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BP SHARJAH LIMITED
(Registered No 05608021)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors	A A A M AlMazmi
	J H Bartlett
	J S Blythe
	G L Wood

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2012

Results and dividends

The profit for the year after taxation was $12 178,000 which, when added to the retained profit brought forward at 1 January 2012 of $47,562,000, gives a total retained profit carried forward at 31 December 2012 of $59,740,000

The company has not declared any dividends during the year (2011 $Nil) The directors do not propose the payment of a dividend

Principal activity and review of the business

The company is engaged in the production and selling of petroleum products. The company carries out exploration and production operations in Sharjah, United Arab Emirates.

The Government of Sharjah, acting through the Sharjah Petroleum Council, held a 60% participating interest in the Sharjah gas and associated liquids Concession BP Sharjah Limited currently holds the remaining 40% and was the operator (until 30 November 2010) of all Sharjah Concession petroleum operations, together with the Sajaa gas processing plant.

During 2010, the Government of Sharjah through an Amiri Decree created a wholly owned Sharjah National Oil Corporation (SNOC) and the 60% Government interest was assigned to SNOC The Operatorship of the Sharjah Concession has been transferred to SNOC and consequently BP Sharjah Limited resigned as operator of the Concession

The Sharjah gas and associated liquids Concession is expiring in November 2013 and the directors do not intend to enter into any new agreement, and to liquidate the company in due course

The key financial and other performance indicators during the year were as follows

	2012	2011	Variance
	$000	$000	%
Turnover	85,830	112,550	(24)
Operating profit	51,674	60,570	(15)
Profit after taxation	12,178	13,694	(11)
Shareholders' funds	165,740	153,562	8

	2012	2011	Variance
	%	%	
Quick ratio*	1076	683	393

*Quick ratio is defined as current assets, excluding stock and debtors receivable after one year, as a percentage of current liabilities

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COMPANIES HOUSE

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BP SHARJAH LIMITED

REPORT OF THE DIRECTORS

Principal activity and review of the business (continued)

Turnover has decreased due to lower volumes produced dunng 2012 as compared to 2011 During the current year the production of Condensate oil has decreased by 11% from 655 851 barrels in 2011 to 585,119 barrels in 2012 and the production of Gas has decreased by 14% from 14,377,962 MMBTU in 2011 to 12,361,180 MMBTU in 2012 Operatıng pıofit and profit after taxation have decreased mainly due to lower turnover dunng 2012 as compared to 2011 The quick ıatıo in 2012 has increased mainly as a result of a significant decrease in current liabilities relating to the decrease in accruals made duıing the current year as compared to the previous year In the previous year one time accruals relating to the pension and bonus of employees were made at the time of transfer of operatorship from BP to the current opeıator

Principal risks and uncertainties

The company aims to deliver sustainable value by identifying and responding successfully to nsks Risk management is integrated into the pıocess of planning and performance management at a group level Monitoring and accountability for the management of these nsks occur through quarterly performance reviews at a group level

We urge you to consider carefully the nsks descnbed below The potential impact of the occurrence or reoccurrence of any of the nsks descnbed below could have a matenal adverse effect on the company's business, financial position, results of operations, competitive position, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda

Company level nsks have been categonsed against the following aıeas stıategic and commercial, compliance and contıol, safety and opeıational, and financial nsk management In addition, we have also set out a further category of nsk for your attention – those resulting from the 2010 Gulf of Mexico oil spill (the Incident)

Gulf of Mexico oil spill

The Gulf of Mexico oil spill has had and could continue to have a matenal adverse impact on BP as a group, and consequently may also have an adverse impact on BP Sharjah Limited

Whilst the BP group recognised significant charges in the income statement since the Incident occurred in 2010, theıe is significant uncertainty regaıding the extent and timing of the remaining costs and liabilities ıelating to the Incident, the potential changes in applicable regulations and the operating environment that may ıesult from the Incident, the impact of the Incident on the reputation of the group and the resulting possible impact on the group's licence to operate including its ability to access new opportunities The amount of claims that become payable by the BP group, the amount of fines ultimately levied on the BP group (including any potential determination of the BP group's negligence or gross negligence), the outcome of litigation, the terms of any further settlements including the amount and timing of any payments thereunder, and any costs ansing from any longer-term environmental consequences of the Incident, will also impact upon the ultimate cost for the BP group

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BP SHARJAH LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Gulf of Mexico oil spill (continued)

