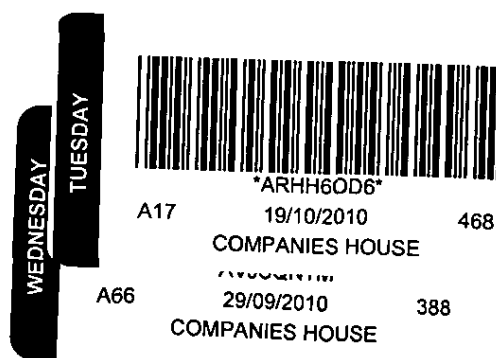


# **Milford Energy Limited**

## **Annual Report and Financial Statements for the year ended 31 December 2009**

**Registered Number 05199003**



# **MILFORD ENERGY LIMITED**

## **Annual Report and Financial Statements for the year ended 31 December 2009**

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# **MILFORD ENERGY LIMITED**

## **Directors' Report for the year ended 31 December 2009**

The directors have pleasure in submitting their report, together with the audited financial statements of the company for the year ended 31 December 2009

### **PRINCIPAL ACTIVITY**

The principal activity of the company, in the future, will be the generation and supply of energy at its 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 during 2010

As the company's cogeneration plant is not yet operational, no income has yet been received in respect of the generation of energy. The company has however purchased electricity from a third party supplier and recharged this to other occupiers of the Milford Haven site

### **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 were as follows

Alan Michael  
Graham Alexander  
Saheera Ahmad  
Amir Hamzah Azizan (resigned 16 January 2009)  
Colin Judd (appointed 10 December 2009)  
Dato' Shamsul Azhar Abbas (appointed 16 January 2009, resigned 10 December 2009)

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and execution of the company's strategy are subject to a number of risks. At the current time the most significant risk relates to the timely completion of the refit and refurbishment programme

### **KEY PERFORMANCE INDICATORS**

Given the current activities of the company, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

# MILFORD ENERGY LIMITED

## Directors' Report for the year ended 31 December 2009 (continued)

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- b) they have taken all the steps that ought to have been taken as a director in order to make them self aware of any relevant audit information and to establish that the company's auditors are aware of that information.

It is intended that PricewaterhouseCoopers LLP shall remain in office as auditors of the company.

By Order of the Board



Director COLIN JAVAD

22 September 2010

## **Independent Auditors' Report to the Members of Milford Energy Limited**

We have audited the financial statements of Milford Energy Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of, whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Jason Clarke (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff

22 September 2010

# MILFORD ENERGY LIMITED

## Profit And Loss Account for the year ended 31 December 2009

Registered Number 05199003

	Note	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Turnover		250	-
Cost of sales		-	-
<b>Gross profit</b>		<b>250</b>	<b>-</b>
Administrative expenses		(146)	(57)
<b>Operating profit / (loss)</b>	2	<b>104</b>	<b>(57)</b>
Interest receivable		9	105
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>113</b>	<b>48</b>
Tax on profit on ordinary activities	4	(30)	(37)
<b>Profit for the financial year</b>	9	<b>83</b>	<b>11</b>

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 2009

Registered number 05199003

	Note	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Tangible assets	3	84,443	56,932
<b>Current assets</b>			
Cash at bank and in hand		1,503	4,575
Debtors	5	1,916	2,978
		3,419	7,553
<b>Creditors: Amounts falling due within one year</b>	6a	(2,524)	(3,386)
<b>Net current assets</b>		895	4,167
<b>Creditors: Amounts falling due after one year</b>	6b	(83,426)	(59,235)
Deferred income	7	(268)	(303)
<b>Net assets</b>		1,644	1,561
<b>Capital and reserves</b>			
Called up share capital	8	1	1
Share premium account	9	1,599	1,599
Profit and loss account	9	44	(39)
<b>Shareholders' funds</b>	11	1,644	1,561

The financial statements on pages 4 to 13 were approved by the board of directors on and were signed on its behalf by



