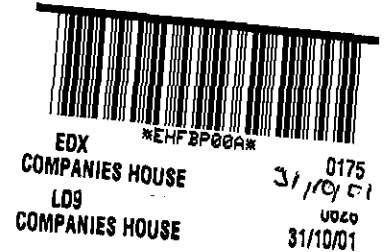


**BP MIDDLE EAST LIMITED**  
(Registered Number 591214)

**ANNUAL REPORT AND ACCOUNTS - 2000**

Board of Directors:-

R D Cartwright  
D P Chapman



**REPORT OF THE DIRECTORS**

The directors present their report and the accounts for the year ended 31 December 2000.

**Principal activities**

The principal activities of the company up to 6 December 1999 was to market and distribute petroleum products throughout the Middle East. Specific activities included the marketing of automotive and industrial lubricants, aviation fuel and ground products, with trading activity being most prominent in the United Arab Emirates and Oman. Under the terms of a transfer agreement dated 15 September 1999 the assets, liabilities, trade and related goodwill of the company's Dubai and Sharjah branches were transferred to BP France SA with effect from 6 December 1999.

The company is now engaged in the marketing and distribution of petroleum products in Bahrain and holds an investment in BP France S.A.

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

**Review of activities**

At the end of the year, the company held a 28.4% shareholding in BP France S.A.

**Financial results and dividends**

The profit for the year was £9,487,298. After adding the reserves brought forward of £151,102,367 and deducting exchange losses of £14,209,471, the balance of retained profit carried forward is £146,380,194.

**Directors**

The present directors are listed above. R D Cartwright and D P Chapman served as directors of the company throughout the year. Changes since 1 January 2000 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
C P Brooks		1 December 2000

**Directors' interests**

The interests of the directors holding office at 31 December 2000, and their families, in the ordinary shares of BP p.l.c. (formerly BP Amoco p.l.c.), were as set out below.

	<u>31 December 2000</u>	<u>1 January 2000</u> (or date of appointment)
R D Cartwright	27,538	30,149
D P Chapman	142,622	109,451

In addition, rights to subscribe for Ordinary shares in BP p.l.c. (formerly BP Amoco p.l.c.) were granted to, or exercised by, the directors during 1 January and 31 December 2000 as follows:

	<u>Granted</u>	<u>Exercised</u>
R D Cartwright	3,271	1,864
D P Chapman	Nil	Nil

No director had any interest in shares or debentures of subsidiary undertakings of BP p.l.c. (formerly BP Amoco p.l.c.) at 31 December 2000.

**BP MIDDLE EAST LIMITED**

**REPORT OF THE DIRECTORS**

**Policy with respect to payment of suppliers**

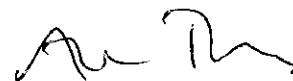
It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company. A copy of the code of practice may be obtained from the CBI.

At 31 December 2000, the company had an average of 30 days purchase outstanding.

**Auditors**

On 28 June 2001, Ernst & Young transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. Ernst & Young LLP will be re-appointed as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 Companies Act 1985.

By order of the Board



Secretary

Registered Office  
Breakspear Park  
Breakspear Way  
Hemel Hempstead  
Herts HP2 4UL

*30 October* 2001

**BP MIDDLE EAST LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis, as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. *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, or has access within the BP Group to, adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts.

**BP MIDDLE EAST LIMITED**

**REPORT OF THE AUDITORS TO THE MEMBERS OF BP MIDDLE EAST LIMITED**

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 5.

**Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 2000 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Eust & Young* *CP*

Registered Auditor  
London

*30 October* 2001

*LSM*

## **BP MIDDLE EAST LIMITED**

### **ACCOUNTING POLICIES**

#### **Basis of preparation**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

As the ultimate parent undertaking has published a group cash flow statement in compliance with Financial Reporting Standard No.1, a cash flow statement is not presented in these accounts.

#### **Group accounts**

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 228(1) of the Companies Act 1985. These accounts, therefore, present information about the company as an individual undertaking and not about the group. The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking, BP p.l.c. (formerly BP Amoco p.l.c.), a company registered in England and Wales. Only dividend income is reflected in the company's profit and loss account. Provisions are made against investments in, and advances to subsidiary and associated undertakings where it is considered that these amounts will not be fully recovered in the foreseeable future.

#### **Depreciation**

Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives.