Although the provisions recognised represent the current best estimates of expenditures required to settle certain present obligations that can be reasonably estimated at the end of the reporting period, there are future expenditures for which it is not possible to measure the obligations reliably and the total amounts payable by the BP group in relation to all obligations relating to the Incident are subject to significant uncertainty These uncertainties are likely to continue for a significant period, increase the risks to which the group is exposed and may cause costs to increase Thus, the Incident has had, and could continue to have, a material adverse impact on the group's business, competitive position, financial performance, cash flows, prospects liquidity, shareholder returns and/or implementation of its strategic agenda, particularly in the US The risks associated with the Incident could also heighten the impact of the other risks to which the group is exposed as further described below Further information on the Incident, is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2012

Strategic and commercial risks

Access and renewal
Successful execution of the company's strategy depends on implementing activities to renew and reposition its portfolio The challenges to renewal of the company's upstream portfolio are growing due to increasing competition for access to opportunities globally Lack of material positions in new markets could impact the company's future hydrocarbon production

Moreover, the Gulf of Mexico oil spill has damaged the BP group's reputation, which may have a long-term impact on the group's ability to access new opportunities, both in the US and elsewhere Adverse public, political and industry sentiment towards the BP group, and towards oil and gas drilling activities generally, could damage or impair the company's existing commercial relationships with counterparties, partners and host governments and could impair access to new investment opportunities, exploration properties, operatorships or other essential commercial arrangements with potential partners and host governments, particularly in the US In addition, responding to the Incident has placed, and will continue to place, a significant burden on cash flow over the next several years, which could also impede the BP group's ability to invest in new opportunities and deliver long-term growth, which in turn may impact the company More stringent regulation of the oil and gas industry generally, and of the BP group's activities specifically, arising from the Incident, could increase this risk

Prices and markets
Oil, gas and product prices are subject to international supply and demand. Political developments and the outcome of meetings of OPEC can particularly affect world supply and oil prices Previous oil price increases have resulted in increased fiscal take, cost inflation and more onerous terms for access to resources As a result, increased oil prices may not improve margin performance In addition to the adverse effect on revenues, margins and profitability from any fall in oil and natural gas prices, a prolonged period of low prices or other indicators would lead to further reviews for impairment of the company's oil and natural gas properties Such reviews would reflect management's view of long-term oil and natural gas prices and could result in a charge for impairment that could have a significant effect on the company's results of operations in the period in which it occurs Rapid material or sustained change in oil gas and product prices can impact the validity of the assumptions on which strategic decisions are based and as a result, the ensuing actions derived from those decisions may no longer be appropriate
Periods of global recession could impact the demand for the company's products, the prices at which they can be sold and affect the viability of the markets in which the company operates

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BP SHARJAH LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

Prices and markets (continued)
Governments are facing greater pressure on public finances, which may increase their motivation to intervene in the fiscal and regulatory frameworks of the oil and gas industry, including the risk of increased taxation, nationalisation and expropriation

The global financial and economic situation may have a negative impact on third parties with whom the company does, or may do, business with In particular, on-going instability in or a collapse of the Eurozone could trigger a new wave of financial crises and push the world back into recession, leading to lower demand and lower oil and gas prices

Climate change and carbon pricing
Compliance with changes in laws, regulations and obligations relating to climate change could result in substantial capital expenditure, taxes, reduced profitability from changes in operating costs, and revenue generation and strategic growth opportunities being impacted.

Socio-political
The diverse nature of the company's operations around the world exposes it to a wide range of political developments and consequent changes to the operating environment, regulatory environment and law

The company has operations and are seeking new opportunities in countries where political, economic and social transition is taking place Some countries have experienced or may experience in future political instability, changes to the regulatory environment, expropriation or nationalisation of property, civil strife, strikes, acts of war and insurrections Any of these conditions occurring could disrupt or terminate the company's operations, causing its development activities to be curtailed or terminated in these areas, or its production to decline could limit the company's ability to pursue new opportunities, could effect the recoverability of its assets and could cause it to incur additional costs

Competition
The company's strategy depends upon continuous innovation in a highly competitive market.

