

PG (April) Limited

Annual report and accounts
for the period from incorporation to 31 December 2007

Registered number 6219737



Directors' report

For the period ended 31 December 2007

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the period from incorporation to 31 December 2007

Principal activity

The purpose of the company is to hold and manage an investment in Northern Gas Networks Holdings Limited

Business review

The company was incorporated on 19 April 2007

As shown in the profit and loss account the company has made a profit of £16,959,000 in the period. The balance sheet of the accounts shows the company's financial position at 31 December 2007

Principal risks and uncertainties

The company is financed by bank loans. The risks and uncertainties of the company reflect those associated with these bank loans as discussed below

Financial risk management objectives and policies

The company's financial instruments comprise bank loans and cash

The main qualitative and quantitative risks arising from the company's financial instruments are liquidity risk and interest rate risk as summarised below along with policies established to manage each of these risks

Liquidity risk

The company's external debt comprises two bilateral bank facilities. Liquidity and refinancing risk will be mitigated by agreeing replacement facilities before the current facilities expire

Interest rate risk

The company's debt is currently all subject to floating interest rates. In order to control the risk that interest rates will rise the rate on future expected borrowings will be fixed where it is economical to do so

Dividends

No dividends were paid or proposed during the period

Directors

The directors, who served throughout the period except as noted, were as follows

Luciene James Limited	(appointed 19 April 2007, resigned 19 April 2007)
Kam Hing Lam	(appointed 19 April 2007)
Ip Tak Chuen, Edmond	(appointed 19 April 2007)
A J Hunter	(appointed 19 April 2007)

Directors' report (continued)

For the period ended 31 December 2007

Auditors

Each of the directors at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

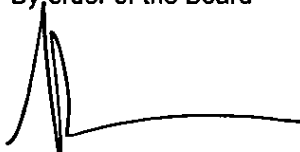
This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

During the period Deloitte & Touche LLP were appointed as first auditors of the company

The directors will place a resolution before the annual general meeting to appoint Deloitte & Touche LLP as auditors for the ensuing year

3 More London Riverside
London
SE1 2AQ

By order of the Board



Director

A J HUNTER

- 7 MAY 2008

Directors' responsibilities

The directors are responsible for preparing the Annual Report and accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial period. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 accounts, and
- prepare the accounts 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Independent auditors' report

To the Members of PG (April) Limited

We have audited the accounts of PG (April) Limited for the 36 week period ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes 1 to 12. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and accounts 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 accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts 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 accounts.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Independent auditors' report (continued)

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 accounts 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 accounts.

Opinion

In our opinion

- the accounts 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 2007 and of its profit for the period then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the accounts

Deloitte + Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Leeds

9 May 2008

Profit and loss account

For the period ended 31 December 2007

	Notes	2007 £'000
Administrative expenses		(48)
Operating loss		(48)
Finance charges (net)	1	(3,605)
Income from associate undertaking	11	20,000
Profit on ordinary activities before taxation	2	16,347
Tax on profit on ordinary activities	3	612
Profit for the period		16,959

All results arise from continuing operations

The accompanying notes are an integral part of this profit and loss account

There are no recognised gains or losses in the period other than the profit for the period

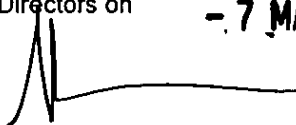
Balance sheet

31 December 2007

	Notes	2007 £'000
Fixed asset investments	4	<u>228,668</u>
Current assets		
Debtors	5	319
Cash at bank and in hand		<u>20,316</u>
		20,635
Creditors: Amounts falling due within one year	6	<u>(103,666)</u>
Net current liabilities		<u>(83,031)</u>
Net assets		<u>145,637</u>
 Capital and reserves		
Called-up share capital	8	128,678
Profit and loss account	9	<u>16,959</u>
Shareholders' funds	10	<u>145,637</u>

The accompanying notes are an integral part of this balance sheet

The accounts were approved by the Board of Directors on **- 7 MAY 2008** and signed on its behalf by



Director

A J HUNTER

Statement of accounting policies

31 December 2007

The principal accounting policies are summarised below. They have all been applied consistently throughout the period since incorporation.

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The company is exempt from the requirements of FRS1 (revised) "Cash flow statements" to present a cash flow statement as it is a wholly owned subsidiary of Cheung Kong Infrastructure Holdings Limited, which prepares consolidated accounts which are publicly available.

The company is not required to prepare group accounts as it is a wholly owned subsidiary of Cheung Kong Infrastructure Holdings Limited which prepares consolidated accounts which are publicly available.

Investments

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

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of the instrument at a constant rate on the carrying amount.

