

BG 123 Limited

Directors' Report and Financial Statements

For the year ended 31 December 2011



Company Registration Number: 6560238

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Directors' report for the year ended 31 December 2011

The Directors present their report and the audited Financial Statements for the year ended 31 December 2011. The Company has taken advantage of the small companies exemption available under section 415A of the Companies Act 2006 and has not prepared a business review.

Business review and principal activities

BG 123 Limited (the "Company") was incorporated on 9 April 2008 and is a wholly owned subsidiary of BG 456 Limited. The principal activity of the Company is to act as a holding company to promote the interests of its ultimate parent undertaking BG Group plc in Australia. There have not been any changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

During 2010, the Company issued 10,000,000 A redeemable preference shares with a nominal value of AU\$1 each for AU\$1,000 per share. The capital has been fully paid up; however AU\$4,869,422,661 of the premium was unpaid at 31 December 2011. Of this amount AU\$1,851,418,019 had been called up and received as of 13 September 2012.

Results and dividend

The profit for the year ended 31 December 2011 of AU\$258,057,000 (2010 AU\$95,710,000) has been transferred to reserves. The Directors do not propose to declare a dividend in respect of the year ended 31 December 2011 (2010 AU\$nil).

Directors

The following served as Directors during the year and up to the date of this report:

	Appointed	Resigned
M J Walsh		
G Hall		
K M S Howell		19 July 2011
J P O'Driscoll		19 December 2011
J C W Stewart		28 August 2012
S R Unger	27 July 2011	
P Zinner	13 February 2012	

Company Secretaries

The following served as joint Company Secretaries during the year and up to the date of this report:

	Appointed	Resigned
R L Dunn	26 September 2011	
C S Inman		
A W McCulloch		27 April 2012

Directors' insurance

The ultimate parent undertaking has purchased insurance to cover the Directors against liabilities in relation to the Company.

Auditors

The auditors are deemed to be re-appointed under Section 487 of the Companies Act 2006 and accordingly PricewaterhouseCoopers LLP (the "Auditors") remain in office.

Directors' report for the year ended 31 December 2011 continued

Statement as to disclosure of information to auditors

As required by Section 418 and 419 of the Companies Act 2006, each of the Directors has approved this report and confirmed that, so far as he is aware, there is no relevant audit information (being information needed by the Auditors in connection with preparing their audit report) of which the Company's Auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and 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). The Financial Statements 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.

The Directors consider that in preparing the Financial Statements on pages 6 to 12, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that all applicable accounting standards have been followed and that the Financial Statements have been prepared on the going concern basis. The Company has complied with UK disclosure requirements.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enables them to ensure that the Financial Statements comply with the Companies Act 2006.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors, having prepared the Financial Statements, have requested the Auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

Directors' report for the year ended 31 December 2011 continued

Statement of Directors' responsibilities continued

The Directors' report has been prepared in accordance with the provisions applicable to the small companies regime

By Order of the Board

A handwritten signature in black ink, appearing to read 'C S Inman', followed by a period.

C S Inman
Company Secretary

Date 24/5/12

Registered Office
100 Thames Valley Park Drive
Reading
Berkshire
RG6 1PT

Registered in England and Wales No 6560238

Independent Auditors' report to the member of BG 123 Limited

We have audited the Financial Statements of BG 123 Limited for the year ended 31 December 2011 which comprise the Profit and loss account, the Balance sheet, 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 Statement of Directors' responsibilities as set out on pages 2 and 3, 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 and express an opinion on 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 member 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. In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 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

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.

Independent Auditors' report to the member of BG 123 Limited continued

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, or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report

Mark King

Mark King
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 25 September 2012

Profit and loss account for the year ended 31 December

	Notes	2011 AU\$000	2010 AU\$000
Interest receivable and similar income	3	314,646	89,613
Profit on ordinary activities before taxation	4	314,646	89,613
Tax on profit on ordinary activities	5	(56,589)	6,097
Retained profit for the financial year	12,13	258,057	95,710

The results for the year are derived solely from continuing operations

There were no recognised gains and losses other than in the profit and loss account and, therefore, a separate statement of total recognised gains and losses has not been presented

There is no difference between the historical cost profits and losses and the results presented