#### **Stock valuation**

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

#### **Foreign currencies**

Assets and liabilities of the foreign currency branches are translated into sterling at closing rates of exchange. The profit and loss account is translated at average rates of exchange.

Exchange differences resulting from the retranslation of net investments in branches at closing rates, together with the difference between the profit and loss account translated at average rates and at closing rates, are dealt with in reserves.

All other exchange gains or losses on settlement or translation at closing rates of exchange of monetary assets and liabilities are included in the determination of profit for the year.

#### **Deferred taxation**

Deferred taxation is calculated using the liability method. Provision is made where timing differences are expected to reverse in the foreseeable future.

#### **Leases**

Assets held under leases which result in the company receiving substantially all risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments. The corresponding finance lease obligation is included with borrowings. Rentals under operating leases are charged against income as incurred.

#### **Provision for employees' end of service benefits**

Provision is made for amounts payable under the company's rules applicable to employees' accumulated periods of service at the balance sheet date. The amount provided meets the requirements of the local labour laws.

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**BP MIDDLE EAST LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 December 2000**

	Note	<u>2000</u> £	<u>1999</u> £
<b>Turnover</b>			
- Continuing operations		6,955,183	5,276,469
- Discontinued operations		-	76,329,362
		-----	-----
Cost of sales	1	6,955,183	81,605,831
		6,385,653	59,589,955
		-----	-----
<b>Gross profit</b>		569,530	22,015,876
Distribution expenses		1,014,126	10,709,305
Administration expenses		1,742	2,048,683
		-----	-----
		(446,338)	9,257,888
Other income	2	9,933,636	3,128,932
		-----	-----
<b>Operating profit</b>			
- Continuing operations		9,487,298	2,181,480
- Discontinued operations		-	10,205,340
		-----	-----
	3	9,487,298	12,386,820
Profit on sale of business	4	-	119,838,283
		-----	-----
<b>Profit before taxation</b>		9,487,298	132,225,103
Taxation	5	-	-
		-----	-----
<b>Profit for the year</b>		9,487,298	132,225,103
		-----	-----

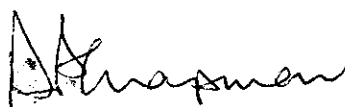
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 December 2000**

	<u>2000</u> £	<u>1999</u> £
Profit for the year	9,487,298	132,225,103
Exchange adjustments	(14,209,471)	(466,639)
	-----	-----
Total recognised (losses) gains for the year	(4,722,173)	131,758,464
	-----	-----

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**BP MIDDLE EAST LIMITED****BALANCE SHEET AT 31 December 2000**

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
<b>Fixed assets</b>			
Tangible assets	6	2,219,423	1,975,092
Investments	7	190,040,828	209,429,530
		-----	-----
		192,260,251	211,404,622
		-----	-----
<b>Current assets</b>			
Stocks	8	216,412	171,955
Debtors	9	10,517,154	578,255
Cash at bank and in hand		139,584	59,938
		-----	-----
		10,873,150	810,148
		-----	-----
<b>Creditors - amounts falling due within one year:</b>			
Other creditors	10	(56,653,207)	(61,012,403)
		-----	-----
<b>Net current liabilities</b>		(45,780,057)	(60,202,255)
		-----	-----
<b>Total assets less current liabilities</b>		146,480,194	151,202,367
		-----	-----
<b>Net assets</b>		146,480,194	151,202,367
		-----	-----
<b>Represented by</b>			
<b>Capital and reserves</b>			
Called up share capital	11	100,000	100,000
Reserves	12	146,380,194	151,102,367
		-----	-----
<b>SHAREHOLDERS' FUNDS - EQUITY INTERESTS</b>		146,480,194	151,202,367
		-----	-----



Director

30 October 2001

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**BP MIDDLE EAST LIMITED****NOTES TO THE ACCOUNTS****1 Turnover**

Turnover represents gross sales proceeds, less duties and levies payable, and is generated from the marketing and distribution of petroleum products in the Middle East.