The oil, gas and petrochemicals industries are highly competitive There is strong competition, both within the oil and gas industry and with other industries, in supplying the fuel needs of commerce, industry and the home Competition puts pressure on the terms of access to new opportunities, licence costs and product prices, affects oil products marketing and requires continuous management focus on reducing unit costs and improving efficiency, while ensuring safety and operational risk is not compromised The implementation of the BP group strategy requires continued technological advances and innovation including advances in exploration, production, refining, petrochemicals manufacturing technology and advances in technology related to energy usage The company's performance could be impeded if competitors developed or acquired intellectual property rights to technology that it required or if its innovation lagged the industry, or by its failure to adequately protect the company's brands and trademarks The company's competitive position could be adversely affected if competitors offer superior terms for access rights or licences, if it fails to control its operating costs or manage its margins, or if it fails to sustain, develop and operate efficiently a high quality portfolio of assets

Investment efficiency
The company's organic growth is dependent on creating a portfolio of quality options and investing in the best options Ineffective investment selection and development could lead to loss of value and higher capital expenditure

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Principal risks and uncertainties (continued)

Strategic and commercial risks (continued)

Reserves progression
Successful execution of the BP group strategy depends critically on sustaining long-term reserves replacement If upstream resources are not progressed in a timely and efficient manner due to commercial, technical or regulatory reasons or otherwise, the company will be unable to sustain long-term replacement of reserves.

Compliance and control risks

Regulatory
Due to the Gulf of Mexico oil spill, it is likely that there will be more stringent regulation of the BP group's oil and gas activities in the US and elsewhere, particularly relating to environmental, health and safety controls and oversight of drilling operations, as well as access to new drilling areas

Regulatory or legislative action may impact the industry as a whole and could be directed specifically towards the BP group New regulations and legislation, the terms of the BP group's settlements with US government authorities and future settlements or litigation outcomes related to the Incident, and/or evolving practices could increase the cost of compliance and may require changes to the company's drilling operations, exploration, development and decommissioning plans, and could impact the company's ability to capitalise on its assets and limit its access to new exploration properties or operatorships In addition, increases in taxes, royalties and other amounts payable to governments or governmental agencies, or restrictions on availability of tax relief, could also be imposed as a response to the Incident

In addition, the oil industry in general is subject to regulation and intervention by governments throughout the world in such matters as the award of exploration and production interests, the imposition of specific drilling obligations, environmental, health and safety controls, controls over the development and decommissioning of a field (including restrictions on production) and, possibly, nationalisation, expropriation, cancellation or non-renewal of contract rights

Failure to respond to changes in trading regulations could result in regulatory action and damage to the company's reputation The oil industry is also subject to the payment of royalties and taxation, which tend to be high compared with those payable in respect of other commercial activities, and operates in certain tax jurisdictions that have a degree of uncertainty relating to the interpretation of, and changes to, tax law As a result of new laws and regulations or other factors, the company could be required to curtail or cease certain operations, or could incur additional costs

Ethical misconduct and non-compliance
The code of conduct, which applies to all employees, defines the company's commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviours and actions the company expects of its businesses and people wherever it operates The values are intended to guide the way the company and its employees behave and do business Incidents of ethical misconduct or non-compliance with applicable laws and regulations, including non-compliance with anti-bribery, anti-corruption and other applicable laws could be damaging to the company's reputation and shareholder value Multiple events of non-compliance could call into question the integrity of the company's operations

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Principal risks and uncertainties (continued)

Compliance and control risks (continued)

Liabilities and provisions

The BP group's potential liabilities resulting from pending and future claims, lawsuits settlements and enforcement actions relating to the Gulf of Mexico oil spill, together with the potential cost and burdens of implementing remedies sought in the various proceedings, cannot be fully estimated at this time but they have had, and are expected to continue to have, a material adverse impact on the group's business and consequently may also impact the company's business Further information is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2012

Reporting

External reporting of financial and non-financial data is reliant on the integrity of systems and people Failure to report data accurately and in compliance with external standards could result in regulatory action, legal liability and damage to the company's reputation

Changes in external factors

The company remains exposed to changes in the external environment, such as new laws and regulations (whether imposed by international treaty or by national or local governments in the jurisdictions in which the company operates), changes in tax or royalty regimes, price controls, government actions to cancel or renegotiate contracts, market volatility or other factors Such factors could reduce the company's profitability from operations in certain jurisdictions, limit its opportunities for new access, require it to divest or write-down certain assets or affect the adequacy of its provisions for pensions, tax, environmental and legal liabilities Potential changes to pension or financial market regulation could also impact funding requirements of the company

Safety and operational risks

Process safety, personal safety and environmental risks

The nature of the company's operations exposes it to a wide range of significant health, safety, security and environmental risks The scope of these risks is influenced by the geographic range, operational diversity and technical complexity of the company's activities There are risks of technical integrity failure as well as risks of natural disasters and other adverse conditions in many of the areas in which the company operates, which could lead to loss of containment of hydrocarbons and other hazardous material, as well as the risk of fires, explosions or other incidents

