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STATES GREFFE REGISTERED	
26 JUN 2012	

JERSEY GAS COMPANY LIMITED

REPORT AND ACCOUNTS

FOR THE PERIOD 1 JULY 2010 TO 31 DECEMBER 2010

JERSEY GAS COMPANY LIMITED

Incorporated under "Lois 1918 - 1965 Sur La Compagne Du Gaz", now repealed, continuing in existence under the provisions of the Jersey Gas Company (Jersey) Law 1989.

Directors MRS D C MORGAN, F.C.A.

 P M GARLICK, B. Eng., C. Eng., M.I.Gas E., M.I. Chem E.

 S CROSSMAN, B.Sc. (Hons) C.Eng, MIGEM

 N E SHAW, B.Sc. (Hons) C.Eng, MIGEM

 K J OLLIVIER

Secretary K J OLLIVIER

Auditor Deloitte LLP
 PO Box 137
 Regency Court
 Glatigny Esplanade
 St Peter Port
 Guernsey

Registered Office Thomas Edge House
 Tunnell Street
 St Helier
 Jersey

JERSEY GAS COMPANY LIMITED

NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of the Company will be held at Thomas Edge House, Tunnell Street, St Helier, Jersey on 16 November 2011 at 10.30 a.m. for the following purpose:-

- 1 Election of Chairman.
- 2 Read Notice convening the Meeting.
- 3 Approve the minutes of the Annual General Meeting held on 16 December 2010.
- 4 Receive the Directors' Report and Accounts for the period 1 July 2010 to 31 December 2010.
- 5 Declare a Dividend.
- 6 Election of Directors.
- 7 To receive the Auditor's Report.
- 8 Appoint Auditor and to fix their remuneration.
- 9 Transact any other ordinary business of the Company.

By Order of the Board

K J OLLIVIER

Secretary

Thomas Edge House
Tunnell Street
St Helier
Jersey

20 May 2011

JERSEY GAS COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and the audited accounts for the period 1 July 2010 to 31 December 2010. The comparative period is the year ended 30 June 2010.

Activities

The principal activity of the Company is gas production, distribution and related activities.

Following the merger of Brookfield Infrastructure Partners L.P. and Prime Infrastructure Holdings Limited, the Company's reporting date changed from 30 June to 31 December therefore necessitating the financial statements to be prepared for the six month period ended 31 December 2010.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Results

The results of the year are shown in the profit and loss account on page 5.

Dividend

The loss for the period after taxation amounted to £373,591 (1 July 2009 to June 2010: Profit £1,018,401). It is recommended that this be allocated as follows:-

	31 December 2010	30 June 2010
	£	£
Transfer (from) / to reserves	(373,591)	1,018,401

Directors

N E Shaw and P M Garlick retire in accordance with By-Law 66 and, being eligible, offer themselves for re-election.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Jersey Gas Company (Jersey) Law 1989 requires the Directors to prepare financial statements for each financial period. 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). Under company law the Directors must not approve the financial statements 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 financial statements, 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 financial statements 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 financial statements comply with the Jersey Gas (Company) (Jersey) Law 1989. 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.

Auditor

Deloitte LLP has expressed its willingness to continue in office and to be reappointed it will be proposed at the forthcoming Annual General Meeting.


Director


Director

20 May 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JERSEY GAS COMPANY LIMITED

We have audited the financial statements of Jersey Gas Company Limited for the period 1 July 2010 to 31 December 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 17. 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 Article 37 of the Jersey Gas Company (Jersey) Law 1989. 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 Auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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.

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 2010 and of its loss for the period 1 July 2010 to 31 December 2010;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Jersey Gas Company (Jersey) Law 1989.

Other matter

These accounts do not include accruals for unread meter readings at the end of the reporting periods due to the difficulty in reliably estimating the value of accrued unread meter income. As a significant proportion of meter reads are on a quarterly basis, the revenue reported at the end of a reporting period is likely to include approximately 1.5 months of unread meter income. Sufficient accurate and reliable data is not currently available to the Company such that a reliable estimate of unread meter income can be made at any reporting date. Due to the change in the Company's financial reporting date, the shorter reporting period and the seasonality in gas usage, the unread meter income is likely to be material to the Company's result for the period. Our opinion is not modified in this respect.

