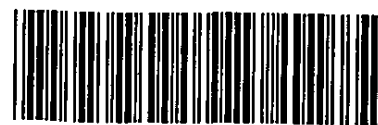


PG (April) Limited

Annual Report and accounts
for the year ended 31 December 2011

Registered number 6219737

WEDNESDAY



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Directors' report

For the year ended 31 December 2011

The directors present their Annual Report on the affairs of the company, together with the accounts and auditor's report, for the year ended 31 December 2011

Principal activity

The principal activity of the company is to hold and manage an investment in Northern Gas Networks Holdings Limited (NGNH)

Business review

As shown in the profit and loss account the company has made a profit of £26,460,000 (2010 - £26,826,000) in the year. The balance sheet shows the company's net asset position at the year end is consistent with the prior year end.

On 11 July 2011 the company amended the terms and restated the £40.4m of existing loan notes and also issued a further £100.0m of loan notes. The combined loan notes carry interest at 10.25% and mature on 11 July 2016. The additional funds issued were used to repay £100.0m of bank loans.

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 listed loan notes. The risks and uncertainties of the company reflect those associated with these 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 cash and listed loan notes.

The main qualitative and quantitative risks arising from the company's financial instruments is liquidity risk as summarised below along with policies established by the Board to manage this risk.

Liquidity risk

The company's external debt comprises listed loan notes which expire on 11 July 2016. The liquidity risk will be mitigated by agreeing replacement facilities before the existing loan notes mature.

Directors' report (continued)

Going Concern

At 31 December 2011 the company had £140.4m of listed loan notes which mature on 11 July 2016. 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 £25.9m was declared in the year (2010 - £26.5m) of which £25.9m remains unpaid at 31 December 2011 (2010 - £26.5m).

Directors

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

Kam Hing Lam

Ip Tak Chuen, Edmond

Andrew John Hunter

Mark J Horsley (appointed on 17 January 2012)

Auditor

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 auditor is 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 auditor is aware of that information.


This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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

3 More London Riverside
London
SE1 2AQ

11 September 2012

By order of the Board,



Andrew John Hunter
Director

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). Under company law the directors must not approve the accounts 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 accounts, 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, 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 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 accounts 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.

Independent auditor's report

To the Members of PG (April) Limited

We have audited the accounts of PG (April) Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes 1 to 14. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities statement, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit 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.

Independent auditor's report (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the accounts are prepared is consistent with the accounts

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 accounts 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



Christopher Powell FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

11 September 2012

Profit and loss account

For the year ended 31 December 2011

| | Notes | 2011 £'000 | 2010 £'000 |
|--|-------|---------------|---------------|
| Administrative expenses | | (59) | (35) |
| Operating loss | | (59) | (35) |
| Finance charges (net) | 1 | (9,795) | (5,192) |
| Income from associate undertaking | 13 | 33,882 | 30,588 |
| Profit on ordinary activities before taxation | 2 | 24,028 | 25,361 |
| Tax on profit on ordinary activities | 3 | 2,432 | 1,465 |
| Profit for the financial year | 11 | 26,460 | 26,826 |

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 current or prior years other than the profit for the year

Balance sheet

31 December 2011

| | Notes | 2011 £'000 | 2010 £'000 |
|--|-------|------------------|------------------|
| Fixed asset investments | 5 | <u>269,228</u> | <u>269,228</u> |
| Current assets | | | |
| Debtors – due within one year | 6 | 1,218 | 2,034 |
| Cash at bank and in hand | | <u>27,373</u> | <u>25,244</u> |
| | | 28,591 | 27,278 |
| Creditors: Amounts falling due within one year | 7 | <u>(27,399)</u> | <u>(167,036)</u> |
| Net current assets (liabilities) | | <u>1,192</u> | <u>(139,758)</u> |
| Total assets less current liabilities | | 270,420 | 129,470 |
| Creditors: Amounts falling due after more than one year | 8 | <u>(140,354)</u> | <u>-</u> |
| Net assets | | <u>130,066</u> | <u>129,470</u> |
| Capital and reserves | | | |
| Called-up share capital | 10 | 128,678 | 128,678 |
| Profit and loss account | 11 | <u>1,388</u> | <u>792</u> |
| Shareholders' funds | 12 | <u>130,066</u> | <u>129,470</u> |

The accompanying notes are an integral part of this balance sheet

The accounts of PG (April) Limited, Registered number 6219737, were approved by the Board of Directors and authorised for issue on 11 September 2012 and signed on its behalf by



Andrew John Hunter

Director

11 September 2012

Statement of accounting policies

31 December 2011

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

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

31 December 2011

1 Finance charges (net)

| | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Interest payable and similar charges | | |
| - Bank loans | 737 | 1,350 |
| - Intercompany loan | - | 1,344 |
| - Intercompany guarantee fee | 1,146 | 2,250 |
| - Listed loan notes | 7,914 | 249 |
| | <u>9,797</u> | <u>5,193</u> |
| Interest receivable and similar income | (2) | (1) |
| | <u>9,795</u> | <u>5,192</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 or prior years. The fees payable to the company's auditor for the audit of the company's annual accounts was £3,500 (2010 - £3,500). There are no employees other than the directors.