In addition, inability to provide safe environments for the company's workforce and the public while at the company's facilities or premises could lead to injuries or loss of life and could result in regulatory action, legal liability and damage to the company's reputation

BP's group-wide operating management system (OMS) intends to address health, safety, security, environmental and operations risks, and to provide a consistent framework within which the group can analyse the performance of its activities and identify and remediate shortfalls There can be no assurance that OMS will adequately identify all process safety, personal safety and environmental risk or provide the correct mitigations or that all operations will be in conformance with OMS at all times

Security

Security threats require continuous oversight and control Acts of terrorism, piracy, sabotage, cyber attacks and similar activities directed against the company's operations and offices, pipelines, transportation or computer systems could cause harm to people and could severely disrupt business and operations The company's business activities could also be severely disrupted by, amongst other things, conflict, civil strife or political unrest in areas where the company operates

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BP SHARJAH LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Safety and operational risks (continued)

Product quality
Supplying customers with on-specification products is critical to maintaining the company's licence to operate and its reputation in the marketplace Failure to meet product quality standards throughout the value chain could lead to harm to people and the environment and loss of customers

Drilling and production
Exploration and production require high levels of investment and are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of an oil or natural gas field The company's exploration and production activities are often conducted in extremely challenging environments, which heighten the risks of technical integrity failure and natural disasters discussed above The cost of drilling completing or operating wells is often uncertain The company may be required to curtail, delay or cancel drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions and compliance with governmental requirements

In addition, exploration expenditure may not yield adequate returns, for example in the case of unproductive wells or discoveries that prove uneconomic to develop The Gulf of Mexico incident illustrates the risks the company faces in its drilling and production activities

Transportation
All modes of transportation of hydrocarbons involve inherent risks An explosion or fire or loss of containment of hydrocarbons or other hazardous material could occur during transportation by road, rail, sea or pipeline This is a significant risk due to the potential impact of a release on people and the environment and given the high volumes involved.

Financial risk management

The main financial risks faced by the company through its normal business activities as well as its use of financial instruments, are market risk and credit risk The management of these financial risks is performed at BP group level The company seeks to maintain a financial framework to ensure that it is able to maintain an appropriate level of liquidity and financial capacity This framework constrains the level of assessed capital at risk for the purposes of positions taken in financial instruments Failure to accurately forecast or maintain sufficient liquidity and credit to meet these needs could impact the company's ability to operate and result in a financial loss

Market risk
Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business This includes the possibility that changes in foreign currency exchange rates, interest rates or oil, natural gas and power prices will adversely affect the value of the company's financial assets liabilities or expected future cash flows The management of such risks is performed at BP group level The group has developed a control framework aimed at managing the volatility inherent in certain of its natural business exposures In accordance with this control framework the group enters into various transactions using derivatives for risk management purposes

Credit risk
Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the company It arises from cash and cash equivalents, derivative financial instruments and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables The management of such risks is performed at BP group level The group has a credit policy, approved by the CFO, which is designed to ensure that consistent processes are in place throughout the group to measure and control credit risk

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BP SHARJAH LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Financial risk management (continued)

Credit risk (continued)

Credit risk is considered as part of the risk-reward balance of doing business On entering into any business contract, the extent to which the arrangement exposes the group to credit risk is considered Before trading with a new counterparty can start, its creditworthiness is assessed and a credit rating allocated that indicates the probability of default, along with a credit exposure limit

Creditworthiness continues to be evaluated after transactions have been initiated and a watch list of higher-risk counterparties is maintained

Commercial credit risk is measured and controlled to determine the company's total credit risk Inability to determine adequately the company's credit exposure could lead to financial loss A credit crisis affecting banks and other sectors of the economy could impact the ability of counterparties to meet their financial obligations to the company It could also affect the company's ability to raise capital to fund growth and to meet its obligations

Future developments

The directors aim to maintain the management policies which have resulted in the company's stability in recent years They believe that the company is in a good position to take advantage of any opportunities which may arise in the future

It is the intention of the directors that the business of the company will continue for the foreseeable future

Directors

The present directors are listed on page 1

A A A M AlMazmi, J H Bartlett and J S Blythe served as directors throughout the financial year Changes since 1 January 2012 are as follows

