BP MIDDLE EAST LIMITED
(Registered No. 591214)

BALANCE SHEET AT 31 DECEMBER 2010

Board of Directors	B M Puffer R C Fearnley

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2010

Results and dividends

The profit for the year after taxation was £2,140,000 which, when added to the retained profit brought forward at 1 January 2010 of £5,020 000 together with exchange adjustments taken directly to reserves of £160,000, gives a total retained profit carried forward at 31 December 2010 of £7,320,000

The company has not declared any dividends during the year (2009 £4,372,000) The directors do not propose the payment of a dividend

Principal activity and review of the business

BP Middle East Limited (the 'Company') is engaged in the purchasing and selling of petroleum products It also provides services to other group undertakings within the BP group and holds investments in an associated undertaking engaged in similar activities

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

	2010	2009	Variance
	£000	£000	%
Turnover	42,023	39,441	6 5
Profit after taxation	2,140	2,125	0 7
Shareholders' funds	7,420	5,120	45

	2010	2009	Variance
	%	%	
Current assets as % of current liabilities (quick ratio)	136	132	4

Turnover has increased due to the high oil prices during the year Margins have remained the same The company is in a strong liquidity position as at 31 December 2010

Principal risks and uncertainties

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

Consider carefully the risks described below, the potential impact of their occurrence on the business, financial condition and results of operations on the company

Company level risks have been categorised against the following areas strategic, compliance and control and operational In addition, we have also set out two further categories of risk for your attention – those resulting from the Gulf of Mexico oil spill (the Incident) and those related to the general macroeconomic outlook

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Principal risks and uncertainties (continued)

Gulf of Mexico oil spill

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

There is significant uncertainty in the extent and timing of costs and liabilities relating to the Incident, the impact of the Incident on the reputation of the BP group and the resulting possible impact on the company's ability to access new opportunities There is also significant uncertainty regarding potential changes in applicable regulations and the operating environment that may result from the Incident These increase the risks to which the group and therefore the company are exposed to These uncertainties are likely to continue for a significant period 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 BP group income statement for the year ended 31 December 2010 includes a pre-tax charge of $40 9 billion in relation to the Gulf of Mexico oil spill The total amounts that will ultimately be paid by the BP group in relation to all obligations relating to the Incident are subject to significant uncertainty and the ultimate exposure and cost to the BP group will be dependent on many factors The risks associated with the Incident could also heighten the impact of the other risks to which the company 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 2010.

General macroeconomic outlook

The general macroeconomic outlook can affect BP group results, and consequently may affect BP Middle East Limited, given the nature of the company's business

In the continuing uncertain financial and economic environment, certain risks may gain more prominence either individually or when taken together Oil and gas prices can be very volatile, with average prices and margins influenced by changes in supply and demand This is likely to exacerbate competition in all businesses, which may impact costs and margins At the same time, 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 we do, or may do, business Any of these factors may affect the company's results of operations, financial condition, business prospects and liquidity

Strategic risks

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 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

Refining profitability can be volatile, with both periodic over supply and supply tightness in various regional markets, coupled with fluctuations in demand Sectors of the petrochemicals industry are also subject to fluctuations in supply and demand, with a consequent effect on prices and profitability

Principal risks and uncertainties (continued)

Strategic risks (continued)

Climate change and carbon pricing
Climate change and carbon pricing policies could result in higher costs and reduction in future revenue and strategic growth opportunities

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 group'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 group has operations in countries where political, economic and social transition is taking place Some countries have experienced political instability, changes to the regulatory environment, expropriation or nationalisation of property, civil strife, strikes, acts of war and insurrections Any of these conditions could disrupt or terminate the group's operations, causing its development activities to be curtailed or terminated, or its production to decline, 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 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

Compliance and control risks

Regulatory
The oil industry 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 The company buys, sells and trades oil and gas products in certain regulated commodity markets 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 it could incur additional costs

Principal risks and uncertainties (continued)

Compliance and control risks (continued)

Regulatory (continued)
The Gulf of Mexico oil spill is likely to result in more stringent regulation of 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, as well as 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 its ability to capitalise on its assets and limit its access to new exploration properties or operatorship's 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

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 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

Liabilities and provisions
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 it 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 to access new opportunities, require it to divest or write-down certain assets or affect the adequacy of its provisions for tax, environmental and legal liabilities Potential changes to pension or financial market regulation could also impact funding requirements of the company

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 our reputation

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 In addition, in many of the company s major projects and operations, risk allocation and management is shared with third parties, such as contractors, sub-contractors, joint venture partners and associates See 'Joint ventures and other contractual arrangements' 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

The company's operations are often conducted in difficult or environmentally sensitive locations, in which the consequences of a spill, explosion, fire or other incident could be greater than in other locations These operations are subject to various environmental laws, regulations and permits and the consequences of failure to comply with these requirements can include remediation obligations, penalties, loss of operating permits and other sanctions Accordingly, inherent in the company's operations is the risk that if it fails to abide by environmental and safety and protection standards, such failure could lead to damage to the environment and could result in regulatory action, legal liability, material costs and damage to the company's reputation or licence to operate

BP MIDDLE EAST LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Operational risks (continued)

Process safety, personal safety and environmental risks (continued)
To help address health, safety, security, environmental and operations risks, and to provide a consistent framework within which the BP group can analyse the performance of its activities and identify and remediate shortfalls, BP implemented a group-wide operating management system (OMS) The embedding of OMS continues and following the Gulf of Mexico oil spill a separate Safety and Operational Risk (S&OR) function is being established, reporting directly to the BP group chief executive There can be no assurance that OMS will adequately identify all process safety, personal safety and environmental risks or provide the correct mitigations, or that all operations will be in compliance with OMS at all times

