

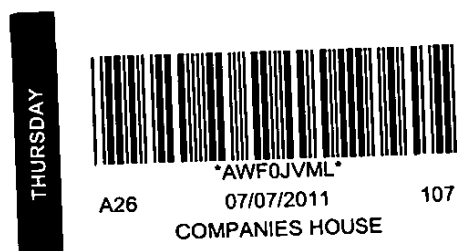
Registered number: 5579645

CENTRICA NIGERIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2010



Centrica Nigeria Limited

Directors' report for the year ended 31 December 2010

The Directors present their report and the audited financial statements of Centrica Nigeria Limited (the "Company") for the year ended 31 December 2010

Principal activities

The principal activity of the Company is to act as an investment holding company

Business review

The Company continued with its major activity in the year of being a holding company. At 31 December 2009 the fixed asset investment the company holds in Centrica Resources (Nigeria) Limited was completely impaired due to that entity being in a net liability position. In 2009 Centrica Resources (Nigeria) Limited signed a Sale and Purchase Agreement with Newcross Petroleum Limited for the sale of its interest in OPL 283. The approval of the Nigerian Minister of Petroleum Resources to the assignment was subsequently received and the sale of licence completed in August 2010. A sale of Centrica Resources (Nigeria) Limited's interest in OPL 276 could not be completed before the completion of the Exploration Phase under the OPL 276 licence which expired on 16 February 2011. However, subsequent to this, Centrica Resources (Nigeria) Limited is in negotiations to sell its interest in OPL 276.

Following the sale of OPL 283 and the expiry of the Exploration Phase in the OPL 276 licence, Centrica Resources (Nigeria) Limited has focused its strategy on midstream business activities with a representative office in Abuja, Nigeria. Depending on the outcome of the discussions over the sale of OPL 276 and developments in its midstream business activities, Centrica Resources (Nigeria) Limited maybe dissolved in the second half of 2011.

The Company has taken advantage of the provisions of the Companies Act 2006 (the 'Act') to abolish the requirement to have an authorised share capital. A Special Resolution was passed by the Company's sole member on 14 January 2010 to delete all provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, were treated as provisions of the Company's Articles of Association and then by adopting new Articles of Association.

Future developments

Depending on the outcome of the discussions over the sale of OPL 276 and developments in its midstream business activities, Centrica Resources (Nigeria) Limited maybe dissolved in the second half of 2011.

Results and dividends

The results of the company are set out on page 5. The profit on ordinary activities after taxation for the year ended 31 December 2010 is £nil (2009 £42,797). No dividends were paid during the year (2009 £nil) and the Directors do not recommend the payment of a final dividend (2009 £nil).

Financial position

The financial position of the Company is presented in the balance sheet on page 6. Shareholders' funds at 31 December 2010 were £2 (2009 £2).

Principal risks and uncertainties and financial risk management

The Company holds an investment in its wholly owned subsidiary Centrica Resources (Nigeria) Limited. The principal activity of Centrica Resources (Nigeria) Limited is the carrying out of exploration activities.

The principal risk and uncertainty facing the Company is that the performance of the subsidiary company does not result in dividend income to the Company or that its investment, or other possible future investments, may become impaired in value.

The Company does not take part in hedging of any kind.

Key performance indicators (KPIs)

The directors of the Centrica plc Group (the 'Group') manage the Group's operations on a divisional basis. For this reason the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development or position of the business. The development and position of the Group, which includes the Company, is discussed on pages 8-9 of the Group's 2010 Annual Report and Accounts.

Centrica Nigeria Limited

Directors' report for the year ended 31 December 2010 (continued)

Directors

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

Charlotte Redcliffe	
Paul de Leeuw	(appointed 11 May 2011)
Craig McCallum	(appointed 11 May 2011)
Andrew Le Poidevin	(appointed 6 June 2011)
Lynne Turner	(resigned 30 July 2010)
Nicholas Maddock	(appointed 30 July 2010, resigned 9 June 2011)

Charitable and political donations

The Company made no political or charitable donations during the year (2009 nil)

Directors' and officers' liability

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc, and was in place throughout the year under review. The insurance does not provide cover in the event that the Director is proved to have acted fraudulently.