	Appointed	Resigned
M W Shindy	-	1 March 2012
G L Wood	1 March 2012	-

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006

Policy and practice on payment of creditors

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company with payments made in accordance with the relevant contractual payment terms A copy of the code of practice may be obtained from the CBI

The number of days' purchases represented by trade creditors at the year-end was 4

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BP SHARJAH LIMITED

REPORT OF THE DIRECTORS

Auditor

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year

Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1 Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information

By Order of the Board

For and on behalf of
Sunbury Secretaries Limited
Company Secretary

2 July 2013

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

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BP SHARJAH LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 the profit or loss for that period In preparing these accounts, 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 United Kingdom 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 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

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts

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BP SHARJAH LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP SHARJAH LIMITED

We have audited the financial statements of BP Sharjah Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the accounting policies and the related notes 1 to 18 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As explained more fully in the Statement of Directors' Responsibilities set out on page 10 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) These 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 In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2012 and of its profit 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

Ernst & Young LLP

William Testa (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London
3 July 2013

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BP SHARJAH LIMITED

ACCOUNTING POLICIES

Accounting standards

The financial statements of BP Sharjah Limited were approved for issue by the Board of Directors on 20 JUNE 2013

These accounts are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards

In addition to the requirements of accounting standards, the accounting for exploration and production activities is governed by the Statement of Recommended Practice ('SORP') 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities' issued by the UK Oil Industry Accounting Committee on 7 June 2001

These accounts have been prepared in accordance with the provisions of the SORP with the exception of the following

(i) The SORP recommends that oil and gas reserve quantities be disclosed The company is a wholly owned subsidiary of BP p l c and, as such, the oil and gas reserve quantities of the company are included in the consolidated oil and gas reserve quantities disclosed in the Annual Report and Accounts of BP p l.c Consequently the directors have elected not to publish this information for the company,

(ii) The SORP contains rules around the estimation of future oil and gas reserves The company, as part of the BP group, estimates and calculates its reserves in accordance with the US Securities and Exchange Commission (SEC) rules The main differences relate to the SEC requirement to use a twelve-month average price to assess future reserves, being the unweighted average of the price on the first day of the month for the past twelve months This is the basis applied in the BP group reporting and is comparable with other oil majors It is not possible for the company to quantify the impact of this departure as SORP estimates of reserves are no longer maintained

Accounting convention

The accounts are prepared under the historical cost convention

Statement of cash flows

The group accounts of the ultimate parent undertaking contain a consolidated cash flow statement The company has taken advantage of the exemption granted by the Financial Reporting Standard No 1 (Revised), whereby it is not required to publish its own cash flow statement

Revenue recognition

Revenues associated with the sale of oil, natural gas liquids, liquefied natural gas, petroleum and chemical products and all other items are recognised when title passes to the customer Generally, revenues from the production of natural gas and oil properties in which the company has an interest with other producers are recognised on the basis of the company's working interests in those properties (the entitlement method) Differences between the production sold and the company's share of production (under / over lifts) are included as an adjustment to cost of sales

Foreign currency transactions

Foreign currency transactions are initially recorded in dollars by applying the exchange rate ruling on the date of transaction Foreign currency monetary assets and liabilities are translated into dollars at the rate of exchange ruling at the balance sheet date Exchange differences are included in the profit and loss account

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BP SHARJAH LIMITED

ACCOUNTING POLICIES

Intangible assets

Intangible assets include expenditure on the exploration for and evaluation of oil and natural gas resources, computer software, patents, licences trademarks and product development costs Product development costs are capitalised as intangible assets when a project has obtained sanction and the future recoverability of such costs can reasonably be regarded as assured

Intangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses Intangible assets with a finite life are depreciated on a straight-line basis over their expected useful lives The expected useful lives of the assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively

The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable To the extent that the carrying amount exceeds the recoverable amount, that is, the higher of net realisable value and value in use, the asset is written down to its recoverable amount The value in use is determined from estimated discounted future net cash flows

Oil and natural gas exploration and development expenditure

Oil and natural gas exploration and development expenditure is accounted for using the successful efforts method of accounting

Licence and property acquisition costs

Exploration licence and property leasehold acquisition costs are initially capitalised within intangible fixed assets Upon determination of economically recoverable reserves ('proved reserves' or 'commercial reserves') the costs are aggregated with exploration expenditure and held on a field-by-field basis as proved properties awaiting approval within intangible assets When development is sanctioned, the relevant expenditure is transferred to tangible production assets

Each property is reviewed on an annual basis to confirm that drilling activity is planned and the property is not impaired If no future activity is planned, the remaining balance of the licence and property acquisition costs is written off