[REDACTED]

Deloitte LLP
Chartered Accountants
St Peter Port
Guernsey

[REDACTED]

JERSEY GAS COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1 JULY 2010 TO 31 DECEMBER 2010**

	Note	1 July 2010 to 31 December 2010	1 July 2009 to 30 June 2010
		£	£
TURNOVER	1(iv)	5,110,134	11,778,392
Cost of sales		(4,913,507)	(9,342,573)
GROSS PROFIT		196,627	2,435,819
Net operating expenses	2	(698,673)	(1,088,699)
OPERATING (LOSS) / PROFIT		(502,046)	1,347,120
Interest payable and similar charges	3	(9,350)	(18,179)
Interest receivable	3	741	1,429
Other finance expenses	14	(36,000)	(29,000)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(546,655)	1,301,370
Tax on (loss) / profit on ordinary activities	5	173,064	(282,969)
(LOSS) / PROFIT FOR THE FINANCIAL PERIOD / YEAR		(373,591)	1,018,401

All of the Company's operations are classed as continuing.

A reconciliation of movements in shareholder's funds is set out in note 13 to the financial statements.

A statement of movements on reserves is given in note 12.

The notes on pages 8 to 17 form an integral part of these financial statements.

JERSEY GAS COMPANY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD 1 JULY 2010 TO 31 DECEMBER 2010

		1 July 2010 to 31 December 2010	1 July 2009 to 30 June 2010
	Note	£	£
(Loss) / profit for the financial period / year		(373,591)	1,018,401
Actuarial gain / (loss) (net of tax)	14	92,400	(1,463,000)
Surplus on revaluation of property		-	307,800
		<hr/>	<hr/>
Total recognised losses for the period / year		(281,191)	(136,799)
		<hr/> <hr/>	<hr/> <hr/>

A reconciliation of movements in shareholder's funds is set out in note 13 to the financial statements.

A statement of movements on reserves is given in note 12.

The notes on pages 8 to 17 form an integral part of these financial statements.

JERSEY GAS COMPANY LIMITED

BALANCE SHEET AT 31 DECEMBER 2010

	Note	31 December 2010 £	30 June 2010 £
FIXED ASSETS			
Tangible fixed assets	6	22,486,525	22,210,008
CURRENT ASSETS			
Stock and work in progress	7	784,296	896,267
Debtors	8	4,950,315	6,592,891
Cash at bank and in hand		378,788	(81,066)
		6,113,399	7,408,092
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	9	6,371,613	6,578,401
States income tax		-	124,798
		6,371,613	6,703,199
NET CURRENT ASSETS			
		(258,214)	704,893
TOTAL ASSETS LESS CURRENT LIABILITIES			
		22,228,311	22,914,901
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Called up preference shares	11	358,904	358,904
Accruals and deferred income		186,425	186,425
Provisions for liabilities and charges	10	1,254,957	1,293,683
		1,800,286	1,839,012
NET ASSETS EXCLUDING PENSION LIABILITY			
		20,428,025	21,075,889
NET ASSETS INCLUDING PENSION LIABILITY			
Net pension liability	14	(981,600)	(1,344,000)
Unfunded pension obligation	14	(172,345)	(176,618)
		(1,153,945)	(1,520,618)
NET ASSETS INCLUDING PENSION LIABILITY			
		19,274,080	19,555,271
CAPITAL AND RESERVES			
Called up share capital	11	915,000	915,000
Share premium account		962	962
Reserves		18,358,118	18,639,309
SHAREHOLDER'S FUNDS			
		19,274,080	19,555,271

The financial statements were approved by the Board of Directors on 11.

Director
20 May 2011

Director

The notes on pages 8 to 17 form an integral part of these financial statements.

