

**BG 123 Limited**

**Annual Report and Financial Statements**

**For the year ended 31 December 2014**



**Company Registration Number: 6560238**

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## **Strategic report for the year ended 31 December 2014**

The Directors present their Strategic report for BG 123 Limited for the year ended 31 December 2014.

### **Review of the business**

BG 123 Limited (the "Company") was incorporated on 9 April 2008 and is a wholly owned subsidiary of BG 456 Limited.

The Company acts as a holding company to promote the interests of its ultimate parent undertaking BG Group plc in Australia.

During the year, following receipt of a repayment in full for an intercompany loan, the Company carried out a capital reduction totalling AU\$9,992,707,000 by returning all of the share premium and nominal share capital paid up on the A redeemable preference shares to the sole shareholder of the Company, BG 456 Limited. A redemption premium was paid to BG 456 Limited by way of a dividend.

On 31 December 2014, an impairment, which was driven by the significant fall in global commodity prices, was recorded by a subsidiary of the Company's investment. This has resulted in the Company's carrying value of investments being impaired by AU\$6,828,007,000.

There have not been any changes in the Company's 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.

For a more detailed review of the activities, development and performance of the business during 2014 and the position of BG Group at the end of the year, please refer to the BG Group Annual Report and Accounts 2014 - Strategic report section on pages 2 to 41.

### **Principal risks and uncertainties**

The Company is subject to a broad range of risks such as political, commodity prices, reserves replacement, people resource and project delivery risks.

In addition, the Company faces risks which affect both the Company and BG Group as a whole. These risks are managed at group level on behalf of the Directors of the Company. Group risks are discussed in the BG Group plc Annual Report and Accounts 2014 which does not form part of this report.

### **Key performance indicators (KPIs)**

BG Group monitors, reviews and assesses its operations at segment and geographical levels, therefore the Directors are of the opinion that analysis of the business of the Company using KPIs is not appropriate for an understanding of the development, performance or position of the business of the Company. For further information about KPIs, in the context of the group as a whole, please refer to the BG Group Annual Report and Accounts 2014.

## Strategic report for the year ended 31 December 2014 continued

### Financial performance and position

As shown in the Company's profit and loss account on page 8, the loss on ordinary activities before taxation of AU\$6,383,289,000 (2013: profit of AU\$515,547,000) is primarily due to an impairment of the Company's investment value in the year of AU\$6,828,007,000 (2013: AU\$nil).

The loss for the year ended 31 December 2014 of AU\$6,100,563,000 (2013: profit of AU\$447,131,000) has been transferred to reserves.

The balance sheet on page 9 shows that the Company's net assets decreased by 79%. This is principally due to the impairment recorded in the year and the redemption of all issued A redeemable preference shares, partially offset by new ordinary B shares being issued.

By order of the Board:



R L Dunn  
Company Secretary

Date: 25.08.15

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

Registered in England & Wales No. 6560238

## **Directors' report for the year ended 31 December 2014**

The Directors present their report and the audited Financial Statements for BG 123 Limited for the year ended 31 December 2014.

### **Dividend**

The Directors proposed an interim dividend for the year ended 31 December 2014 of AU\$1,458,954,000 (2013: AU\$nil). The Directors have not proposed a final dividend (2013: AU\$nil).

### **Future developments**

Future developments are included in the Strategic report.

### **Post balance sheet events**

On 8 April 2015, the Boards of Royal Dutch Shell plc and BG Group plc announced that they have reached agreement on the terms of a recommended cash and share offer to be made by Royal Dutch Shell plc for the entire issued and to be issued share capital of BG Group plc. The combination is subject to various regulatory and shareholder approvals and is expected to complete in early 2016.

Since the year end, the Company has issued a further 1,306,675,903 ordinary B shares of AU\$ 1 each. This equates to total consideration of AU\$1,306,675,903.

### **Directors**

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

G Hall

S R Unger

M J Walsh

P Zinner (resigned 28 February 2014)

The following Director was appointed after the year end:

M A Jamieson (appointed 2 March 2015)

### **Company Secretaries**

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

C S Barry

R L Dunn

### **Directors' insurance**

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

## **Directors' report for the year ended 31 December 2014 continued**

### **Derivative financial instruments and financial risks**

The Company did not transact in any derivative financial instruments during the year.

Full details of the BG Group policies and procedures surrounding financial risks, financial instruments and details of such transactions can be found in the BG Group Annual Report and Accounts 2014.

### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, Ernst & Young LLP (the auditors) are deemed to have been re-appointed and remain in office as the auditors of the Company.

