| As at 1 January | 1 | - |
| Issue of 1 ordinary share at par | <u>-</u> | <u>1</u> |
| As at 31 December 2005 | <u>1</u> | <u>1</u> |