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

Notes to the accounts

1 Finance charges (net)

	2007 £'000
Interest payable and similar charges (bank loans)	(3,618)
Interest receivable and similar income	13
	<u>(3,605)</u>

2 Profit on ordinary activities before taxation

The directors did not receive any remuneration in relation to their services to the company during the period. The audit fee was £3,000 for the period and solely in relation to the audit pursuant to legislation.

3 Tax on profit on ordinary activities

The tax credit comprises

	2007 £'000
Current tax	
UK corporation tax	(612)
Total tax on profit on ordinary activities	<u>(612)</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2007 £'000
Profit on ordinary activities before tax	<u>16,347</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30%	4,904
Effects of	
Income not taxable	(6,000)
Unrecoverable tax losses	484
Current tax credit for the period	<u>(612)</u>

The company earns its profits in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30%.

A deferred tax asset of £484,000 in relation to current period tax losses has not been recognised as it is deemed unrecoverable.

Notes to the accounts (continued)

4 Fixed asset investments

	2007 £'000
Other investments	228,668
	<u>228,668</u>

Other investments represent a 40.0% holding in Northern Gas Networks Holdings Limited, incorporated and registered in England and Wales. The investment is part of a group whose principal activity is the distribution of gas through the North of England network.

5 Debtors

	2007 £'000
Amounts falling due within one year	
Amounts owed by investment undertakings	306
Prepayments and accrued income	13
	<u>319</u>

6 Creditors: Amounts falling due within one year

	2007 £'000
Bank loans	100,000
Amounts owed to group undertakings	3,330
Accruals and deferred income	336
	<u>103,666</u>

The bank loans are repayable on 14 January 2008 and carry interest at 6 month LIBOR plus a margin of 0.25%.

Notes to the accounts (continued)

7 Derivatives and other financial instruments

The Directors' report provides an explanation of the role that financial instruments have had during the period in creating or changing the risks the company faces in its activities

The numerical disclosures in this note deal with financial assets and financial liabilities as defined in Financial Reporting Standard 13 "Derivatives and other financial instruments Disclosures" ("FRS 13") Certain financial assets such as investments in subsidiary undertakings are excluded from the scope of these disclosures

As permitted by FRS 13, short term debtors and creditors have been excluded from the disclosures The directors believe that the fair values are not materially different from the balance sheet values

Interest rate profile

The company has no financial assets other than sterling cash deposits of £20,316,000 which are part of the financing arrangements of the company The sterling cash deposits comprise monies held in bank accounts

The interest rate profile of the company's financial liabilities at 31 December was as follows

	Fixed rate 2007 £'000	Weighted average interest rate %	Weighted average period for which rate is fixed Days
Bank loans	100,000	6.84	13
Total	<u>100,000</u>		

The bank loans will be renewed with an interest rate of 6 month LIBOR plus a margin of 0.25%

Maturity of financial liabilities

The maturity profile of the company's financial liabilities at 31 December was as follows

	2007 £'000
In one year or less	<u>100,000</u>
	<u>100,000</u>

Borrowing facilities

The company had no undrawn committed borrowing facilities at 31 December 2007

Fair values

The directors believe that the fair values of all financial instruments are not materially different from the balance sheet values

Notes to the accounts (continued)

8 Called-up share capital

	2007 £'000
<i>Authorised</i>	
200,000,000 ordinary shares of £1 each	200,000
	<u>200,000</u>
<i>Allotted, called-up and fully paid</i>	
128,678,394 ordinary shares of £1 each	128,678
	<u>128,678</u>

During the period the company allotted 128,678,394 ordinary shares with a nominal value of £1 at par

9 Reserves

	Profit and loss account £'000
Retained profit for the period	16,959
At 31 December 2007	<u>16,959</u>

10 Reconciliation of movements in equity shareholders' funds

	2007 £'000
Retained profit for the period	16,959
New shares issued	128,678
Net addition to equity shareholders' funds	<u>145,637</u>
Opening equity shareholders' funds	<u>-</u>
Closing equity shareholders' funds	<u>145,637</u>

11 Related party transactions

During the period Northern Gas Networks Limited, a subsidiary of Northern Gas Networks Holdings Limited, paid legal expenses on behalf of the company worth £15,000. These liabilities remain unpaid as at 31 December 2007 within accruals and deferred income (note 6). The company received dividend income (paid) of £20.0m from Northern Gas Networks Holdings Limited during the period.

Pangold Limited, the immediate parent company, paid interest costs of £3.3m and legal fees of £30,000 on behalf of the company during the period. These remain unpaid as at 31 December 2007.

Notes to the accounts (continued)

12 Ultimate controlling party

Pangold Limited is the immediate parent company

Hutchison Whampoa Limited is the ultimate parent company and the largest group of which the company is a member and for which group accounts are drawn up. Cheung Kong Infrastructure Holdings Limited is an intermediate parent company and the smallest group of which the company is a member and for which group accounts are drawn up.

Copies of the accounts are available from the registered address of this company as shown in the Directors' report.