**2 Other income**

	Continuing operations <u>2000</u> £	Discontinued operations <u>2000</u> £	Continuing operations <u>1999</u> £	Discontinued operations <u>1999</u> £
Fellow subsidiary undertakings – dividends	9,914,562	-	693,646	37,802
Associated undertakings - dividends	-	-	-	-
- loan interest	-	-	-	80,407
Other interest	-	-	13,331	627,171
Miscellaneous income	19,074	-	1,249,275	427,300
	<u>9,933,636</u>	<u>-</u>	<u>1,956,252</u>	<u>1,172,680</u>

**3 Operating profit**

	Continuing operations <u>2000</u> £	Discontinued operations <u>2000</u> £	Continuing operations <u>1999</u> £	Discontinued operations <u>1999</u> £
This is stated after charging:				
Foreign exchange gain	-	-	-	(22,053)
Depreciation of other fixed tangible assets	63,183	-	61,834	819,668
Hire charges under operating leases:	-	-	-	
- other assets	-	-	-	44,886
Auditors' remuneration:				
Audit fee	7,242	-	9,500	27,773
Fees for other services	-	-	-	3,182
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**4 Sale of business**

In the previous year, the company sold the entire businesses of the Dubai and Sharjah branches on 6 December 1999 for £ 154,353,232 to BP France S.A. The disposal is analysed as follows:

	<u>1999</u> £
Cash at bank and in hand	3,342,010
Stocks	2,516,848
Debtors	42,729,920
Fixed assets - Tangible assets	6,071,616
Fixed assets - Investments	2,445,939
Parent and fellow subsidiary undertakings	477,736
Accounts payable and accruals	(20,441,654)
Employees' termination benefits	(2,627,466)
Net asset value	<u>34,514,949</u>
Profit on sale of business	<u>119,838,283</u>
Total proceeds from sale of business	<u>154,353,232</u>



**BP MIDDLE EAST LIMITED**

**NOTES TO THE ACCOUNTS**

**4 Sale of business - continued**

The profit for the previous year attributable to discontinued operations amounted to £ 130,043,623 as set out below:

	Continuing operations £	1999 Discontinued operations £	Total £
Turnover	5,276,469	76,329,362	81,605,831
Cost of sales	4,600,054	54,989,901	59,589,955
Gross profit	676,415	21,339,461	22,015,876
Distribution expenses	374,402	10,334,903	10,709,305
Administration expenses	76,785	1,971,898	2,048,683
	225,228	9,032,660	9,257,888
Other income	1,956,252	1,172,680	3,128,932
Operating profit	2,181,480	10,205,340	12,386,820
Profit on sale of business	-	119,838,283	119,838,283
	2,181,480	130,043,623	132,225,103
Taxation	-	-	-
Profit for the year	2,181,480	130,043,623	132,225,103

**5 Taxation**

	2000 £	1999 £
United Kingdom Corporation tax at 30% (1999 - 30.25%)	1,101,618	-
Less: Overseas tax relief	(1,101,618)	-
	-	-
Overseas taxation	-	-

**United Kingdom Taxation**

The company is a member of a group for the purposes of relief under Section 402 of the Income and Corporation Taxes Act, 1988. The corporation tax liability has been partially covered by double tax relief and owing to the availability of group relief, no provision has been made in the accounts of this company for the balance of the liability.

The group's current corporation tax liability has been provided in the accounts of BP International Limited, a fellow subsidiary undertaking.

Provision for deferred taxation has been made in the accounts of BP International Limited, a fellow subsidiary undertaking, having regard to the group deferred tax position.

The gross potential liability of this company for deferred taxation at 31 December 2000 of £339,412 (1999 £534,618) comprises tax at 30% on timing differences principally between the accounting and tax treatment of fixed assets. If provision for deferred taxation had been made in the accounts of the basis of the gross potential liability, there would have been a credit for the year of £195,206 (1999 charge of £534,618).

# MIDDLE EAST LIMITED

## NOTES TO THE ACCOUNTS

### 5 Taxation - continued

The benefit of underlying overseas taxation as computed under Section 799 of the Income and Corporation Taxes Act 1988 has been included in the overseas taxation relief but not included in the overseas taxation charge.

### 6 Fixed assets - tangible assets

	<u>Buildings</u>	<u>Plant and Machinery</u>	<u>Assets under Construction</u>	<u>Total</u>
	£	£	£	£
Cost:				
At 1 January 2000	346,922	2,810,938	35,092	3,192,952
Additions	-	-	73,802	73,802
Deletions	(997)	(1,402)	-	(2,399)
Transfers	-	27,993	(27,993)	-
Exchange adjustments	29,639	240,456	3,437	273,532
	-----	-----	-----	-----
At 31 December 2000	375,564	3,077,985	84,338	3,537,887
	-----	-----	-----	-----
Depreciation:				
At 1 January 2000	197,094	1,020,766	-	1,217,860
Charge for the year	31,298	31,885	-	63,183
Deletions	-	(2,399)	-	(2,399)
Exchange adjustments	17,144	22,676	-	39,820
	-----	-----	-----	-----
At 31 December 2000	245,536	1,072,928	-	1,318,464
	-----	-----	-----	-----
Net book amounts:				
At 31 December 2000	130,028	2,005,057	84,338	2,219,423
	-----	-----	-----	-----
At 31 December 1999	149,828	1,790,172	35,092	1,975,092
	-----	-----	-----	-----
Rates of depreciation	5%	7.5% - 25%		

