

CENTRICA RESOURCES UK HOLDINGS LIMITED
(formerly Newfield UK Holdings Limited)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2007



REGISTERED NO: 4487600

Centrica Resources UK Holdings Limited (formerly Newfield UK Holdings Limited)

Directors' Report for the year ended 31 December 2007

The Directors present their report and the audited financial statements of Centrica Resources UK Holdings Limited (the "Company") for the year ended 31 December 2007

Principal activities

The principal activity of the Company is to act as a holding company for Centrica Resources Petroleum UK Limited (formerly Newfield Petroleum UK Limited)

Business review

On 5 October 2007, GB Gas Holdings Limited, a wholly owned subsidiary of Centrica plc, acquired the entire share capital of the Company from Newfield International Holdings Inc. On 16 October 2007, the Company changed its name from Newfield UK Holdings Limited to Centrica Resources UK Holdings Limited

Financial results

The results of the Company are set out on page 5

The profit for the year ended 31 December 2007 was £2,190,000 (2006 £4,003,000)

Dividends

No dividends were paid during the year and the Directors do not recommend the payment of a dividend (period ended 31 December 2006 nil)

Principal risks and uncertainties and financial risk management

The Company is holding an investment in a subsidiary company. 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 had both interest bearing assets and interest bearing liabilities. Interest bearing assets included only cash balances which earned interest at current market rates

Exposure to currency risk arises in the normal course of the Company's business and is managed within parameters set by the Directors

The Company does not take part in hedging of any kind

Key performance indicators

Prior to the acquisition, the key performance indicator used by management was profit on ordinary activities before taxation

Subsequent to the acquisition, the Directors of the Group, use a number of key performance indicators to monitor progress against the Group's strategy. The development, performance and position of the Group, which includes the Company, are discussed on pages 14-15 of the 2007 Annual Report and Accounts of Centrica plc which does not form part of this report

Future developments

The Directors intend that the Company continue to act as a holding company for the foreseeable future

Directors

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

Simon Clark (appointed 5 October 2007)

Peter Cole (appointed 5 October 2007)

Peter Gunn (appointed 5 October 2007 and resigned 31 January 2008)

John Shears (appointed 5 October 2007)

David Phillips (resigned 31 January 2008)

Terry Rathert (resigned 5 October 2007)

William Schneider (resigned 5 October 2007)

David Trice (resigned 5 October 2007)

Centrica Resources UK Holdings Limited (formerly Newfield UK Holdings Limited)

Directors' Report for the year ended 31 December 2007 – continued

Related party transactions

The Company has taken advantage of the exemptions within Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of transactions with other Centrica Group companies. There have been no other disclosable related party transactions during the year (2006 £nil)

Creditor payment policy

It is the Company's policy to pay all of its creditors in accordance with the policies set out below

- i) agree the terms of payment in advance with the supplier,
- ii) ensure that suppliers are aware of the terms of payment, and
- iii) pay in accordance with contractual and other legal obligations

There were no trade creditors at 31 December 2007 (2006 £nil)

Political and charitable donations

There were no political or charitable donations made during the year (2006 £nil)

Directors' and officers' liability

Directors' and officers' liability insurance has been purchased by the ultimate parent company, Centrica plc from the date of acquisition, and was in place throughout the period since acquisition

Statement of Directors' responsibilities

Company law requires the Directors to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss for that period

In preparing those Financial Statements the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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, 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 confirm that they have complied with the above requirements in preparing the Financial Statements

The Directors are responsible for keeping proper accounting records that 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 Director's Report confirm that so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and he has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

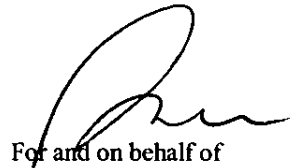
Centrica Resources UK Holdings Limited (formerly Newfield UK Holdings Limited)

Directors' report for the year ended 31 December 2007- continued

Auditors

In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to reappoint auditors annually, and PricewaterhouseCoopers LLP will therefore continue in office

This report was approved by the Board on 14 October 2008



For and on behalf of
Centrica Secretaries Limited
Company Secretary

Registered Office
Millstream
Maidenhead Road
Windsor
Berkshire SL4 5GD

Centrica Resources UK Holdings Limited (formerly Newfield UK Holdings Limited)

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDER OF CENTRICA RESOURCES UK HOLDINGS LIMITED

We have audited the financial statements of Centrica Resources UK Holdings Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 into 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

1 Embankment Place

London,

WC2N 6RH

19 October 2008

Centrica Resources UK Holdings Limited (formerly Newfield UK Holdings Limited)