DIRECTOR

Colin Sudd

22 September 2010

# MILFORD ENERGY LIMITED

## Cash Flow Statement for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Net cash inflow/(outflow) from operating activities	12	1,147	(1,772)
Returns on investments and servicing of finance			
Interest received		9	105
Taxation			
Tax paid		(35)	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(29,898)	(41,797)
Financing			
Loans received from shareholders	13	25,705	46,636
(Decrease)/increase in cash	13	<u>(3,072)</u>	<u>3,172</u>



# **MILFORD ENERGY LIMITED**

## **Notes to the Financial Statements for the year ended 31 December 2009**

### **1 ACCOUNTING POLICES**

#### **Basis of accounting**

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

#### **Going concern basis of preparation**

The financial statements have been prepared on a going concern basis. At this stage of its development the Company is dependent on the continued financial support of its shareholders. This support is currently received by means of interest free loans (see note 10). These balances are to be repaid (in whole or in part) to all Shareholders simultaneously, at a date determined by the Board in accordance with the Shareholders Agreement.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incremental costs that are directly attributable to bringing the asset into working condition for its intended use. 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      15 - 20 years

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

#### **Impairment of fixed assets**

Any impairment of fixed assets is calculated as the difference between the carrying value of the project (including associated goodwill) and its recoverable amount, being the higher of the estimated value in use or fair value less costs to sell at the date the impairment loss is recognised. Value in use represents the net present value of expected future cash flows discounted on a pre-tax basis.

#### **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.

#### **Turnover**

The company's cogeneration plant is not yet operational and no income has yet been received in respect of the generation of energy. The company has however purchased electricity from a third party supplier and recharged this to Dragon LNG (see note 10) and other occupiers of the Milford Haven site. The profit generated from this recharging activity has been disclosed as turnover on a receivable basis during the course of the year.

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2009 (continued)

### 2 OPERATING PROFIT

Operating loss is stated after charging audit fees of £9,000 (2008 £9,000) and depreciation of £16,000 (2008 £nil)

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 ASSETS

	Long leasehold £'000	Plant and machinery £'000	Assets under construction £'000	Total £'000
<b>Cost</b>				
At 1 January 2009	-	-	56,932	56,923
Additions	-	-	27,527	27,527
Transfers	550	1,385	(1,935)	-
<b>At 31 December 2009</b>	<b>550</b>	<b>1,385</b>	<b>82,524</b>	<b>84,459</b>
<b>Accumulated depreciation</b>				
At 1 January 2009	-	-	-	-
Charged in the year	-	16	-	16
<b>At 31 December 2009</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>16</b>
<b>Net book value</b>				
<b>At 31 December 2009</b>	<b>550</b>	<b>1,369</b>	<b>82,524</b>	<b>84,443</b>
<b>At 31 December 2008</b>	<b>-</b>	<b>-</b>	<b>56,932</b>	<b>56,932</b>

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2009 (continued)

### 4 TAXATION

	2009 £'000	2008 £'000
Corporation tax on profits for the year	30	32
Adjustments in respect of prior year	(2)	5
	<u>28</u>	<u>37</u>

The tax assessed for the year is lower (2008 higher) than the standard rate in the UK. The differences are explained below

	2009 £'000	2008 £'000
Profit before tax	113	48
Profit before tax multiplied by standard rate of corporation tax of 28% (2008 28.5%)	32	14
Effects of		
Trading losses carried forward	-	18
Adjustments in respect of prior year	(2)	5
Current tax charge	<u>30</u>	<u>37</u>

### 5 DEBTORS

	2009 £'000	2008 £'000
Amounts due from Dragon LNG Limited (see note 10)	1,538	167
Other debtors	67	452
VAT receivable	311	2,359
	<u>1,916</u>	<u>2,978</u>

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2009 (continued)

### 6 CREDITORS

#### (a) Amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	1,947	487
Amounts due to shareholders and their subsidiaries	257	-
Amounts due to Dragon LNG Limited (see note 10)	253	27
Accruals	35	2,835
Corporation tax	32	37
	<u>2,524</u>	<u>3,386</u>

#### (b) Amount falling due after one year

	2009 £'000	2008 £'000
Amounts due to shareholders and their subsidiaries	83,426	59,235
	<u>83,426</u>	<u>59,235</u>