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD 1 JULY 2010 TO 31 DECEMBER 2010

1 ACCOUNTING POLICIES

The significant policies adopted in the preparation of the accounts are as follows:

(i) Basis of Presentation

The accounts have been prepared on a consistent basis with previous years, using the historical cost convention modified for revaluations of land and certain buildings, and comply with applicable United Kingdom accounting standards.

The Company forms part of a group of companies ("IEG group") of which the ultimate parent undertaking is Brookfield Infrastructure Holdings L.P. The IEG group is dependent on funding support provided by Prime Infrastructure Holdings Limited, a fellow group undertaking, with a repayment date for this funding of 1 June 2015. As a result this funding cannot now be recalled within 12 months from the date of signing of the accounts.

The Company has given assurances to fellow group undertakings that the loans will not be recalled within a period of one year from the date of signing of the accounts, unless the fellow group undertakings are in a position to make repayment. Also, the Company has received assurances from the immediate parent company that the loans will not be recalled within a period of one year from the date of signing of the accounts. The Company meets its day to day working capital requirements by cash generated through the normal course of business. The Company's forecasts, taking account of reasonably possible changes in trading performance, show that the Company should have adequate resources to continue in operational existence for the foreseeable future. Thus the Directors are of the opinion that the Company can continue to adopt the going concern basis in preparing the financial statements.

(ii) Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation and provision for impairment. Depreciation on tangible fixed assets is calculated on a straight line basis to write down their cost (or valuation) to their estimated residual values over the period of their estimated useful economic lives, at the following rates:-

The principal rates in use are:-	%
Land & buildings	
- freehold building	2.0
Plant & machinery	2.5 - 20.0
Motor Vehicles	14.0 - 25.0

No depreciation is provided in respect of freehold land. No depreciation is provided in respect of domestic housing which have been let because the residual value is not less than cost.

A full valuation of all freehold property is carried out every five years with an interim valuation in year three of each period. All valuations are undertaken by qualified external valuers. Individual freehold properties are revalued with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated costs relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit or loss account. Ancillary costs in relation to the acquisition of domestic housing are not capitalised on the basis that they will not be recovered on the subsequent sale to employees.

(iii) Stock and Work in Progress

Stock is valued at the lower of cost and net realisable value. Work in progress is valued at cost of direct materials and labour. Provision is made for obsolete, slow moving or defective stock.

(iv) Turnover

Turnover represents the value of sales and services invoiced to customers. The Company does not account for gas sales until meters are read.

Gas supplies

The Company recognises revenue from gas supply when the customer is invoiced based on meter readings. Gas supplies to customers are invoiced on a continuous 30 to 90 day billing cycle. Financial Reporting Standard 5 requires that the Company recognises revenue as it earns the right to consideration, being the date of the supply to customer, provided that such amounts can be measured as a monetary amount of sufficient reliability. The Company is not able to make an estimate of the amount of unread gas income at the balance sheet dates of sufficient reliability to satisfy the revenue recognition criteria of FRS 5. Accordingly, these financial statements do not include accruals for unread gas income at the balance sheet dates.

Due to the change in the Company's reporting date, the resulting short period of account and the seasonality of the Company's business, if unread meter income could be measured reliably it is likely that it would significantly increase profit at the current balance sheet date.

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

1 ACCOUNTING POLICIES (Continued)

(v) 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.

Deferred tax is provided in full in respect of timing differences arising from the recognition of gains and losses for tax purposes in different periods from those in which they are included in the financial statements. Provisions are made at rates expected to apply when they crystallise based on laws which have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(vi) Pension Costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resultant defined benefit asset or liability, net of related deferred tax, is presented separately after other net assets on the face of the balance sheet.

(vii) Operating Leases

Costs in respect of operating leases are charged to the profit and loss account as they are incurred.

(viii) Grants Receivable

Grants that relate to tangible fixed assets are treated as deferred income in the balance sheet which are credited to the profit and loss account over the related assets useful economic lives. Other grants are credited to profit and loss account when received to match against related expenditure.

