

PG (April) Limited

Annual Report and accounts
for the year ended 31 December 2008

Registered number: 6219737



Directors' report

For the year ended 31 December 2008

The directors present their Annual Report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 2008.

Principal activity

The principal activity 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 £23,689,000 (2007 - £16,959,000) in the year. The balance sheet shows the company's net asset position at the year end is consistent with the prior period.

The company is managed by Cheung Kong Infrastructure Holdings Limited as part of the overall group. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of Cheung Kong Infrastructure Holdings Limited is discussed in that company's Annual Report which does not form part of this report.

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.

Future outlook

The directors expect the company to make a profit in the forthcoming year.

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 by the Board to manage each of these risks.

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 may be fixed where it is economical to do so.

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 in July 2011.

Directors' report (continued)

Going Concern

The company has £100.0m of drawn debt with facilities expiring in 2011. Cash flow projections, which include dividends receivable, show that the company will be able to meet its financial obligations as they fall due.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and accounts.

Dividends

The directors do not recommend payment of a final dividend. An interim dividend of £39,247,000 was declared in the year (2007 - £nil) of which £22,841,000 remains unpaid at 31 December 2008 (2007 - £nil).

Directors

The directors, who served throughout the year were as follows:

Kam Hing Lam

Ip Tak Chuen, Edmond

A J Hunter

Auditors

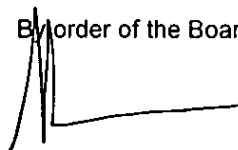
Each of the directors at the date of approval of this report confirms that:

- 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 section 234ZA of the Companies Act 1985.

The directors will place a resolution before the annual general meeting to reappoint Deloitte LLP as auditors for the ensuing year.

3 More London Riverside
London
SE1 2AQ

By order of the Board,

A J HUNTER
Director
20 May 2009

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 year. 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 year. 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; 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.

Independent auditors' report

To the Members of PG (April) Limited

We have audited the accounts of PG (April) Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes 1 to 14. 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 2008 and of its profit for the year 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 LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Leeds

10 June 2009

Profit and loss account

For the year ended 31 December 2008

	Notes	Year ended 31 December 2008 £'000	37 week period ended 31 December 2007 £'000
Administrative expenses		(38)	(48)
Operating loss		(38)	(48)
Finance charges (net)	1	(6,662)	(3,605)
Income from associate undertaking	13	28,000	20,000
Profit on ordinary activities before taxation	2	21,300	16,347
Tax on profit on ordinary activities	3	2,389	612
Profit for the financial year		23,689	16,959

The above 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 year other than the profit for the year.

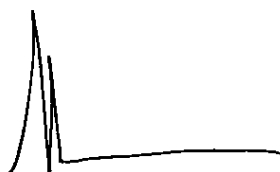
Balance sheet

31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed asset investments	5	<u>228,668</u>	<u>228,668</u>
Current assets			
Debtors – due within one year	6	1,571	319
Cash at bank and in hand		<u>22,852</u>	<u>20,316</u>
		24,423	20,635
Creditors: Amounts falling due within one year	7	<u>(23,012)</u>	<u>(103,666)</u>
Net current assets (liabilities)		<u>1,411</u>	<u>(83,031)</u>
Total assets less current liabilities		230,079	145,637
Creditors: Amounts falling due after more than one year	8	<u>(100,000)</u>	<u>-</u>
Net assets		<u>130,079</u>	<u>145,637</u>
Capital and reserves			
Called-up share capital	10	128,678	128,678
Profit and loss account	11	<u>1,401</u>	<u>16,959</u>
Shareholders' funds	12	<u>130,079</u>	<u>145,637</u>

The accompanying notes are an integral part of this balance sheet.

The accounts were approved by the Board of Directors and authorised for issue on 20 May 2009 and signed on its behalf by:



Director
A J HUNTER

Statement of accounting policies

31 December 2008

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

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.

Going concern

The Directors' report includes a note on page 2 stating that the directors consider the business to be a going concern at the time of the approval of the Annual Report and accounts.

Fixed asset 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.

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 year and reduced by payments made in the year.

Notes to the accounts (continued)

1 Finance charges (net)

	Year ended 31 December 2008 £'000	37 week period ended 31 December 2007 £'000
Interest payable and similar charges		
- bank loans	5,775	3,618
- intercompany guarantee fee	912	-
	<u>6,687</u>	<u>3,618</u>
Interest receivable and similar income	(25)	(13)
	<u>6,662</u>	<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 current year or prior period. The fees payable to the company's auditors for the audit of the company's annual accounts was £3,000 (2007 - £3,000). There are no employees other than the directors.

3 Tax on profit on ordinary activities

The tax credit comprises:

	Year ended 31 December 2008 £'000	37 week period ended 31 December 2007 £'000
Current tax		
UK corporation tax	(1,910)	(612)
Adjustments in respect of prior period	(479)	-
Total tax on profit on ordinary activities	<u>(2,389)</u>	<u>(612)</u>

Notes to the accounts (continued)

3 Tax on profit on ordinary activities (continued)

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 are as follows.