Exploration expenditure

Geological and geophysical exploration costs are charged against income as incurred Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors If hydrocarbons are not found, the exploration expenditure is written off as a dry hole If hydrocarbons are found and subject to further appraisal activity, which may include the drilling of further wells, are likely to be capable of commercial development, the costs continue to be carried as an asset All such carried costs are subject to regular technical, commercial and management review to confirm the continued intent to develop or otherwise extract value from the discovery When this is no longer the case, the costs are written off When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to tangible production assets

Going Concern

The Sharjah concession will expire in November 2013 and the directors do not intend to enter into any new agreement and the company will be liquidated in the due course The company will have sufficient cash flows to meet all its obligations at the time of liquidation.

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ACCOUNTING POLICIES

Development expenditure

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within tangible production assets

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset The capitalised value of a finance lease is also included within tangible fixed assets

Oil and natural gas properties are depreciated using a unit-of-production method The cost of producing wells is depreciated over proved developed reserves Licence acquisition, decommissioning and field development costs are depreciated over total proved reserves The unit-of-production rate for the depreciation of field development costs takes into account expenditures incurred to date, together with future development expenditure required to access the total proved reserves

Other tangible assets, with the exception of freehold land and assets under construction, are depreciated on the straight line method over their estimated useful lives

Changes in unit-of-production factors

Changes in factors which affect unit-of-production calculations are dealt with prospectively, not by immediate adjustment of prior years amounts

Maintenance expenditure

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalised All other maintenance costs are expensed as incurred

Impairment of intangible and tangible fixed assets

The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets If any such indication of impairment exists or when annual impairment testing for an asset group is required, the company makes an estimate of its recoverable amount An asset group's recoverable amount is the higher of its net realisable value and its value in use Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money

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Impairment of intangible and tangible fixed assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased If such indication exists, the recoverable amount is estimated A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount That increased amount cannot exceed the carrying amount that would have been determined net of depreciation, had no impairment loss been recognised for the asset in prior years Such reversal is recognised in profit or loss After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life

Stock valuation

Stocks are valued at cost to the company, using the first-in first-out method or net realisable value, whichever is the lower Stores are valued at cost to the company mainly using the average method or net realisable value, whichever is the lower

Trade and other debtors

Trade and other debtors are carried at the original invoice amount, less allowances made for doubtful receivables Provision is made when there is objective evidence that the company will be unable to recover balances in full Balances are written off when the probability of recovery is assessed as being remote

Trade and other creditors

Trade and other creditors are carried at payment or settlement amounts. If the effect of the time value of money is material, trade and other creditors are determined by discounting the expected future cash flows at a pre-tax rate

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain The expense relating to any provision is presented in the profit and loss account net of any reimbursement If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable

Environmental liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalised as appropriate Expenditures that relate to an existing condition caused by past operations and that do not contribute to current or future earnings are expensed

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BP SHARJAH LIMITED

ACCOUNTING POLICIES

Environmental liabilities (continued)

Liabilities for environmental costs are recognised when environmental assessments or clean-ups are probable and the associated costs can be reasonably estimated Generally, the timing of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites The amount recognised is the best estimate of the expenditure required Where the time value of money is material, the amount recognised is the present value of the estimated future expenditure

Deferred tax

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax in the future In particular

- Provision is made for tax on gains arising on disposals of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the replacement assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Employee benefits

The company provides end of service benefits to its employees The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period The expected costs of these benefits are accrued over the period of employment

With respect to its national employees, the company makes a provision for contributions to be made to the UAE Pensions Authority calculated as a percentage of the employees' salaries The company's obligations are limited to these contributions, which are expensed when due

Use of estimates

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period Actual outcomes could differ from those estimates.

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BP SHARJAH LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 $000	2011 $000
Turnover	1	85,830	112,550
Cost of sales		(26 672)	(45,048)
Gross profit		59,158	67,502
Distribution and marketing expenses		-	(20)
Administration expenses		(7,484)	(6,944)
		51,674	60,538
Other operating income	4	-	32
Operating profit	2	51,674	60,570
Taxation	5	(39,496)	(46,876)
Profit for the year		12,178	13,694

The profit of $12,178,000 for the year ended 31 December 2012 was derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2012

There are no recognised gains or losses attributable to the shareholders of the company other than the profit for the year

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BP SHARJAH LIMITED
(Registered No 05608021)