### 7 Fixed assets - investments

	<u>Fellow Subsidiary Undertakings Shares</u>	<u>Associated Undertakings Shares</u>	<u>Total</u>
	£	£	£
At 1 January 2000	209,386,879	42,651	209,429,530
Exchange adjustments	(19,392,347)	3,645	(19,388,702)
	-----	-----	-----
At 31 December 2000	189,994,532	46,296	190,040,828
	-----	-----	-----

As at 31 December, the company held 14,961,779 shares or 28.4% (1999: 14,961,779 shares or 28.4%) of the ordinary shares of BP France S.A. The principal activities of BP France S.A. include refining and marketing and chemicals.

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**BP MIDDLE EAST LIMITED**

**NOTES TO THE ACCOUNTS**

**7 Fixed assets – investments - continued**

The investments in the associated undertaking is unlisted. Particulars of the associated undertaking are as follows:

	<i>% of ordinary shares owned</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Bahrain Aviation Fuelling Company B.S.C.	13%	Bahrain	Aviation fuelling services

**8 Stocks**

	<u>2000</u> £	<u>1999</u> £
Stocks of petroleum products	216,412	171,955
	-----	-----

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**9 Debtors**

	<u>2000</u> £	<u>1999</u> £
Trade	1,245,481	549,962
Parent and fellow subsidiary undertakings	9,173,236	-
Prepayments and accrued income	98,437	28,293
	-----	-----
	10,517,154	578,255
	-----	-----

**10 Other creditors**

	<u>2000</u> £	<u>1999</u> £
Trade creditors	2,758,572	757,308
Parent and fellow subsidiary undertakings	53,710,449	58,566,033
Associated undertakings	43,403	1,816
Accruals and deferred income	140,783	1,687,246
	-----	-----
	56,653,207	61,012,403
	-----	-----

**11 Called-up share capital**

	<u>2000</u> £	<u>1999</u> £
Authorised, allotted and fully paid 100,000 ordinary shares of £ 1 each	100,000	100,000
	-----	-----

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**MIDDLE EAST LIMITED**

**NOTES TO THE ACCOUNTS**

**12 Reconciliation of shareholders' funds and movements on reserves**

	<u>Share capital</u> £	<u>Profit and loss account</u> £	<u>Non-distributable reserves</u> £	<u>Total</u> £
At 1 January 1999	100,000	19,343,903	-	19,443,903
Profit for the year	-	132,225,103	-	132,225,103
Transfer to non-distributable reserves	-	(10,205,340)	10,205,340	-
Exchange adjustments	-	(470,075)	3,436	(466,639)
	-----	-----	-----	-----
At 31 December 1999	100,000	140,893,591	10,208,776	151,202,367
Profit for the year	-	9,487,298	-	9,487,298
Exchange adjustments	-	(15,081,939)	872,468	(14,209,471)
	-----	-----	-----	-----
At 31 December 2000	100,000	135,298,950	11,081,244	146,480,194
	-----	-----	-----	-----

Included in reserves at 31 December 2000 are unrealised exchange gains amounting to £ 1,775,564 (1999 - £ 1,044,887).

**13 Capital commitments**

Amounts contracted for but not provided in the accounts amounted to £ nil (1999 £ nil).

**14 Other financial commitments**

At 31 December 2000 the company had no annual commitments under non-cancellable operating leases.

**15 Related party transactions**

The company has taken advantage of the exemption contained within FRS 8, and has not disclosed transactions with group companies. There were no other related party transactions in the year.

**16 Ultimate parent undertaking**

The ultimate parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is BP p.l.c. (formerly BP Amoco p.l.c.), a company registered in England and Wales. Copies of BP p.l.c.'s accounts can be obtained from Britannic House, 1 Finsbury Circus, London EC2M 7BA.

EJM