### 7 DEFERRED INCOME

	2009 £'000	2008 £'000
WEFO grant received	268	303
	<u>268</u>	<u>303</u>

### 8 SHARE CAPITAL

	2009 £'000	2008 £'000
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	1	1
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1 each	1	1

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2009 (continued)

### 9 PROFIT AND LOSS ACCOUNT

	Share premium account £'000	Profit and loss account £'000
At 1 January 2009	1,599	(39)
Profit for the year	-	83
	<hr/>	<hr/>
At 31 December 2009	1,599	44
	<hr/>	<hr/>

### 10 RELATED PARTY TRANSACTIONS

	Invoiced or accrued during the year to 31 December 2009 £'000	Outstanding as at 31 December 2009 £'000	Invoiced or accrued during the year to 31 December 2008 £'000	Outstanding as at 31 December 2008 £'000
<b>Income</b>				
Dragon LNG Limited	4,295	1,538	175	167
	<hr/> 4,295	<hr/> 1,538	<hr/> 175	<hr/> 167
<b>Purchases</b>				
	£'000	£'000	£'000	£'000
BG Group PLC and its subsidiaries	1,836	217	1,465	1,465
Petrolham Nasional Berhad and its subsidiaries	186	40	199	50
Dragon LNG Limited	632	253	328	27
	<hr/> 2,654	<hr/> 510	<hr/> 1,992	<hr/> 1,542

	Outstanding as at 31 December 2009 £'000	Outstanding as at 31 December 2008 £'000
<b>Advances received by the company</b>		
BG Group PLC and its subsidiaries	41,713	28,860
Petrolham Nasional Berhad and its subsidiaries	41,713	28,860
	<hr/> 83,426	<hr/> 57,720

Note Dragon LNG Limited is a joint venture company of which BG Group PLC and Petrolham Nasional Berhad hold a 50% and 30% interest in the ordinary share capital respectively. The income figures disclosed above in relation to Dragon LNG Limited represent the gross amount of invoices raised to the company in respect of recharged electricity.

As set out on page 7, the company's policy is to disclose the profit generated from this recharging activity as turnover in the year rather than the gross amount as this is considered to better represent the commercial effect even though there are two distinct arrangements in place.

# MILFORD ENERGY LIMITED

## Notes to the Financial Statements for the year ended 31 December 2009 (continued)

### 11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £'000
Profit for the financial year	83
Opening shareholders' funds	1,561
	<hr/>
Closing shareholders' funds	1,644
	<hr/>

### 12 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASHFLOW FROM OPERATING ACTIVITIES

	2009 £'000	2008 £'000
Operating profit/(loss)	104	(57)
Depreciation	16	-
Decrease/(increase) in debtors	1,062	(1,715)
Decrease in deferred income	(35)	-
	<hr/>	<hr/>
	1,147	(1,772)
	<hr/>	<hr/>

### 13 ANALYSIS AND RECONCILIATION OF MOVEMENT IN NET DEBT

	31 December 2008 £'000	Cash flow £'000	31 December 2009 £'000
Cash	4,575	(3,072)	1,503
Amounts owed to shareholders	(57,720)	(25,705)	(83,425)
	<hr/>	<hr/>	<hr/>
	(53,145)	(28,777)	(81,922)
	<hr/>	<hr/>	<hr/>
			£'000
Decrease in cash			(3,072)
Increase in loans due to shareholders			(25,705)
			<hr/>
Opening net debt			(53,145)
			<hr/>
Closing net debt			(81,922)
			<hr/>

## **MILFORD ENERGY LIMITED**

### **Notes to the Financial Statements for the year ended 31 December 2009 (continued)**

#### **14 PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's share capital is held 50% by BG Energy Holdings Limited and 50% by Petronas International Corporation Limited

BG Energy Holdings Limited is a wholly owned subsidiary of BG Group PLC a company incorporated in Great Britain and registered in England and Wales Petronas International Corporation Limited is a wholly owned subsidiary of Petrolham Nasional Berhad, a company registered in Malaysia