BALANCE SHEET AT 31 DECEMBER 2012

	Note	2012 $000	2011 $000
Fixed assets			
Intangible assets	7	4	4
Tangible assets	8	3 955	10,044
		3,959	10,048
Current assets			
Stocks	9	3,382	3,376
Debtors	10	177,040	174,220
Cash at bank and in hand		43	169
		180,465	177,765
Creditors: amounts falling due within one year	11	(16,451)	(25,551)
Net current assets		164,014	152,214
TOTAL ASSETS LESS CURRENT LIABILITIES		167,973	162,262
Provisions for liabilities and charges			
Deferred tax	5	(1,702)	(4,799)
Other provisions	12	(531)	(3,901)
NET ASSETS		165,740	153,562
Represented by			
Capital and reserves			
Called up share capital	13	10	10
Distributable reserve	14	105,990	105,990
Profit and loss account	14	59,740	47,562
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		165,740	153,562

On behalf of the Board

J S Blythe
Director

1 July 2013

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BP SHARJAH LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover represents amounts invoiced to third parties / group companies

Turnover is attributable to one continuing activity, the production and selling of petroleum products The region of origin for these sales is the rest of the world and the region of destination is Singapore and United Arab Emirates

2. Operating profit

This is stated after charging

	2012	2011
	$000	$000
Depreciation of owned fixed assets (including amortisation of intangibles)	6,099	6,383

3. Auditor's remuneration

	2012	2011
	$000	$000
Fees for the audit of the company	33	40

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of BP Sharjah Limited's ultimate parent, BP p l c , are required to disclose non-audit fees on a consolidated basis

4. Other operating income

	2012	2011
	$000	$000
Miscellaneous income	-	32

5. Taxation

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010 No UK corporation tax has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of group relief to the extent it is required and to provide for any current or deferred UK tax that arises without charge

The tax charge is made up as follows

	2012	2011
Current tax	$000	$000
Overseas tax on income for the year	42,593	50,626
Total current tax charged	42,593	50,626
Deferred tax		
Origination and reversal of timing differences	(3,097)	(3,750)
Total deferred tax credited	(3,097)	(3 750)
Tax charged on profit on ordinary activities	39,496	46,876

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BP SHARJAH LIMITED

NOTES TO THE ACCOUNTS

(a) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 24% for the year ended 31 December 2012 (2011 – 26%) The differences are reconciled below

	2012	2011
	UK	UK
	$000	$000
Profit on ordinary activities before tax	51,674	60,570
Current taxation	42,593	50,626
Effective current tax rate	82%	84%

	2012	2011
	UK	UK
	%	%
UK corporation tax rate	24	26
Overseas corporation tax rate.	-	-
Increase resulting from		
Fixed asset timing differences	3	3
Other timing differences	(2)	(1)
Double tax relief	(25)	(28)
Current overseas tax	82	84
Effective current tax rate	82	84

The permanent and timing difference shown in the current tax rate reconciliation above are those that arise for UK corporation tax purposes, rather than overseas tax purposes

(b) Provision for deferred tax

The deferred tax included in the balance sheet is as follows

	2012	2011
	$000	$000
Accelerated capital allowances	1,702	4,799
Provision for deferred tax	1,702	4,799

	2012
	$000
At 1 January 2012	4,799
Deferred tax credited in the profit and loss account	(3,097)
At 31 December 2012	1,702

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BP SHARJAH LIMITED

NOTES TO THE ACCOUNTS

6. Directors and employees

(a) Remuneration of directors

The total remuneration for all serving directors for their period of directorship to the company amounted to $198,000 (2011 $453,000) A number of directors are senior executives of the BP Plc Group and received no remuneration for services to this company or its subsidiary undertakings.

None directors were members of the defined benefit section of the BP Pension Fund at 31 December 2012 (2011 None)

The highest paid director received $198,000 (2011 $453,000) The accrued pension of the highest paid director at 31 December 2012 was $Nil (2011· $Nil) The highest paid director did not exercised share options over BP p l c shares during the year

(b) Employee costs

	2012	2011
	$000	$000
Wages and salaries	4,814	20,647
Pension costs	203	819
	5,017	21,466

(c) The average monthly number of employees during the year was 12 (2011 135)

Note for (b) & (c) The above employee costs are gross figures (without any Partner's recoveries) and employees' numbers are total employees However, BP Sharjah Limited's net share is 40% under the Sharjah Concession agreement