Post balance sheet events

A sale of Centrica Resources (Nigeria) Limited's interest in OPL 276 could not be completed before the completion of the Exploration Phase under the OPL 276 licence which expired on 16 February 2011. However, subsequent to this, Centrica Resources (Nigeria) Limited is in negotiations to sell its interest in OPL 276.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the 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). 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, subject to any material departures disclosed and explained in the financial statements,
- 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 Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the Directors who held office at the date of approval of this Directors' report confirm that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and they have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Centrica Nigeria Limited

Directors' report for the year ended 31 December 2010 (continued)

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office

This report was approved by the Board on 16 June 2011



By order of the Board
Centrica Secretaries Limited
Company Secretary

Company registered in England and Wales No 5579645

Registered office
Millstream
Maidenhead Road
Windsor
Berkshire SL4 5GD

Centrica Nigeria Limited

Independent auditors' report to the members of Centrica Nigeria Limited

We have audited the financial statements of Centrica Nigeria Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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 Directors' Responsibilities Statement set out on page 2 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 opinion, has been prepared for and only for the Company's members 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.

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 2010 and of its result 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.

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.

Mark Higginson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
16 June 2011

Centrica Nigeria Limited

Profit and loss account for the year ended 31 December 2010

	Note	2010 £	2009 £
Exceptional write-down of fixed asset investment	5	-	(42,797)
Profit/(loss) on ordinary activities before taxation		-	(42,797)
Taxation	4	-	-
Profit/(loss) for the financial year		-	(42,797)

All activities relate to continuing operations

The Company has no recognized gains and losses other than the profit for the year stated above and therefore no separate statement of total recognized gains and losses has been presented

There are no material differences between historical cost losses and the losses on ordinary activities before taxation and loss for the financial year as stated above

A statement of movements in equity shareholders' funds is shown in note 8

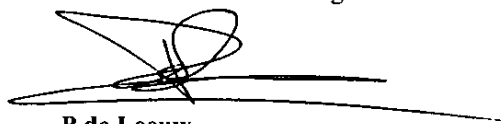
The notes on pages 7 to 9 form part of these financial statements

Centrica Nigeria Limited

Balance Sheet as at 31 December 2010

	Note	2010 £	2009 £
Fixed assets			
Investments	5	-	-
Current assets			
Amounts receivable from parent company		2	2
Net assets		<u>2</u>	<u>2</u>
Capital and Reserves			
Called up share capital	6	42,799	42,799
Profit and loss reserve	7	(42,797)	(42,797)
Shareholder funds	8	<u>2</u>	<u>2</u>

The financial statements on pages 5 to 9 were approved and authorised for issue by the Board of Directors on 16 June 2011 and were signed on its behalf by



P de Leeuw
Director

The notes on pages 7 to 9 form part of these financial statements

Registered number 5579645

Centrica Nigeria Limited

Notes to the financial statements for the year ended 31 December 2010

1. Principal accounting policies

a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The principal accounting policies are set out below.

b) Exemptions

The Company is a wholly owned subsidiary undertaking of Centrica plc. The Company has taken advantage of the exemptions within FRS 1 "Cash Flow Statements", from presenting a cash flow statement, within FRS 2 "Accounting for Subsidiary Undertakings", from consolidating its subsidiary undertakings, and within FRS 8 "Related Party Disclosures", from disclosing transactions with other group companies.

c) Fixed asset investments

Fixed asset investments are included in the balance sheet at cost, less accumulated provisions for any impairment. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

d) Impairment

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net realisable value less costs to sell and value in use.

e) Taxation

The current tax charge is based on the taxable profit for the year. Taxable profits differ from the profit reported in the profit & loss account due to timing differences and other items that require adjustment as set out in legislation. The company's liability for tax is calculated using rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided, using the full liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying value in the financial statements. The deferred tax position is calculated using the rates enacted or substantially enacted at the balance sheet date.

Tax losses are surrendered or claimed in the form of group relief with consideration being received or paid accordingly. The group relief amount is recorded separately within the debtors and creditors amounts in the balance sheet, as applicable, and is calculated by applying the tax rate enacted or substantively enacted at the balance sheet date to the loss amount.