### **Statement as to disclosure of information to auditors**

As required by Sections 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 8 to 18 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements 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 2014 continued**

By order of the Board:



R L Dunn  
Company Secretary

Date: 25.08.15

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

Registered in England & Wales No. 6560238

## **Independent Auditor's report to the member of BG 123 Limited**

We have audited the Financial Statements of BG 123 Limited for the year ended 31 December 2014 which comprise the Profit and loss account, the Balance sheet and the related notes, set out on pages 8 to 18. 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 Statement of Directors' responsibilities (set out on page 4), 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 (APB's) Ethical Standards for auditors.

### **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 Annual Report and Financial Statements to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the 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 2014 and of its loss for the year;
- 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 Strategic report and Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.



## Independent Auditor's 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.



Gary Donald  
(Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 26/8/15

**Profit and loss account for the year ended 31 December**

	Notes	2014 AU\$000	2013 AU\$000
Impairment	3	(6,828,007)	-
Net interest receivable and similar income/(charges)	4	<u>444,718</u>	<u>515,547</u>
<b>(Loss)/profit on ordinary activities before taxation</b>	5	<b>(6,383,289)</b>	<b>515,547</b>
Tax on (loss)/profit on ordinary activities	6	<u>282,726</u>	<u>(68,416)</u>
<b>(Loss)/profit for the financial year</b>	14, 15	<b><u>(6,100,563)</u></b>	<b><u>447,131</u></b>

The results for the year are derived solely from continuing operations.

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

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

The notes on pages 10 to 18 form part of these Financial Statements.

**Balance sheet as at 31 December**

	Notes	2014 AU\$000	2013 AU\$000
<b>Fixed assets</b>			
Investments	8	3,238,685	5,807,810
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	27,955	14,005
Debtors: amounts falling due after more than one year	10	<u>279,911</u>	<u>11,052,635</u>
		307,866	11,066,640
Creditors: Amounts falling due within one year	11	<u>(6,759)</u>	<u>(349,600)</u>
<b>Net current assets</b>		<u>301,107</u>	<u>10,717,040</u>
<b>Total assets less current liabilities</b>		3,539,792	16,524,850
Provisions for other liabilities and charges	12	<u>-</u>	<u>(60,034)</u>
<b>Net assets</b>		<u>3,539,792</u>	<u>16,464,816</u>
<b>Capital and reserves</b>			
Called up share capital	13	9,940,265	5,323,065
Share premium reserve	14	-	9,982,707
Profit and loss account	14	<u>(6,400,473)</u>	<u>1,159,044</u>
<b>Equity shareholder's funds</b>	15	<u>3,539,792</u>	<u>16,464,816</u>

The notes on pages 10 to 18 form part of these Financial Statements.

The Financial Statements on pages 8 to 18 were approved by the Board of Directors and were signed on its behalf by:

  
G Hall  
Director

Date: 25.08.15

## 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.

BG Group plc 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 Group plc and BG Energy Holdings Limited are both registered in England and Wales. Copies of the Group 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 law 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.

The Company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' and paragraph 72 of Schedule 1 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 from disclosure of transactions with other group companies.

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

Any impairment of fixed assets is calculated as the difference between the carrying values of cash generating units and their recoverable amounts, being the higher of the estimated value in use or net realisable value 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. Net realisable value is based on the best evidence available to the Company, and may include appropriate valuation techniques, market data or sales of comparable assets.

Impairment of fixed assets is recognised in the profit and loss account within operating costs.

#### **Fixed asset investments**

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

## Notes to the Financial Statements continued

### 2 Accounting policies continued

#### 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.

#### Foreign currencies

Management considers that the Company's functional currency is Australian Dollars and the Financial Statements are presented in that currency. Transactions in foreign currencies are translated into Australian Dollars at the rates of exchange ruling at the date of the transaction. 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.

#### Financial instruments

All loans are stated at the fair value of the consideration paid/received less any repayments and if necessary, provisions for impairment.

### 3 Impairment

On 31 December 2014, an impairment, which was driven by the significant fall in global commodity prices, was recorded by a subsidiary of the Company's investment. This has resulted in the Company's carrying value of investments being impaired by AU\$6,828,007,000.

### 4 Net interest receivable and similar income/(charges)

	2014 AU\$000	2013 AU\$000
Foreign exchange (loss)/gain	(62,190)	58,992
Interest receivable	506,908	456,555
	<u>444,718</u>	<u>515,547</u>

## Notes to the Financial Statements continued

### 5 (Loss)/profit on ordinary activities before taxation

Operating (loss)/profit is stated after charging:

	2014 AU\$000	2013 AU\$000
<b>Amounts written off fixed assets:</b>		
Impairment	<u>6,828,007</u>	<u>-</u>

The auditor's remuneration of AU\$4,014 (2013: AU\$3,600) has been borne by BG Energy Holdings Limited and has not been recharged to the Company. Any fees paid to the Company's auditor and its associates for services other than the statutory audit of the Company are not disclosed in these accounts since the consolidated accounts of the Company's ultimate parent, BG Group plc, are required to disclose non-audit fees on a consolidated basis.