The notes on pages 8 to 12 form part of these Financial Statements

Balance sheet as at 31 December

	Notes	2011 AU\$000	2010 AU\$000
Fixed assets			
Investment in subsidiary undertakings	6	3,899,553	3,899,553
Current assets			
Debtors amounts falling due within one year	7	60,239	2,010,094
Debtors amounts falling due after more than one year	8	5,495,526	3,545,166
		<u>5,555,765</u>	<u>5,555,260</u>
Creditors: amounts falling due within one year	9	(40,425)	(1,955,164)
Net current assets		<u>5,515,340</u>	<u>3,600,096</u>
Total assets less current liabilities		9,414,893	7,499,649
Provisions for liabilities	10	(30,991)	(5,867)
Net assets		<u>9,383,902</u>	<u>7,493,782</u>
Capital and reserves			
Called up share capital	11	3,909,558	3,909,558
Share Premium account	12	5,120,577	3,488,514
Profit and loss account	12	353,767	95,710
Equity shareholder's funds	13	<u>9,383,902</u>	<u>7,493,782</u>

The notes on pages 8 to 12 form part of these Financial Statements

The Financial Statements on pages 6 to 12 were approved and authorised for issue by the Board of Directors and were signed on its behalf by



G Hall
Director

Date 24/9/12

Notes to the Financial Statements

1 Ultimate parent undertaking

The immediate parent undertaking is BG 456 Limited

The ultimate parent undertaking and controlling party is BG Group plc, which is the parent undertaking of the largest group to consolidate these Financial Statements. The smallest group into which the Company is consolidated is that of which BG Energy Holdings Limited is the parent undertaking. BG Energy Holdings Limited and BG Group plc are both registered in England and Wales. Copies of these consolidated accounts may be obtained from the Company Secretary, 100 Thames Valley Park Drive, Reading, Berkshire, RG6 1PT.

2 Accounting policies

Basis of preparation and accounting principles

These accounts have been prepared on the going concern basis and in accordance with applicable laws and accounting standards in the United Kingdom, using historical cost principles. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Exemptions

The Company is a wholly-owned subsidiary undertaking of BG Group plc and is therefore exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated accounts.

The Company has taken advantage of the exemptions available to wholly owned UK subsidiaries under Financial Reporting Standard (FRS) 1 (Revised 1996) 'Cash Flow Statements', and accordingly has not prepared a cash flow statement, and within FRS 8 'Related Party Disclosures' from disclosure of transactions with other group companies.

Deferred taxation

Provision is made in full, on an undiscounted basis, for the deferred tax arising on the difference between the accounting treatment and tax treatment for depreciation in respect of accelerated capital allowances and other timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Provision for deferred petroleum revenue tax is shown net of allowable corporation tax relief (reflected in the deferred corporation tax balance) and is made in respect of applicable fields based on current forecasts.

Fixed asset investments

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

Notes to the Financial Statements continued

Functional currency

Management considers that the Company's functional currency is Australian Dollars and the Financial Statements are presented in that currency. The exchange rates of Australian Dollars to pounds Sterling used in preparing these financial statements were

	Average rate	Closing rate
Year ended 31 December 2010	1.44801	1.52749
Year ended 31 December 2011	1.54791	1.51599

The average exchange rates have been calculated based on an average of the exchange rates prevailing at each month end during the relevant year.

Foreign currencies

Transactions in foreign currencies are translated into Australian Dollars at average rates of exchange. Foreign currency monetary assets and liabilities are translated into Australian Dollars at the rates of exchange ruling at the balance sheet date. Differences arising from changes in exchange rates are taken to the profit and loss account in the year in which they arise.

3 Interest receivable and similar income

	2011 AU\$000	2010 AU\$000
Interest receivable from group undertakings	312,458	89,613
Foreign exchange gain	2,188	-
	<u>314,646</u>	<u>89,613</u>

4 Profit on ordinary activities before taxation

No Directors received emoluments in respect of their services to the Company during the year (2010 AU\$nil). The Company had no employees during the year (2010 nil). The remuneration of the Auditors, amounting to AU\$3,630 (2010 AU\$3,600), has been borne by BG Energy Holdings Limited and has not been recharged to the Company.