(ix) Cash Flow Exemption

The Company is exempt from producing a cash flow statement under Financial Reporting Standard 1, "Cash Flow Statements", on grounds that a consolidated cash flow statement is included in the financial statements of its ultimate parent undertaking.

(x) Historical cost profits and losses

The Company is unable to produce a note of historical profits and losses given that full historical cost information is unavailable.

2 NET OPERATING EXPENSES

	1 July 2010 to 31 December 2010	1 July 2009 to 30 June 2010
	£	£
Administration costs	890,231	1,447,678
Net rental income	(191,558)	(358,979)
	<hr/>	<hr/>
	698,673	1,088,699
	<hr/>	<hr/>

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

3 INTEREST

	1 July 2010 to 31 December 2010	1 July 2009 to 30 June 2010
	£	£
Interest payable and similar charges:		
Preference share dividends	5,922	11,844
Other	3,428	6,335
	<hr/>	<hr/>
	9,350	18,179
Less: Interest receivable		
Other	(741)	(1,429)
	<hr/>	<hr/>
	8,609	16,750
	<hr/>	<hr/>

4 (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1 July 2010 to 31 December 2010	1 July 2009 to 30 June 2010
	£	£
Profit on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation on tangible fixed assets	386,460	707,480
Amortisation of grant income	(20,714)	(41,428)
Profit on disposal of other fixed assets	(22,887)	-
Operating lease rentals		
- Land & buildings	67,002	130,000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	32,477	29,807
	<hr/>	<hr/>

5 TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

a) ANALYSIS OF (CREDIT) / CHARGE IN THE PERIOD / YEAR

	1 July 2010 to 31 December 2010	1 July 2009 to 30 June 2010
	£	£
Current tax:		
States of Jersey income tax (credit) / charge on the results for the period / year	(140,879)	115,281
Over provision in previous periods	(60,459)	-
	<hr/>	<hr/>
Total current tax (credit) / charge (note 5b)	(201,338)	115,281
Deferred taxation movement	(38,726)	139,688
Deferred taxation in respect of Financial Reporting Standard 17	67,000	28,000
	<hr/>	<hr/>
Tax (credit) / charge on (loss) / profit on ordinary activities	(173,064)	282,969
	<hr/>	<hr/>

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

5 TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES (continued)

b) FACTORS AFFECTING TAX CHARGE FOR THE PERIOD / YEAR

The differences between the total current tax shown above and the amount calculated by applying the standard rate of tax to the profit before tax is as follows.

	1 July 2010 to 31 December 2010	1 July 2009 to 30 June 2010
	£	£
(Loss) / profit on ordinary activities before tax	(546,655)	1,301,370
(Loss) / profit on ordinary activities multiplied by standard rate of income tax in Jersey 20% (1 July 2009 to June 2010: 20%)	(109,331)	260,274
Effects of:		
Disallowable expenses	(4,400)	(600)
Over provision in previous years	(60,459)	-
Capital allowances in excess of depreciation	44,065	(130,507)
Pension adjustment	(67,400)	(5,600)
Non-taxable income	(4,143)	(8,286)
Other tax adjustments	330	-
Current tax (credit) / charge for the period / year (note 5a)	(201,338)	115,281

6 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
Cost or Valuation				
At 1 July 2010	11,510,000	20,298,040	736,912	32,544,952
Additions	-	434,635	229,921	664,556
Disposals	-	(2,355)	(185,930)	(188,285)
At 31 December 2010	11,510,000	20,730,320	780,903	33,021,223
Depreciation				
At 1 July 2010	-	9,787,746	547,198	10,334,944
Charge for the period	20,262	302,451	63,747	386,460
Disposals	-	(2,355)	(184,351)	(186,706)
At 31 December 2010	20,262	10,087,842	426,594	10,534,698
Net Book Value at 31 December 2010	11,489,738	10,642,478	354,309	22,486,525
Net Book Value at 30 June 2010	11,510,000	10,510,294	189,714	22,210,008

The freehold properties were last valued externally by Cushman & Wakefield LLP as at 30 June 2010 on the basis of existing use value, depreciated replacement cost and market value (where appropriate) in accordance with the RICS Valuation standards. The valuations on the basis of depreciated replacement cost are subject to the adequate potential profitability of the business compared with the value of the total assets employed, as determined by the Directors.