3 Tax on profit on ordinary activities

The tax credit comprises

| | 2011 £'000 | 2010 £'000 |
|---|----------------|----------------|
| Current tax | | |
| UK corporation tax | (2,433) | (1,465) |
| Adjustments in respect of prior years | 1 | - |
| Total tax on profit on ordinary activities | <u>(2,432)</u> | <u>(1,465)</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 are as follows

| | 2011 £'000 | 2010 £'000 |
|--|----------------|----------------|
| Profit on ordinary activities before tax | <u>24,028</u> | <u>25,361</u> |
| Tax on profit on ordinary activities at standard UK corporation tax rate of 26.5% (2010 - 28%) | 6,367 | 7,101 |
| Effects of | | |
| Income not taxable | (8,979) | (8,566) |
| Unrecoverable tax losses | 179 | - |
| Adjustments in respect of prior years | 1 | - |
| Current tax credit for the year | <u>(2,432)</u> | <u>(1,465)</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 26.5% (2010 - 28%).

Notes to the accounts (continued)

3 Tax on profit on ordinary activities (continued)

A deferred tax asset amounting to £170,000 (2010 - £nil) for tax losses has not been recognised because in the opinion of the directors there will be no suitable taxable profits available in the foreseeable future

4 Dividends on equity shares

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Equity shares | | |
| Interim dividend of 20 1p (2010 – 20 6p) per ordinary share | | |
| - included within creditors at the year end | <u>25,864</u> | <u>26,507</u> |

5 Fixed asset investments

| | 2011 £'000 | 2010 £'000 |
|-------------------------------------|----------------|----------------|
| Associate (cost and net book value) | <u>269,228</u> | <u>269,228</u> |

The associate represents a 47.1% holding in the ordinary share capital of NGNH, 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

| | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Amounts owed by associate undertakings | 1,217 | 731 |
| Amounts owed by group undertakings | - | 1,302 |
| Prepayments and accrued income | <u>1</u> | <u>1</u> |
| | <u>1,218</u> | <u>2,034</u> |

7 Creditors: Amounts falling due within one year

| | 2011 £'000 | 2010 £'000 |
|------------------------------------|---------------|----------------|
| Listed loan notes | - | 40,354 |
| Bank loans | - | 100,000 |
| Amounts owed to group undertakings | 1,469 | - |
| Accruals and deferred income | 66 | 175 |
| Equity dividends payable | <u>25,864</u> | <u>26,507</u> |
| | <u>27,399</u> | <u>167,036</u> |

The bank loans at 31 December 2010 carried interest of LIBOR plus a margin of 0.75%. These facilities were replaced by listed loan notes which carry interest of 10.25% and mature in 2016 (note 8). The loan notes at 31 December 2010 were amended and restated to also carry interest of 10.25% and mature in 2016 (note 8).

Notes to the accounts (continued)

8 Creditors: Amounts falling due after more than one year

| | 2011 £'000 | 2010 £'000 |
|-------------------|---------------|---------------|
| Listed loan notes | 140,354 | - |

The loan notes are listed on the Channel Islands Stock Exchange, carry fixed interest of 10.25% per annum paid annually on 11 July and mature on 11 July 2016

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 explanation summarises the objectives and policies for holding or issuing financial instruments and similar contracts, and the strategies for achieving those objectives that have been followed during the year.

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 for the current and prior years.

Interest rate profile

The company has no financial assets other than sterling cash deposits of £27,373,000 (2010 - £25,244,000) 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:

| | 2011 £'000 | 2010 £'000 | Weighted average interest rate 2011 % | Weighted average interest rate 2010 % | Weighted average period for which rate is fixed 2011 Years | Weighted average period for which rate is fixed 2010 Years |
|-------------------|----------------|----------------|--|--|--|--|
| Listed loan notes | 140,354 | 40,354 | 10.25 | 5.00 | 4.5 | 0.9 |
| Bank loans | - | 100,000 | - | 1.38 | - | 0.1 |
| Total | 140,354 | 140,354 | | | | |

The listed loan notes have fixed rate interest and the bank loans had floating rate interest. Further details of interest rates are given in notes 7 and 8.

Notes to the accounts (continued)

9 Derivatives and other financial instruments (continued)

Maturity of financial liabilities

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

| | 2011 £'000 | 2010 £'000 |
|--|----------------|----------------|
| In one year or less | - | 140,354 |
| In more than one year but not more than five years | 140,354 | - |
| | <u>140,354</u> | <u>140,354</u> |

Borrowing facilities

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

Fair values

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

10 Called-up share capital

| | 2011 £'000 | 2010 £'000 |
|---|----------------|----------------|
| <i>Allotted, called-up and fully paid</i> | | |
| 128,678,394 ordinary shares of £1 each | <u>128,678</u> | <u>128,678</u> |

11 Reserves

| | Profit and loss account £'000 |
|-------------------------------------|-------------------------------------|
| At 1 January 2011 | 792 |
| Profit for the financial year | 26,460 |
| Dividends declared on equity shares | (25,864) |
| At 31 December 2011 | <u>1,388</u> |

Notes to the accounts (continued)

12 Reconciliation of movements in shareholders' funds

| | 2011 £'000 | 2010 £'000 |
|-------------------------------------|---------------|---------------|
| Profit for the financial year | 26,460 | 26,826 |
| Dividends declared on equity shares | (25,864) | (26,507) |
| Net movement in shareholders' funds | 596 | 319 |
| Opening shareholders' funds | 129,470 | 129,151 |
| Closing shareholders' funds | 130,066 | 129,470 |

13 Related party transactions

As a subsidiary undertaking of Cheung Kong Infrastructure Holdings Limited, the company has taken advantage of the exemption in FRS8 "Related party disclosures" from disclosing transactions with other members of the group headed by Cheung Kong Infrastructure Holdings Limited

The company received dividend income of £33.9m (2010 - £30.6m) from NGNH

The company had a liability of £15,000 due to NGNH at 31 December 2011 (2010 - £15,000) within accruals and deferred income

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