Profit and Loss Account for the year ended 31 December 2007

	Note	2007 £000	2006 £000
Foreign exchange gain		3,531	5,550
Operating profit/(loss)		3,531	5,550
Interest receivable and similar income	4	6,014	2,302
Interest payable and similar charges	4	(6,419)	(2,133)
Profit on ordinary activities before taxation		3,126	5,719
Tax on profit on ordinary activities	5	(936)	(1,716)
Profit for the financial year and retained profit for the financial year	11	2,190	4,003

All activities relate to continuing operations

There were no recognised gains and losses other than those shown above

There are no material differences between historical cost profits and the reported profit on ordinary activities before taxation and the profit for the year stated above

A statement of movements in equity shareholders' funds is shown in note 12

The notes on pages 7 to 11 form part of these financial statements

Centrica Resources UK Holdings Limited (formerly Newfield UK Holdings Limited)

Balance Sheet as at 31 December 2007

	Note	2007 £000	2006 £000
Fixed assets			
Investments	6	39,756	117,250
		<u>39,756</u>	<u>117,250</u>
Current assets			
Debtors (amounts receivable within one year)	7	93,442	2,135
Cash at bank and in hand		9,233	-
		<u>102,675</u>	<u>2,135</u>
Creditors (amounts falling due within one year)	8	(96,482)	(3,683)
Net current assets (liabilities)		6,193	(1,548)
Total assets less current liabilities		45,949	115,702
Creditors (amounts falling due after one year)	9	-	(71,943)
Net assets		45,949	43,759
Capital and reserves			
Called up share capital	10	380	380
Share premium	11	39,376	39,376
Profit and loss account	11	6,193	4,003
Total equity shareholder funds	12	45,949	43,759

The financial statements on pages 5 to 11 were approved and authorised for issue by the Board of Directors on 14 October 2008 and were signed on its behalf by



John Shears
Director

The notes on pages 7 to 11 form part of these financial statements

Centrica Resources UK Holdings Limited (formerly Newfield UK Holdings Limited)

Notes to the financial statements for the year ended 31 December 2007

1 Principal accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with United Kingdom Accounting Standards and the Companies Act 1985. The following policies have been applied consistently to the Company's Financial Statements.

b) Exemptions

The Company is a wholly owned subsidiary of Centrica plc and is included in the consolidated financial statements of the Centrica group which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated Financial Statements under the terms of Section 228 of the Companies Act 1985. The Company has also taken advantage of the exemptions within Financial Reporting Standard No. 1 "Cash Flow Statements" from presenting a cash flow statement and within Financial Reporting Standard No. 8 "Related Party Disclosures" from disclosure of transactions with other companies that are part of the Centrica plc group.

c) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at closing rates of exchange. Exchange differences on monetary assets and liabilities are taken to the profit and loss account. All other exchange movements are dealt with through the profit and loss account. Year end exchange rates used were £1 = \$1.983 (2006 £1 = \$1.959).

d) Investments

Other fixed asset investments are included in the Balance Sheet at cost, less any provisions for impairment as necessary.

e) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Profit on ordinary activities before taxation

The audit fees in this period and the last were borne by the subsidiary company, Centrica Resources Petroleum UK Limited.

Auditors' remuneration relates to fees for the audit of the UK GAAP statutory accounts of Company. In line with Tech 6/06, 'Disclosure of auditor remuneration', issued by the ICAEW, it excludes fees in relation to the audit of the IFRS group consolidation schedules for the purpose of the Centrica Group audit, which are borne by Centrica plc.

Centrica Resources UK Holdings Limited (formerly Newfield UK Holdings Limited)

Notes to the financial statements for the year ended 31 December 2007-continued

3 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

ii) Employee costs and numbers

The Company does not have any employees (2006 nil)

4 Interest

	2007 £000	2006 £000
i) Interest receivable and similar income:		
Interest received from group undertakings	6,007	2,302
Bank interest receivable	6	-
Other	1	-
	<u>6,014</u>	<u>2,302</u>
ii) Interest payable and similar charges:		
Interest payable to group undertakings	(5,270)	(2,133)
Withholding tax at 20%	(1,149)	-
	<u>(6,419)</u>	<u>(2,133)</u>

5 Tax on profit on ordinary activities

(a) Analysis of tax charge in the period

The tax charge comprises

	2007 £000	2006 £000
Current tax:		
- UK corporation tax at 30%	936	1,716
Total current tax	<u>936</u>	<u>1,716</u>

Centrica Resources UK Holdings Limited (formerly Newfield UK Holdings Limited)