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

7 STOCK AND WORK IN PROGRESS

	31 December 2010	30 June 2010
	£	£
Raw materials, consumables and finished goods	725,804	852,880
Work in progress	58,492	43,387
	<u>784,296</u>	<u>896,267</u>

8 DEBTORS

	31 December 2010	30 June 2010
	£	£
Amounts falling due within one year:		
Trade debtors	1,091,099	1,307,620
Amounts due from fellow group undertakings	2,864,600	4,453,906
Other debtors	143,828	100,917
Prepayments and accrued income	100,943	41,920
States Income Tax	108,347	-
	<u>4,308,817</u>	<u>5,904,363</u>
Amounts falling due after more than one year:		
Trade debtors	526,484	546,465
Other debtors	115,014	142,063
	<u>641,498</u>	<u>688,528</u>
	<u>4,950,315</u>	<u>6,592,891</u>

Amounts due from fellow group undertakings are interest free, unsecured and repayable on demand.

9 CREDITORS

	31 December 2010	30 June 2010
	£	£
Amounts falling due within one year:		
Trade creditors	1,019,977	867,147
Amounts due to immediate parent company	4,480,000	4,480,000
Amounts due to fellow group undertakings	246,509	550,801
Other creditors	337,386	350,900
Accruals and deferred income	287,741	329,553
	<u>6,371,613</u>	<u>6,578,401</u>

The amounts due to the immediate parent company are interest free, unsecured and repayable on demand.
The amounts due to fellow group undertakings are interest free, unsecured and repayable on demand.

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

10 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Tax
	£
At 1 July 2010	1,293,683
Charge to profit and loss account (note 5)	(38,726)
	<hr/>
At 31 December 2010	1,254,957
	<hr/> <hr/>

Deferred taxation provided in the accounts is as follows:-

	31 December 2010	30 June 2010
	£	£
Capital allowances in excess of depreciation	1,293,626	1,337,607
Other timing differences	(38,669)	(43,924)
	<hr/>	<hr/>
	1,254,957	1,293,683
	<hr/> <hr/>	<hr/> <hr/>

11 CALLED UP SHARE CAPITAL

	31 December 2010	30 June 2010
	£	£
Authorised:		
Equity Shares:		
Ordinary Shares of £1 each	915,000	915,000
	<hr/>	<hr/>
Preference Shares:		
5% Cumulative Preference Shares of £1 each	3,000	3,000
3% Cumulative Preference Shares of £1 each	157,000	157,000
5% Cumulative 'A' Preference shares of £1 each	200,000	200,000
	<hr/>	<hr/>
	360,000	360,000
	<hr/> <hr/>	<hr/> <hr/>
Allotted, called up and fully paid		
Equity Shares:		
Ordinary Shares of £1 each	915,000	915,000
	<hr/>	<hr/>
Preference Shares:		
5% Cumulative Preference Shares of £1 each	1,904	1,904
3% Cumulative Preference Shares of £1 each	157,000	157,000
5% Cumulative 'A' Preference shares of £1 each	200,000	200,000
	<hr/>	<hr/>
	358,904	358,904
	<hr/> <hr/>	<hr/> <hr/>

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

11 CALLED UP SHARE CAPITAL (Continued)

The three categories of preference shares are not entitled to participate in the profits of the Company, other than to the extent of their fixed dividend.

The ordinary shares rate and abate equally in respect of any distribution, but are specifically excluded from the fixed preference dividend distributions.

Voting Rights:

5% Cumulative Preference Shares	One vote for every share up to a maximum of five hundred shares, and then one vote for every five shares held thereafter.
3% Cumulative Preference Shares and 5% Cumulative 'A' Preference Shares	One vote for every ten shares held.

