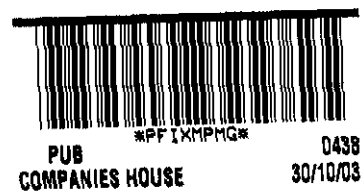


Iqara Holdings Limited

Annual Report and Financial Statements

For the year ended 31 December 2002

Registered Number : 4181031



Iqara Holdings Limited

Annual Report and Financial Statements for the year ended 31 December 2002

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Iqara Holdings Limited

Directors' report for the year ended 31 December 2002

The Directors submit their report and the audited accounts of the Company for the year ended 31 December 2002.

Principal activities

The Company is a holding company for certain investments of BG Group.

Review of business

The Company did not trade in the year.

Directors

The following served as Directors during the year:

S G C Sutcliffe

J Chmiel

Company secretary

The following served as Company secretaries during the year:

| | Date of appointment | Date of resignation |
|---------------|---------------------|---------------------|
| C S Inman | 22 April 2003 | |
| J E H Griffin | | 22 April 2003 |

Directors' interests

At no time during the period did any Director have any beneficial interest in the shares of the Company or any other company within the group except for interests in the shares of the ultimate parent company, BG Group plc, as stated below: -

Beneficial Holdings

| | Ordinary Shares | |
|-----------------|------------------|------------------|
| | 31 December 2001 | 31 December 2002 |
| S G C Sutcliffe | 12,154 | 16,821 |
| J Chmiel | - | 967 |

Saving Related Share Options

| | | Ordinary Shares | | |
|-----------------|------------------|-----------------|-----------|------------------|
| | 31 December 2001 | Granted | Exercised | 31 December 2002 |
| S G C Sutcliffe | 7,368 | - | - | 7,368 |
| J Chmiel | - | 7,500 | - | 7,500 |

Company Share Option Scheme

| | | Ordinary Shares | | |
|-----------------|------------------|-----------------|-----------|------------------|
| | 31 December 2001 | Granted | Exercised | 31 December 2002 |
| S G C Sutcliffe | 129,805 | 119,006 | - | 248,811 |
| J Chmiel | 12,951 | 20,496 | - | 33,447 |

Iqara Holdings Limited

Directors' report for the year ending 31 December 2002 (continued)

Long Term Incentive Share Scheme

| | 31 December 2001 | Ordinary Shares | | 31 December 2002 |
|-----------------|------------------|-----------------|---------|------------------|
| | | Allocated | Lapsed | |
| S G C Sutcliffe | 95,916 | 149,612 | (8,831) | 236,697 |
| J Chmiel | - | 9,249 | - | 9,249 |

Short Term Incentive Share Scheme

| | 31 December 2001 | Ordinary Shares | | 31 December 2002 |
|-----------------|------------------|-----------------|---------------------------|------------------|
| | | Allocated | Transferred from trust | |
| S G C Sutcliffe | 9,224 | - | 9,224 | - |

Full details of all employee share and option schemes can be found in the BG Group plc Annual Report and Accounts 2002.

Results for the year

The Company has not traded during the financial year and has received no income and incurred no expenditure. There has been no movement on reserves for the year (2001: Nil).

Dividend

No dividend is proposed for the year (2001: Nil).

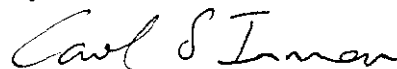
Directors' insurance

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

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 11 March 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

By order of the Board



C S Inman, Secretary

Date: 24 October 2003

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

Iqara Holdings Limited

Statement of Directors' responsibilities

The Directors are required by the Companies Act 1985 to prepare Financial Statements for each financial year which gives a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the Financial Statements on pages 8 to 11, the Company has used appropriate historical cost accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed. 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 enable them to ensure that the Financial Statements comply with the Companies Act 1985.

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.

The Directors are required to prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Iqara Holdings Limited

Independent Auditors' report to the members of Iqara Holdings Limited

We have audited the Financial Statements which comprise the profit and loss account, the balance sheet, and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the Financial Statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the Financial Statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. The other information comprises only the Directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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 Financial Statements 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 Financial Statements.

Iqara Holdings Limited

Independent Auditors' report to the members of Iqara Holdings Limited (continued)

Opinion

In our opinion the Financial Statements give a true and fair view of the state of the Company's affairs at 31 December 2002 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

1 Embankment Place

London

WC2N 6RH

Date

24 October 2003

Iqara Holdings Limited

Profit and loss account for the year ending 31 December 2002

The Company has not traded during the year ended 31 December 2002 and has received no income and incurred no expenditure. Consequently during the year the Company has made neither a profit nor a loss nor were there any recognised gains and losses during the year.