Notes to the financial statements for the year ended 31 December 2007-continued

5 Tax on profit on ordinary activities-continued

(b) Factors affecting the tax charge for the period

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

	2007 £000	2006 £000
Profit/(loss) on ordinary activities before tax	3,126	5,719
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 30% (2006 30%)	938	1,716
Effects of UK UK transfer pricing adjustment	(2)	-
Current tax charge for the year	936	1,716

No deferred taxation arises in this period (2006 nil)

From 1 April 2008 the standard rate of UK corporation tax reduces to 28%,

6 Investments

	Investment in subsidiary undertakings £000	Shareholder loans £000	Total £000
Cost and net book value			
As at 1 January 2007	39,756	77,494	117,250
Increase in shareholder loans	-	18,748	18,748
Repayment of shareholder loans	-	(14,145)	(14,145)
Transfer to debtors	-	(82,097)	(82,097)
As at 31 December 2007	39,756	-	39,756

The investment comprises shares in Centrica Resources Petroleum UK Limited of £39,756,000 and shares in Centrica Resources North Sea Limited of £100 Both subsidiaries are wholly owned by Centrica Resources UK Holdings Limited

The intercompany loan was advanced to Centrica Resources Petroleum UK Limited and formed part of the investment by Centrica Resources UK Holdings Limited On 5 October 2007 Centrica Resources UK Holdings Limited was acquired by the Centrica Group and subsequently on 31 December 2007, the trade, assets and liabilities of Centrica Resources Petroleum UK Limited (including intercompany loan obligations) were transferred to Centrica Resources Limited The terms of the intercompany loan agreement were also changed, following acquisition by the Centrica Group, requiring the loan due from Centrica Resources Limited to be repayable on demand As a result, the intercompany loan has been transferred to debtors

Centrica Resources UK Holdings Limited (formerly Newfield UK Holdings Limited)

Notes to the financial statements for the year ended 31 December 2007-continued

7 Debtors

	2007	2006
	£000	£000
Amounts due from group undertakings	93,442	2,135
	<u>93,442</u>	<u>2,135</u>

Intercompany loans are repayable on demand and bear interest at LIBOR plus 50 basis points (2006 the intercompany loan was not repayable on demand and formed part of the investment in Centrica Resources Petroleum UK Limited Interest was charged at LIBOR plus 1%)

8 Creditors (amounts falling due within one year)

	2007	2006
	£000	£000
Amounts owed to group undertakings	94,397	1,967
Taxation and social security	2,085	1,716
	<u>96,482</u>	<u>3,683</u>

Intercompany loans are repayable on demand and bear interest at LIBOR plus 50 basis points (2006 the intercompany loan was unsecured and repayable on demand The parent company confirmed that they would not demand the repayment within one year Interest was charged at LIBOR plus 1%)

9 Creditors (amounts falling due in more than one year)

	2007	2006
	£000	£000
Amounts owed to group undertakings	-	71,943
	<u>-</u>	<u>71,943</u>

Intercompany loans are repayable on demand and bear interest at LIBOR plus 50 basis points (2006 the intercompany loan was unsecured and repayable on demand The parent company confirmed that they would not demand the repayment within one year Interest was charged at LIBOR plus 1%)

10 Share Capital

	2007	2006
	£	£
Authorised:		
100,000,000 ordinary shares of £1 each	<u>100,000,000</u>	<u>100,000,000</u>
Allotted, called up and fully paid		
379,983 ordinary shares of £1 each	<u>379,983</u>	<u>379,983</u>

Centrica Resources UK Holdings Limited (formerly Newfield UK Holdings Limited)

Notes to the financial statements for the year ended 31 December 2007-continued

11 Reserves

	Share premium reserve £000	Profit and loss account £000	Total £000
At 1 January 2007	39,376	4,003	43,379
Profit for the year	-	2,190	2,190
At 31 December 2007	39,376	6,193	45,569

12 Reconciliation of movements in shareholder's funds

	2007 £000	2006 £000
At 1 January	43,759	3,200
Issue of share capital	-	340
Increase in share premium	-	36,216
Profit for the year	2,190	4,003
As at 31 December	45,949	43,759

13 Ultimate holding company

Up until 5 October 2007, Newfield Exploration Company, a company incorporated in the United States of America, was the Company's ultimate holding company. On 5 October 2007, the Company became a wholly owned subsidiary undertaking of GB Gas Holdings Limited which is a wholly owned subsidiary undertaking of Centrica plc, a company registered in England, which is the ultimate holding company. Copies of the Financial Statements of Centrica plc are available from www.centrica.com