5 Tax on profit on ordinary activities

The charge for taxation comprises

	2011 AU\$000	2010 AU\$000
Current tax		
Foreign tax for the year	31,465	8,961
Total current tax charge	<u>31,465</u>	<u>8,961</u>
Deferred tax		
Deferred tax charge/(credit)	2,962	(14,047)
Deferred tax under/(over) provision in previous periods	24,527	(794)
Effect of change in tax rate	(2,365)	(217)
Total deferred tax charge/(credit)	<u>25,124</u>	<u>(15,058)</u>
Total tax charge/(credit) for the year	<u>56,589</u>	<u>(6,097)</u>

Notes to the Financial Statements continued

5 Taxation on ordinary activities continued

Factors affecting the tax charge for the year:

Profit on ordinary activities before tax	314,646	89,613
Tax on ordinary activities at 26.5% (2010: 28%)	83,360	25,092
Taxation on share of partnership loss	(83,360)	(25,092)
Foreign tax not eligible for double tax relief	31,465	8,961
Current year tax charge	31,465	8,961

Effective 1 April 2011, the applicable rate of UK corporation tax is reduced to 26%, with a further reduction in the UK corporation tax rate to 24% effective from 1 April 2012

6 Investment in subsidiary undertakings

	AU\$000
Cost	
At 1 January and 31 December 2011	<u>3,899,553</u>

The Company's principal subsidiary undertakings as at 31 December 2011 comprise

Name	Country of incorporation	Activity	Direct interest
BG International (AUS) Limited Partnership	Australia	Holding company	98.95%

7 Debtors: amounts falling due within one year

	2011 AU\$000	2010 AU\$000
Amounts owed by group undertakings	20,928	2,010,094
Other debtors	39,311	-
	<u>60,239</u>	<u>2,010,094</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

8 Debtors: amounts falling due after more than one year

	2011 AU\$000	2010 AU\$000
Amounts owed by group undertakings	<u>5,495,526</u>	<u>3,545,166</u>

Amounts owed by group undertakings are unsecured, bears interest at a rate of LIBOR plus 2.5813 per cent per annum and are due for repayment on 17 May 2020

Notes to the Financial Statements continued**9 Creditors: amounts falling due within one year**

	2011 AU\$000	2010 AU\$000
Amounts owed to group undertakings	-	1,955,164
Tax	<u>40,425</u>	<u>-</u>
	<u>40,425</u>	<u>1,955,164</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment

10 Provisions for liabilities and charges

	Deferred tax AU\$000
At 1 January 2011	5,867
Deferred tax charge	<u>25,124</u>
At 31 December 2011	<u>30,991</u>

	2011 AU\$000	2010 AU\$000
Deferred taxation		
The deferred taxation provision comprises		
Accelerated capital allowances	55,157	31,314
Other timing differences	<u>(24,166)</u>	<u>(25,447)</u>
	<u>30,991</u>	<u>5,867</u>

11 Called up share capital

	2011 AU\$000	2010 AU\$000
Authorised:		
10,000,000 A redeemable preference shares of AU\$1 each	10,000	10,000
2,000 ordinary-A shares of £1 each	5	5
3,899,553,154 ordinary-B shares of AU\$1	<u>3,899,553</u>	<u>3,899,553</u>
	<u>3,909,558</u>	<u>3,909,558</u>

Allotted and fully paid:		
10,000,000 A redeemable preference shares of AU\$1 each	10,000	10,000
2,000 ordinary-A shares of £1 each	5	5
3,899,553,154 (2010 3,899,553,154) ordinary-B shares of AU\$1 each	<u>3,889,553</u>	<u>3,899,553</u>
	<u>3,909,558</u>	<u>3,909,558</u>

The allotted share capital is shown in Australian Dollars at the prevailing rate of exchange as at the date of issue

Notes to the Financial Statements continued

11 Called up share capital continued

During 2010, the Company issued 10,000,000 A redeemable preference shares with a nominal value of AU\$1 each for AU\$1,000 per share. The capital has been fully paid up however AU\$4,869,422,661 of the premium was unpaid 31 December 2011. Of this amount AU\$1,851,418,019 had been called up and received as of 13 September 2012.

12 Reserves

	Share Premium Account AU\$000	Profit and loss account AU\$000	Total Reserves AU\$000
As at 1 January	3,488,514	95,710	3,584,224
Call up of share premium	1,632,063	-	1,632,063
Transfer from profit and loss account	-	258,057	258,057
As at 31 December	<u>5,120,577</u>	<u>353,767</u>	<u>5,474,344</u>

13 Reconciliation of movements in shareholder's funds

	2011 AU\$000	2010 AU\$000
As at 1 January	7,493,782	1,969,486
Transfer from profit and loss account	258,057	95,710
Issue of share capital	1,632,063	5,428,586
As at 31 December	<u>9,383,902</u>	<u>7,493,782</u>