

MILFORD ENERGY LIMITED

Registered Number 05199003

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

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MILFORD ENERGY LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

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MILFORD ENERGY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The directors have pleasure in submitting their report, together with the audited financial statements of the company for the year ended 31 December 2006

PRINCIPAL ACTIVITY

The principal activity of the company, in the future, will be the generation and supply of electricity. During 2005 the company acquired a cogeneration plant and associated equipment at an industrial site in Milford Haven.

A major refit and refurbishment programme of these assets is currently being engineered and contracted. The plant has a forecast operating date of 2008.

RESULTS AND DIVIDENDS

The results for the year are summarised on page 4 of the financial statements. The directors do not recommend payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and subsequently were as follows:

Paul van Poecke	resigned 2 March 2007
Dick Baas	resigned 2 March 2007
Alan Michael	
Graham Alexander	
Simon Bonini	appointed 2 March 2007
Harry van Rietchoten	appointed 2 March 2007

Pursuant to the Companies Act 1985, there were no directors' interests in shares of the Company requiring disclosure under the Companies Act 1985. No director had an interest in any contract or arrangement to which the Company was a party.

MILFORD ENERGY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- 1 select suitable accounting policies and then apply them consistently,
- 2 make judgements and estimates that are reasonable and prudent,
- 3 state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 4 prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

As part of the audit process each director has confirmed, as at the date of the financial statements, that as far as the director is aware a) there is no relevant audit information of which the company's auditors are unaware, and b) they have taken reasonable steps to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the annual general meeting.

By Order of the Board



Director



Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MILFORD ENERGY LIMITED

We have audited the financial statements of Milford Energy Limited for the year ended 31 December 2006 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 members 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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

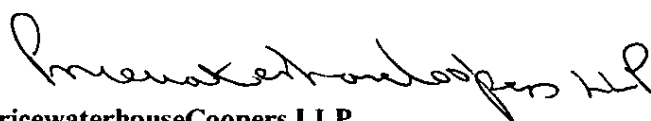
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cardiff

12 October 2007

MILFORD ENERGY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Year ended 31 December 2006 £'000	Period ended 31 December 2005 £'000
Administrative expenses		-	(1)
		<hr/>	<hr/>
OPERATING LOSS	2	-	(1)
		<hr/>	<hr/>
Interest receivable		1	1
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1	-
		<hr/>	<hr/>
Tax on profit on ordinary activities		-	-
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	8	1	-
		<hr/>	<hr/>

All items relate to continuing operations

The company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been prepared

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents


MILFORD ENERGY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	2006 £'000	2005 £'000
FIXED ASSETS			
Tangible assets	3	2,683	2,374
		<hr/>	<hr/>
CURRENT ASSETS			
Cash at bank and in hand		19	61
Debtors	4	5	9
		<hr/>	<hr/>
		24	70
CREDITORS: Amounts falling due within one year	5	(803)	(637)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(779)	(567)
		<hr/>	<hr/>
Deferred income	6	(303)	(207)
		<hr/>	<hr/>
NET ASSETS		1,601	1,600
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	7	1	1
Share premium account	8	1,599	1,599
Profit and loss account	8	1	-
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	10	1,601	1,600
		<hr/>	<hr/>

The financial statements on pages 5 to 11 were approved by the board of directors on 12 October 2007 and were signed on its behalf by


DIRECTOR


DIRECTOR

MILFORD ENERGY LIMITED

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 £'000	2005 £'000
NET CASHFLOW FROM OPERATING ACTIVITIES	11	(58)	80
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest received		1	1
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(309)	(775)
Capital grant received		96	207
FINANCING			
Loans received from shareholders		228	547
(DECREASE) / INCREASE IN CASH	13	(42)	60

MILFORD ENERGY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 ACCOUNTING POLICIES

Basis of accounting

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight line basis on all tangible assets at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis

Plant and machinery 20 years

No depreciation is charged on assets under construction until they are available for use

Deferred taxation

Provision is made in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are recognised only to the extent they are considered recoverable

MILFORD ENERGY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

2 OPERATING PROFIT

Audit fees of £2,000 (2005 £1,000) have been borne by a fellow subsidiary company

No directors received any emoluments from the company in respect of services to the company

The company had no employees during the year

3 TANGIBLE FIXED

	Assets under construction £'000
Cost	
At 31 December 2005	2,374
 Additions	 309
	<hr/>
At 31 December 2006	2,683
	<hr/>
Net book value	
At 31 December 2006	2,683
	<hr/>
 Net book value	
At 31 December 2005	2,374
	<hr/>

4 DEBTORS

	2006 £'000	2005 £'000
 VAT receivable	 5	 9
	<hr/>	<hr/>

MILFORD ENERGY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

5 CREDITORS - Amounts falling due within one year

	2006 £'000	2005 £'000
Trade creditors	5	56
Amounts due to shareholders	775	547
Accruals	23	34
	<u>803</u>	<u>637</u>

6 DEFERRED INCOME

	2006 £'000	2005 £'000
WEFO grant received	303	207
	<u>303</u>	<u>207</u>

7 SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised		
1,000 Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

8 RESERVES

	Share premium account £'000	Profit and loss account £'000
At 31 December 2005	1,599	-
Profit for the year	-	1
	<u>1,599</u>	<u>1</u>
At 31 December 2006	<u>1,599</u>	<u>1</u>

MILFORD ENERGY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

9 RELATED PARTY TRANSACTIONS

In respect of services provided to the group	Invoiced or accrued during the period £'000	Outstanding as at 31 December 2006 £'000
BG-Group Limited and its subsidiaries	43	68
Petroplus International NV and its subsidiaries	60	29
	<u>103</u>	<u>97</u>
	<u> </u>	<u> </u>
Short term, interest free loans received by the group	Outstanding as at 31 December 2006 £'000	Outstanding as at 31 December 2005 £'000
BG-Group Limited and its subsidiaries	349	211
Petroplus International NV and its subsidiaries	349	211
	<u>698</u>	<u>422</u>
	<u> </u>	<u> </u>

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £'000
Profit for the financial year	1
Opening shareholders' funds	1,600
	<u> </u>
Closing shareholders' funds at 31 December	<u>1,601</u>
	<u> </u>

11 RECONCILIATION OF OPERATING LOSS TO NET CASHFLOW FROM OPERATING ACTIVITIES

	2006 £'000	2005 £'000
Operating loss	-	(1)
Decrease / (increase) in debtors	4	(9)
(Decrease) / increase in creditors	(62)	90
	<u>(58)</u>	<u>80</u>
	<u> </u>	<u> </u>

MILFORD ENERGY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

12 ANALYSIS AND RECONCILIATION OF MOVEMENT IN NET DEBT

	31 December 2005 £'000	Cash flow £'000	31 December 2006 £'000
Cash	61	(42)	19
Amounts owed to shareholders	(547)	(228)	(775)
	<u>(486)</u>	<u>(270)</u>	<u>(756)</u>
			<u>£'000</u>
Decrease in cash			(42)
Increase in loans due to shareholders			(228)
			<u>(270)</u>
Opening net debt			(486)
Closing net debt			<u>756</u>

13 PARENT UNDERTAKING AND CONTROLLING PARTY

The company's share capital is held 50% by BG Energy Holdings Limited and 50% by 4 Gas BV. BG Energy Holdings Limited is a wholly owned subsidiary of BG plc a company incorporated in Great Britain and registered in England and Wales. 4 Gas BV is a company registered in the Netherlands.