	Year ended 31 December 2008 £'000	37 week period ended 31 December 2007 £'000
Profit on ordinary activities before tax	21,300	16,347
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2007- 30%)	5,964	4,904
Effects of:		
Income not taxable	(7,840)	(6,000)
Unrecoverable tax losses	-	484
Adjustment in respect of prior period	(479)	-
Change in standard UK corporation tax rate	(34)	-
Current tax credit for the year	(2,389)	(612)

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 28% (2007 - 30%).

4 Dividends on equity shares

	Year ended 31 December 2008 £'000	37 week period ended 31 December 2007 £'000
Equity shares		
Interim dividend of 30.5p (2007 - nil) per ordinary share		
- paid	16,406	-
- included within creditors at the year end	22,841	-
	39,247	-

Notes to the accounts (continued)

5 Fixed asset investments

	2008 £'000	2007 £'000
Associate (cost and net book value)	228,668	228,668
	<u>228,668</u>	<u>228,668</u>

The associate represents a 40.0% holding in Northern Gas Networks Holdings Limited, a group whose principal activity is the distribution of gas through the North of England network, which is incorporated and registered in England and Wales.

6 Debtors – due within one year

	2008 £'000	2007 £'000
Amounts owed by group undertakings	614	-
Amounts owed by associate undertakings	955	306
Prepayments and accrued income	2	13
	<u>1,571</u>	<u>319</u>

7 Creditors: Amounts falling due within one year

	2008 £'000	2007 £'000
Bank loans	-	100,000
Amounts owed to group undertakings	-	3,330
Accruals and deferred income	171	336
Equity dividends payable	22,841	-
	<u>23,012</u>	<u>103,666</u>

8 Creditors: Amounts falling due after more than one year

	2008 £'000	2007 £'000
Bank loans	100,000	-
	<u>100,000</u>	<u>-</u>

The bank loans are repayable on 15 January 2009 with £50.0m carrying interest of LIBOR plus a margin of 0.75% and £50.0m carrying interest of LIBOR plus a margin of 0.76%. These facilities are available to be redrawn until 11 July 2011. The loan is secured by a parent company guarantee from Cheung Kong Infrastructure Holdings Limited.

Notes to the accounts (continued)

9 Derivatives and other financial instruments

The Directors' report provides an explanation of the role that financial instruments have had during the year 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 £22,852,000 (2007 - £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 2008 £'000	Fixed rate 2007 £'000	Weighted average interest rate 2008 %	Weighted average interest rate 2007 %	Weighted average period for which rate is fixed 2008 Days	Weighted average period for which rate is fixed 2007 Days
Bank loans	<u>100,000</u>	<u>100,000</u>	3.21	6.84	14	13

Further details of interest rates on long term borrowings are given in note 8.

Maturity of financial liabilities

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

	2008 £'000	2007 £'000
In one year or less	-	100,000
In more than two years but not more than five years	<u>100,000</u>	<u>-</u>
	<u>100,000</u>	<u>100,000</u>

Borrowing facilities

The company had no undrawn committed borrowing facilities at either the current year end or the prior period end.

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)

10 Called-up share capital

	2008 £'000	2007 £'000
<i>Authorised</i>		
200,000,000 ordinary shares of £1 each	200,000	200,000
	<u>200,000</u>	<u>200,000</u>
<i>Allotted, called-up and fully paid</i>		
128,678,394 ordinary shares of £1 each	128,678	128,678
	<u>128,678</u>	<u>128,678</u>

11 Reserves

	Profit and loss account £'000
At 1 January 2008	16,959
Profit for the financial year	23,689
Dividends declared and partially paid on equity shares	(39,247)
At 31 December 2008	<u>1,401</u>

12 Reconciliation of movements in shareholders' funds

	Year ended 31 December 2008 £'000	37 week period ended 31 December 2007 £'000
Profit for the financial year	23,689	16,959
Dividends declared and partially paid on equity shares	(39,247)	-
New shares issued	-	128,678
Net movement in shareholders' funds	<u>(15,558)</u>	<u>145,637</u>
Opening shareholders' funds	145,637	-
Closing shareholders' funds	<u>130,079</u>	<u>145,637</u>

Notes to the accounts (continued)

13 Related party transactions

During the year Northern Gas Networks Limited, a subsidiary of Northern Gas Networks Holdings Limited, paid legal expenses on behalf of the company worth £nil (2007 - £15,000). These liabilities from 2007 remain unpaid as at 31 December 2008 within accruals and deferred income. The company received dividend income (paid) of £28.0m in the year (2007 - £20.0m) from Northern Gas Networks Holdings Limited.

Pangold Limited, the immediate parent company, paid interest costs of £5.9m (2007 - £3.3m) and legal fees of £29,000 in the year (2007 - £30,000) on behalf of the company.

The company was charged £0.9m (2007 - £nil) by Cheung Kong Infrastructure Holdings Limited, an intermediate parent company for acting as guarantor over the £100.0m bank loans. This amount remains outstanding at 31 December 2008.

14 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.