No Directors received remuneration in respect of their services to the Company during the year ended 31 December 2014 (2013: AU\$nil).

The Company had no employees during the year (2013: nil).

### 6 Tax on (loss)/profit on ordinary activities

The (credit)/charge for taxation comprises:

	2014 AU\$000	2013 AU\$000
Foreign tax	50,691	45,656
Adjustments in respect of foreign tax of prior periods	<u>6,528</u>	<u>896</u>
<b>Total current tax</b>	<u>57,219</u>	<u>46,552</u>
<b>Deferred tax</b>		
Deferred corporation tax credit	(352,135)	(3,595)
Deferred tax adjustments in respect of prior periods	12,190	34,464
Effect of rate changes	<u>-</u>	<u>(9,005)</u>
<b>Total deferred tax</b>	<u>(339,945)</u>	<u>21,864</u>
<b>Total tax (credit)/charge</b>	<u>(282,726)</u>	<u>68,416</u>

## Notes to the Financial Statements continued

### 6 Tax on (loss)/profit on ordinary activities continued

#### Factors affecting current tax charge for the year:

	2014 AU\$000	2013 AU\$000
(Loss)/profit on ordinary activities before taxation	<u>(6,383,289)</u>	<u>515,547</u>
Tax on (loss)/profit on ordinary activities at 21.5% (2013: 23.25%)	(1,371,973)	119,847
Tax on share of partnership loss	(95,392)	(109,234)
Foreign tax not eligible for double tax relief	50,691	35,042
Adjustment in respect of prior periods	6,528	896
Foreign tax expense relief	(10,895)	-
Permanent differences	1,467,557	-
Unutilised current year losses carried forward	<u>10,703</u>	<u>-</u>
Total current tax	<u>57,219</u>	<u>46,551</u>

Effective 1 April 2014, the applicable rate of UK corporation tax was reduced to 21%, with a further reduction in the UK corporation tax rate to 20% effective from 1 April 2015.

### 7 Dividends

	2014 AU\$000	2013 AU\$000
<b>Dividends paid</b>		
Interim dividend paid	<u>1,458,954</u>	<u>-</u>

Following the capital reduction in the year (refer to notes 13 and 14), a redemption premium was paid to the sole shareholder BG 456 Limited by way of a dividend.

### 8 Investments

	Shares in subsidiary undertakings AU\$000
<b>Cost and net book value</b>	
At 1 January 2014	5,807,810
Additions	4,258,882
Impairment	(6,828,007)
<b>At 31 December 2014</b>	<u>3,238,685</u>

## Notes to the Financial Statements continued

### 8 Investments continued

The Company's subsidiary undertakings as at 31 December 2014 comprise:

Name	Country of incorporation	Direct or indirect interest	Proportion of ordinary shares held <sup>(b)</sup>	Activity
BG International (AUS) Limited Partnership	Australia	Direct	98.95%	Holding company
BG International (AUS) Investments Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Holding company
QGC Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Exploration and production
Walloons Coal Seam Gas Company Pty Limited	Australia	Indirect <sup>(a)</sup>	74.21%	Gas marketing
Gas Resources Limited	Cayman Islands	Indirect <sup>(a)</sup>	98.95%	Exploration and production
SGA (Queensland) Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Exploration and production
SGAI Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Exploration and production
QGC (Berwyndale South) Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Dormant
Roma Petroleum Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Exploration and production
Australian Oil & Gas Corporation Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Dormant
QGC (Infrastructure) Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Exploration and production
Sunshine Gas Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Holding company
ACN 081 118 292 Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Dormant
Interstate Pipelines Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Dormant
Sunshine 685 Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Exploration and production
New South Oil Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Exploration and production

(a) This interest represents beneficial interest as opposed to legal title to shares.

(b) The proportion of shares held relates to the ordinary share capital issued by each company, with the exception of Walloons Coal Seam Gas Company Pty Limited, for which the ordinary share capital (which is held by companies within the BG Group) represents 75% of the total issued shares, with the remaining balance of 25% being redeemable preference shares, which are held by a company outside of the BG Group.