Rights on winding up of the Company:

If the Company was to be wound up, the assets available for distribution amongst the members shall be applied in the following order:-

- (i) Repay to all members the amounts paid up on shares held;
- (ii) Any excess to be distributed amongst the holders of ordinary shares in proportion to the amount which at the time of going into liquidation, had been actually paid up on their said shares respectively.

12 RESERVES

	Revaluation Reserve £	Capital Reserves £	Profit & Loss Account £	Total £
At 1 July 2010	7,181,588	2,850,100	8,607,621	18,639,309
Loss for the period	-	-	(373,591)	(373,591)
Amount recognised in Statement of Total Recognised Gains and Losses	-	-	92,400	92,400
At 31 December 2010	<u>7,181,588</u>	<u>2,850,100</u>	<u>8,326,430</u>	<u>18,358,118</u>

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	1 July 2010 to 31 December 2010 £	1 July 2009 to 30 June 2010 £
(Loss) / profit for the financial period / year	(373,591)	1,018,401
Actuarial gain / (loss) (net)	92,400	(1,463,000)
Surplus on revaluation of properties	-	307,800
Net reduction in shareholder's funds	<u>(281,191)</u>	<u>(136,799)</u>
Opening shareholder's funds	19,555,271	19,692,070
Closing shareholder's funds	<u>19,274,080</u>	<u>19,555,271</u>

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

14 PENSIONS

The Company operates a funded pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested with an assurance company.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service life of employees with the Company.

The contributions are determined by a qualified actuary on the basis of triennial valuations, using the Projected Unit Method. The most recent full actuarial valuation was at 1 July 2009. The assumptions that have the most significant effect on the results of the valuation are those relating to the yield up to retirement, the yield after retirement and the rates of increase in salaries. It was assumed that the yield up to retirement would be 5.75%, the yield after retirement would be 4.25% and salary increases would average 4.5% per annum.

The most recent actuarial valuation showed that the value of the scheme's assets was £4,218,000 (2006: £4,176,000) and the deficit was £1,918,000 (2006: £189,000). This equates to approximately 69% (2006: 96%) of the benefits that had accrued to members, after allowing for expected future increases in earnings. The report has recommended contributions of the Company and employees at 15.5% and 5% of earnings respectively with an additional £184,000 per year from the Company to eliminate the deficit. This has been adopted by the Company from 1 July 2010. Previously the rates were 13.5% and 5% respectively.

The valuation used for FRS17 disclosures has been based on the most recent actuarial valuation of the scheme detailed above and updated by the scheme actuaries to take account of the requirements of FRS17 in order to assess the liabilities of the scheme at 31 December 2010. Scheme assets are stated at the market value at 31 December 2010 of the insurance policies in which they are invested.

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

	December 2010	June 2010	June 2009	June 2008	June 2007
Valuation method - Projected Unit					
Discount rate	5.4%	5.5%	6.7%	6.4%	5.6%
Inflation rate assumption	4.0%	3.9%	3.6%	4.1%	3.6%
Rate of increase in pensionable salaries	5.0%	4.9%	4.6%	5.1%	4.6%
Rate of increase in pensions in payment -limited price indexation	0.0%	0.0%	0.0%	0.0%	0.0%

The assets and liabilities of the scheme together with the expected rates of return on scheme assets are shown below:

	December 2010	June 2010	June 2009	June 2008	June 2007
% Rate of return	5.8%	5.8%	5.8%	5.8%	5.5%
Unitised with profits policy £	4,364,800	3,563,000	4,277,000	5,314,000	4,531,000
% Rate of return	3.5%	3.5%	3.5%	5.0%	4.5%
Other assets £	35,200	58,000	34,000	32,000	-
Total market value of assets £	4,400,000	3,621,000	4,311,000	5,346,000	4,531,000
Present value of scheme liabilities £	(5,627,000)	(5,301,000)	(4,305,000)	(4,448,000)	(4,317,000)
(Deficit) / surplus in scheme £	(1,227,000)	(1,680,000)	6,000	898,000	214,000
Related deferred tax £	245,400	336,000	(1,000)	(180,000)	(43,000)
Net pension (liability) / asset £	(981,600)	(1,344,000)	5,000	718,000	171,000
Unfunded pension obligation £	(172,345)	(176,618)	(178,115)	(179,296)	(201,442)
Total net pension (liability) / asset £	(1,153,945)	(1,520,618)	(173,115)	538,704	(30,442)

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

14 PENSIONS (continued)

The assets of the scheme are invested in insurance policies.

Amounts included in the profit and loss account:	31 December 2010	30 June 2010
	£	£
Analysis of amount charged to operating profit:		
Current service cost	(154,000)	(200,000)
Total operating charge	(154,000)	(200,000)
Analysis of the amount included within other finance costs:		
	£	£
Expected return on pension scheme assets	111,000	219,000
Interest on pension scheme liabilities	(147,000)	(248,000)
Net financing return	(36,000)	(29,000)
Amounts included in the STRGL:		
Movement in surplus during the period / year:	31 December 2010	30 June 2010
	£	£
(Deficit) / surplus in scheme at the beginning of the period / year	(1,680,000)	6,000
Movement in the period / year:		
Current service costs	(154,000)	(200,000)
Contributions paid by the employer	527,000	371,000
Other finance expense	(36,000)	(29,000)
Actuarial gain / (loss)	116,000	(1,828,000)
Deficit in scheme at the end of the period / year	(1,227,000)	(1,680,000)

History of experience gains and losses:

	December 2010	June 2010	June 2009	June 2008	June 2007
Difference between expected and actual return on scheme assets:					
Amount £	89,000	41,000	(1,565,000)	182,000	113,000
% of scheme assets	2.02%	1.13%	-36.30%	3.40%	2.00%
Experience gains and losses on scheme liabilities					
Amount £	194,000	(326,000)	24,000	3,000	(21,000)
% of scheme liabilities	3.45%	-6.15%	0.56%	0.10%	-1.00%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities					
Amount £	(167,000)	(1,543,000)	497,000	406,000	482,000
% of scheme liabilities	2.97%	29.11%	11.54%	9.13%	10.60%
Amount recognised in STRGL prior to tax					
Amount £	116,000	(1,828,000)	(1,044,000)	591,000	574,000
% of scheme assets	2.64%	-50.48%	-24.22%	11.05%	12.70%

JERSEY GAS COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

15 COMMITMENTS

	31 December 2010	30 June 2010
	£	£
Capital Commitments:-		
Expenditure contracted but not provided for	17,980	118,000
	<u>17,980</u>	<u>118,000</u>

Lease Commitments:-

The Company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings	
	31 December 2010	30 June 2010
	£	£
Operating leases which expire:		
Within one year	-	-
Within two to five years	-	-
In over five years	123,273	123,273
	<u>123,273</u>	<u>123,273</u>
	<u>123,273</u>	<u>123,273</u>

16 RELATED PARTY TRANSACTIONS

As all the issued share capital of the Company is owned by a group whose consolidated financial statements are publicly available it is not required to disclose transactions with other group undertakings that would otherwise be required under Financial Reporting Standard 8 'Related Party Disclosures'.

17 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is IEG Jersey Holdings Limited, a company incorporated in Guernsey. The Company's ultimate parent undertaking is Brookfield Infrastructure Partners L.P., which is registered in Bermuda. The smallest group in which the results of the Company are consolidated is Prime IEG Australia No 1 Pty Limited, which is incorporated in Australia, and the largest group in which the results of the Company are consolidated is Brookfield Infrastructure Partners L.P. Brookfield Infrastructure Partners L.P.'s accounts can be obtained from:

Brookfield Infrastructure Partners L.P.
 Canon's Court
 22 Victoria Street
 Hamilton
 HM 12
 Bermuda