7. Intangible assets

	Total
Cost	$000
At 1 January 2012 and 31 December 2012	4,511
Amortisation	
At 1 January 2012	4,507
Charge for the year	-
At 31 December 2012	4,507
Net book value	
At 31 December 2012	4
At 31 December 2011	4
Principal rates of amortisation	10%-33%

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BP SHARJAH LIMITED

NOTES TO THE ACCOUNTS

8. Tangible assets

	Fixtures & fittings	Oil & gas properties	Total	Of which AUC*
Cost	$000	$000	$000	$000
At 1 January 2012	4,151	345,576	349,727	1,537
Additions	5	1,545	1,550	3
Transfers	-	(1 540)	(1,540)	(1,540)
At 31 December 2012	4,156	345,581	349 737	-
Depreciation and impairment				
At 1 January 2012	3,529	336,154	339,683	-
Charge for the year	305	5,794	6,099	-
At 31 December 2012	3,834	341,948	345,782	-
Net book value				
At 31 December 2012	322	3,633	3,955	-
At 31 December 2011	622	9 422	10,044	1,537
Principal rates of depreciation	10%-33%	10%-33%		

*AUC = assets under construction Assets under construction are not depreciated

9. Stocks

	2012	2011
	$000	$000
Product inventory	662	813
Consumable stores	2 720	2 563
	3,382	3 376

The difference between the carrying value of stocks and their replacement cost is not material

10. Debtors

	2012 Within 1 year	2012 After 1 year	2011 Within 1 year	2011 After 1 year
	$000	$000	$000	$000
Trade debtors	2,701	-	3,074	-
Amounts owed by group undertakings	171,338	-	158,486	-
Other receivable from the Government of Sharjah	-	-	5,903	-
Other debtors	2 662	24	6 607	27
Prepayments and accrued income	299	16	112	11
	177,000	40	174,182	38

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BP SHARJAH LIMITED

NOTES TO THE ACCOUNTS

11. Creditors

	2012 Within 1 year $000	2011 Within 1 year $000
Trade creditors	289	1,632
Amounts owed to group undertakings	2,256	1,234
Royalty payable to the Government of Sharjah	2,948	2,628
Taxation	7,369	8,627
Accruals and deferred income	3,589	11,430
	16,451	25,551

12. Other provisions

	End of service benefits $000	Pensions $000	Total $000
At 1 January 2012	3,899	2	3 901
New or increased provisions	7	57	64
Transfer	(68)	-	(68)
Utilisation	(3,307)	(59)	(3,366)
At 31 December 2012	531	-	531

End of service benefits are accrued for all employees as required by UAE law The benefit is payable on termination of employment, provided the employee has completed a period of one or more years of continuous service The amount payable is equal to 21 days remuneration for each of the first five years of service and 30 days remuneration for each additional year of service

Utilisation includes $235,000 balance paid to the operator pertaining to the employees who were transferred to the operator during 2010

The company is required as per Federal Labour Law No 7 of 1999 for pension and social security to contribute 15% of the salary of those employees who are UAE Nationals. These employees are also required to contribute 5% of their salary to the scheme The Company's contribution is recognized as an expense in the income statement as incurred

13. Called up share capital

	2012 $000	2011 $000
Allotted, called up and fully paid 10,000 Ordinary shares of $1 each for a total nominal value of $10 000	10	10

During the previous year, the called up share capital was reduced by $105 990,000 and transferred to distributable reserve

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BP SHARJAH LIMITED

NOTES TO THE ACCOUNTS

14. Capital and reserves

	Called up share capital	Distribut-able reserve	Profit and loss account	Total
	$000	$000	$000	$000
At 1 January 2012	10	105,990	47,562	153,562
Profit for the year	-	-	12,178	12,178
At 31 December 2012	10	105,990	59,740	165,740

15. Reconciliation of movements in shareholders' funds

	2012	2011
	$000	$000
Profit for the year	12,178	13,694
Net increase in shareholders' funds	12,178	13,694
Shareholders' funds at 1 January	153,562	139,868
Shareholders' funds at 31 December	165,740	153,562

16. Capital commitments

Authorised and contracted future capital expenditure by the company for which contracts had been placed but not provided in the accounts at 31 December 2012 is estimated at Nil (2011 $602,000 including Partner's 60% share)

17. Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions entered into with group companies There were no other related party transactions in the year

18. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP Exploration Operating Company Limited, a company registered in England and Wales The ultimate controlling parent undertaking is BP p l c , a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements Copies of the consolidated financial statements of BP p l c can be obtained from 1 St James's Square, London, SW1Y 4PD