2. Directors and employees

i) Directors remuneration

None of the Directors received any fees or remuneration from the Company for services as Director of the Company during the financial year as they were employed by other Group companies during the year (2009 same).

Employee costs and numbers

There were no employees during the year and no staff costs (2009 nil).

3. Auditors' remuneration

Auditors' remuneration relates to fees for the audit of the UK GAAP statutory accounts of Centrica Nigeria Limited and includes fees in relation to the audit of the IFRS group consolidation schedules for the purpose of the Centrica Group audit. The auditors' remuneration of £8,535 (2009 £8,695) is borne by Centrica plc.

Centrica Nigeria Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

4 Tax on loss on ordinary activities

(a) Analysis of tax charge

There is nil (2009 nil) tax charge during the year

(b) Factors affecting the tax charge for the period

The tax for the year is lower (2009 lower) than the amount calculated by applying the standard rate of UK corporation tax to the loss before tax are as follows

	2010	2009
	£'000	£'000
Loss on ordinary activities before tax	-	(42,797)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28% (2009 28%)	-	(11,983)
Effects of		
Impairment not tax deductible	-	11,983
Current tax charge for the year	-	-

A number of changes to the UK corporation tax system were announced in the March 2011 Budget Statement. The main rate of corporation tax reduced from 28% to 26% from 1 April 2011 and was substantively enacted on 29 March 2011. An initial reduction of 1% to 27% effective from 1 April 2011 was enacted by Finance (No 2) Act 2010 and is therefore taken into account in these financial statements where relevant. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014, and the reduction to 25% from 1 April 2012 is expected to be enacted by Finance Act 2011. Beyond the reduction to 27%, the changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. As this company has no deferred tax balances there will be no future impact of these changes on such balances.

Centrica Nigeria Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

5. Fixed asset investment

Cost	2010 £	2009 £
As at 1 January	-	42,797
Impaired during the year	-	(42,797)
As at 31 December	-	-

As at 31 December 2010, Centrica Resources (Nigeria) Limited (in which Centrica Nigeria Limited holds its investment) is in a net liability position. In 2009 Centrica Resources (Nigeria) Limited signed a Sale and Purchase Agreement with Newcross Petroleum Limited for the sale of its interest in OPL 283. The approval of the Nigerian Minister of Petroleum Resources to the assignment was subsequently received and the sale of licence completed in August 2010. A sale of Centrica Resources (Nigeria) Limited's interest in OPL 276 could not be completed before the completion of the Exploration Phase under the OPL 276 licence which expired on 16 February 2011. However, subsequent to this, Centrica Resources (Nigeria) Limited is in negotiations to sell its interest in OPL 276. The sale of OPL 283 did not generate enough proceeds to repay its inter-company loan from Centrica Beta Holdings Limited. Therefore the total fixed asset investment was impaired in the Company's accounts in 2009.

6. Called up share capital

	2010 £	2009 £
Authorised		
Nil ordinary shares of £1 each (2009: 50,000,000 ordinary shares of £1 each)	-	50,000,000
Allotted and fully paid		
42,799 ordinary shares of £1 each	42,799	42,799

The Company has taken advantage of the provisions of the Companies Act 2006 (the 'Act') to abolish the requirement to have an authorised share capital. A Special Resolution was passed by the Company's sole member on 14 January 2010 to delete all provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, were treated as provisions of the Company's Articles of Association and then by adopting new Articles of Association.

7. Reserves

	Profit and Loss account £
At 1 January 2010	(42,797)
Profit for the year	-
At 31 December 2010	(42,797)

8. Reconciliation of movements in shareholder funds

	2010 £	2009 £
Shareholder funds as at 1 January	2	42,799
Profit/(loss) for the financial year	-	(42,797)
Shareholder funds as at 31 December	2	2

9. Ultimate parent undertaking

Centrica Beta Holdings Limited, a company registered in England and Wales, is the immediate parent undertaking. Centrica plc, a company registered in England and Wales, is the ultimate parent undertaking and controlling party and is the largest and smallest group to consolidate the financial statements of Centrica Nigeria Limited. Copies of the financial statements of Centrica plc may be obtained from www.centrica.com