## Notes to the Financial Statements continued

## 8 Investments continued

Name	Country of incorporation	Direct or indirect interest	Proportion of ordinary shares held <sup>(b)</sup>	Activity
Hamilbent Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Exploration and production
BNG (Surat) Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Exploration and production
StarZap Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Exploration and production
QGC Northern Forestry Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Dormant
QGC (Exploration) Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Exploration and production
Petroleum Exploration Australia Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Holding company
QGC Sales Qld Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Exploration and production
Condamine 1 Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Holding company
Condamine 2 Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Holding company
Condamine 3 Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Holding company
Condamine 4 Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Holding company
Condamine Power Station Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Power generation
Queensland Gas Company Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Dormant company
QGC (B7) Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Exploration and production
Walloons Electricity Co. Pty Limited	Australia	Indirect <sup>(a)</sup>	98.95%	Power generation

(a) This interest represents beneficial interest as opposed to legal title to shares.

(b) The proportion of shares held relates to the ordinary share capital issued by each company, with the exception of Walloons Coal Seam Gas Company Pty Limited, for which the ordinary share capital (which is held by companies within the BG Group) represents 75% of the total issued shares, with the remaining balance of 25% being redeemable preference shares, which are held by a company outside of the BG Group.

## Notes to the Financial Statements continued

### 9 Debtors: amounts falling due within one year

	2014 AU\$000	2013 AU\$000
Amounts owed by group undertakings	27,910	13,960
Amounts receivable in respect of taxation	45	45
	<u>27,955</u>	<u>14,005</u>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

### 10 Debtors: amounts falling due after more than one year

	2014 AU\$000	2013 AU\$000
Amounts owed by group undertakings	-	11,052,635
Deferred tax asset (see note 12)	279,911	-
	<u>279,911</u>	<u>11,052,635</u>

### 11 Creditors: amounts falling due within one year

	2014 AU\$000	2013 AU\$000
Amounts owed to group undertakings	6,759	349,600

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

### 12 Provisions for liabilities and charges

	Deferred taxation AU\$000
At 1 January 2014	60,034
Deferred tax credit	(339,945)
At 31 December 2014 (see note 10)	<u>(279,911)</u>

The deferred taxation provision comprises:

	2014 AU\$000	2013 AU\$000
Accelerated capital allowances	(239,320)	79,198
Other timing differences	(40,591)	(19,164)
	<u>(279,911)</u>	<u>60,034</u>

## Notes to the Financial Statements continued

### 13 Called up share capital

#### Allotted and fully paid:

	No. 000	2014 AU\$000	No. 000	2013 AU\$000
A redeemable preference shares of AU\$1 each	-	-	10,000	10,000
Ordinary A shares of £1 each	2	5	2	5
Ordinary B shares of AU\$1 each	9,940,260	9,940,260	5,313,060	5,313,060
	<u>9,940,262</u>	<u>9,940,265</u>	<u>5,323,062</u>	<u>5,323,065</u>

During the year 4,627,199,904 ordinary B shares of AU\$1 each were issued at par. This equated to total consideration of AU\$4,627,199,904.

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

During the year, the Company carried out a capital reduction totalling AU\$9,992,707,000 by returning all of the share premium and nominal share capital paid up on the A redeemable preference shares to the sole shareholder of the Company, BG 456 Limited. A redemption premium was paid to BG 456 Limited by way of a dividend.

### 14 Reserves

	Share premium account AU\$000	Profit and loss account AU\$000	Total AU\$000
As at 1 January 2014	9,982,707	1,159,044	11,141,751
Transfer from profit and loss account	-	(6,100,563)	(6,100,563)
Dividends paid	-	(1,458,954)	(1,458,954)
Redemption of premium on preference shares	<u>(9,982,707)</u>	<u>-</u>	<u>(9,982,707)</u>
As at 31 December 2014	<u>-</u>	<u>(6,400,473)</u>	<u>(6,400,473)</u>

## Notes to the Financial Statements continued

### 15 Reconciliation of movement in shareholder's funds

	2014 AU\$000	2013 AU\$000
As at 1 January	16,464,816	12,094,502
Transfer from profit and loss account	(6,100,563)	447,131
Dividends paid	(1,458,954)	-
Issue of share capital	4,627,200	1,413,507
Payment of unpaid share premium	-	2,509,676
Redemption of preference shares	(10,000)	-
Redemption of premium on preference shares	(9,982,707)	-
As at 31 December	<u>3,539,792</u>	<u>16,464,816</u>

### 16 Post balance sheet events

On 8 April 2015, the Boards of Royal Dutch Shell plc and BG Group plc announced that they have reached agreement on the terms of a recommended cash and share offer to be made by Royal Dutch Shell plc for the entire issued and to be issued share capital of BG Group plc. The combination is subject to various regulatory and shareholder approvals and is expected to complete in early 2016.

Since the year end, the Company has issued a further 1,306,675,903 ordinary B shares of AU\$ 1 each. This equates to total consideration of AU\$1,306,675,903.