There is no difference between the results above and their historical cost equivalents.

The notes on pages 10 to 11 form part of these Financial Statements.


Iqara Holdings Limited

Balance sheet as at 31 December 2002

| | Note | 2002 £ | 2001 £ |
|---|------|-------------|-----------|
| Fixed Assets | | | |
| Investments | 4 | 3,446,215 | - |
| Current assets | | | |
| Debtors | 5 | 2 | 2 |
| Net Current Assets | | <u>2</u> | <u>2</u> |
| Creditors (amounts falling due in greater than one year) | 6 | (3,446,215) | - |
| Net Assets | | <u>2</u> | <u>2</u> |
| Capital and reserves | | | |
| Share Capital | 7 | <u>2</u> | <u>2</u> |
| Equity shareholder's funds | 8 | <u>2</u> | <u>2</u> |

The notes on pages 10 to 11 form part of these accounts.

The Financial Statements on pages 8 to 11 were approved by the Board of Directors and signed on its behalf by:



S G C Sutcliffe

Director

24 October 2003

Iqara Holdings Limited

Notes to the Financial Statements for the year ending 31 December 2002

1) Ownership

The Company's immediate parent company is BG Energy Holdings Limited, and ultimate parent company and controlling party is BG Group plc. BG Energy Holdings Limited and BG Group plc are both registered in England and are the only companies to consolidate the accounts of the Company. Copies of these consolidated accounts may be obtained from the Company Secretary, BG Group plc, 100 Thames Valley Park Drive, Reading, Berkshire, RG6 1PT.

2) Profit and Loss Account

No Directors received emoluments in respect of their services to the Company during the year ended 31 December 2002 (2001: Nil). The Company had no employees (2001: Nil).

3) Principal accounting policies

Accounting convention

The accounts have been prepared in accordance with the historical cost convention, applicable law and accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below:

Cash flow statement

The Company has taken advantage of the exemption available to wholly owned UK subsidiaries under FRS 1 (Revised 1996) "Cash flow Statements", and accordingly has not prepared a Cash flow Statement.

Related party disclosures

The Company is an indirect wholly owned subsidiary of BG Group plc and has taken advantage of the exemption within FRS 8 "Related Party Disclosures" from disclosure of transactions with other group companies.

Fixed asset investments

Fixed Asset investments are stated at the rate of exchange prevalent at the date of the transaction.

Impairment of Fixed Assets

The impairment is calculated as the difference between the carrying values of income generating units and the estimated value in use at the date the impairment loss is recognised. Value in use represents the net present value of expected future cashflows discounted on a pre-tax basis.

4) Investments

Cost and net book value

As at 1 January 2002

Additions

At 31 December 2002

£

-

3,446,215

3,446,215

Iqara Holdings Limited

Notes to the Financial Statements for the year ending 31 December 2002 (continued)

Investments (continued)

The Company's principal subsidiary undertakings as at 31 December 2002 comprise:

| Name | Country of Incorporation | Activity | Group holding (%) |
|------------------------------|-------------------------------------|--------------------|------------------------------|
| BG Telecom Holdings Limitada | Brazil | Telecommunications | 100.0 |
| Iqara Telecom Limitada | Brazil | Telecommunications | 100.0 |
| Iqara Limited | England | Telecommunications | 100.0 |
| Iqara Telecom B.V. | Netherlands | Telecommunications | 100.0 |
| Iqara Telecom Holdings B.V | Netherlands | Telecommunications | 100.0 |

5) Debtors

| | 2002 | 2001 |
|-----------------------------------|-------------|-------------|
| | £ | £ |
| Amounts owed by group undertaking | <u>2</u> | <u>2</u> |

6) Creditors (amounts falling due in greater than one year)

| | 2002 | 2001 |
|-----------------------------------|------------------|-------------|
| | £ | £ |
| Amounts owed to group undertaking | <u>3,446,215</u> | <u>-</u> |

7) Share capital

| | 2002 | 2001 |
|--|-------------|-------------|
| | £ | £ |
| Authorised: 100 ordinary £1 shares | <u>100</u> | <u>100</u> |
| Allotted and fully paid: 2 ordinary shares of £1 | <u>2</u> | <u>2</u> |

8) Reconciliation of movement in shareholder's funds

| | 2002 | 2001 |
|---------------------------------|-------------|-------------|
| | £ | £ |
| Opening shareholder's funds | 2 | - |
| Issue of ordinary shares at par | - | 2 |
| Closing shareholder's funds | <u>2</u> | <u>2</u> |

9) Reserves

The Company has no reserves.