Security
Security threats require continuous oversight and control Acts of terrorism, piracy, sabotage 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 civil strife and political unrest in areas where we operate

Product quality
Supplying customers with on-specification products is critical to maintaining our licence to operate and our 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

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 the environment and people and given the high volumes involved

Major project delivery
Successful execution of the company's plan depends critically on implementing the activities to deliver the major projects over the plan period Poor delivery of any major project that underpins production or production growth, including maintenance turnaround programmes, and/or a major programme designed to enhance shareholder value could adversely affect the company's financial performance Successful project delivery requires, among other things, adequate engineering and other capabilities and therefore successful recruitment and development of staff is central to the company's plans

Digital infrastructure
The reliability and security of our digital infrastructure are critical to maintaining our business applications availability A breach of our digital security could cause serious damage to business operations and, in some circumstances, could result in injury to people, damage to assets, harm to the environment and breaches of regulations

Business continuity and disaster recovery
Contingency plans are required to continue or recover operations following a disruption or incident Inability to restore or replace critical capacity to an agreed level within an agreed timeframe would prolong the impact of any disruption and could severely affect business and operations

Crisis management
Crisis management plans and capability are essential to deal with emergencies at every level of our operations If we do not respond or are perceived not to respond in an appropriate manner to either an external or internal crisis, our business and operations could be severely disrupted

Principal risks and uncertainties (continued)

Operational risks (continued)

Joint ventures and other contractual arrangements

Many of the company's major projects and operations are conducted through joint ventures or associates and through contracting and sub-contracting arrangements These arrangements often involve complex risk allocation decision-making process and indemnification arrangements In certain cases, the company may have less control of such activities than it would have if the company had full operational control Additionally, the company's joint venture partners or associates or contractual counterparties are primarily responsible for the adequacy of the human or technical competencies and capabilities which they bring to bear on the joint project, and in the event these are found to be lacking the company's joint venture partners or associates may not be able to meet their financial or other obligations to their counterparties or to the relevant project potentially threatening the viability of such projects Furthermore, should accidents or incidents occur in operations in which the company participates, whether as operator or otherwise, and where it is held that the company's sub-contractors or joint venture partners are legally liable to share any aspects of the cost of responding to such incidents, the financial capacity of these third parties may prove inadequate to fully indemnity the company against the costs it incurs on behalf of the joint venture or contractual arrangement Should a key sub-contractor, such as a lessor of drilling rigs, be no longer able to make these assets available to the company, this could result in serious disruption to its operations Where the company does not have operational control of a venture, the company may nonetheless still be pursued by regulators or claimants in the event of an incident

Future developments

The directors aim to maintain the management policies which have resulted in the company's growth 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

R C Fearnley and B M Puffer served as directors throughout the financial year Changes since 1 January 2010 are as follows

	Appointed	Resigned
B M Puffer	1 January 2010	-

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 36

Auditors

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

BP MIDDLE EAST LIMITED

REPORT OF THE DIRECTORS

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 confirm 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

Pritul Shah
For and on behalf of
Sunbury Secretaries Limited
Company Secretary

29 July 2011

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP MIDDLE EAST 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 proper 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

BP MIDDLE EAST LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP MIDDLE EAST LIMITED

We have audited the financial statements of BP Middle East Limited for the year ended 31 December 2010 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 17 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with 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 auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set on page 8, 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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of it's 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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company 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

1 August 2011

BP MIDDLE EAST LIMITED

ACCOUNTING POLICIES

Accounting standards

These accounts are prepared in accordance with applicable UK accounting standards

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 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

Foreign currency transactions

Assets and liabilities of foreign currency locations are translated into sterling at rates of exchange ruling at the balance sheet date The profit and loss account is translated into sterling using average rates of exchange Exchange differences arising when the opening net assets and the profits for the year retained by foreign currency branches are translated into sterling are taken directly to reserves and reported in the statement of total recognised gains and losses Exchange gains and losses arising on long-term foreign currency borrowings used to finance the company's foreign currency investments are also reported 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

Dividends payable

Final dividends are recorded in the accounts in the year in which they are approved by the company's shareholders Interim dividends are recorded in the year in which they are approved and paid

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

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

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BP MIDDLE EAST LIMITED

ACCOUNTING POLICIES

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 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

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

Investments

Fixed asset investments in associates are held at cost The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable If any such indication of impairment exists, the company makes an estimate of its recoverable amount Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount

Stock valuation

Stocks are valued at cost to the company, using the first-in first-out method or at 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

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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

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 MIDDLE EAST LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £000	2009 £000
Turnover	1	42 023	39,441
Cost of sales		(39,525)	(37,141)
Gross profit		2,498	2,300
Administration expenses		(363)	(189)
Interest receivable	4	5	14
Profit on ordinary activities before tax	2	2,140	2,125
Taxation	5	-	-
Profit for the year		2,140	2,125

The profit of £2,140,000 for the year ended 31 December 2010 has derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 £000	2009 £000
Profit for the year	2,140	2,125
Currency translation differences	160	(700)
Total recognised gains and losses for the year	2,300	1,425

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BP MIDDLE EAST LIMITED
(Registered No. 591214)

BALANCE SHEET AT 31 DECEMBER 2010

	Notes	2010 £000	2009 *£000*
Fixed assets			
Tangible assets	7	690	643
Investments	8	55	54
		745	697
Current assets			
Stocks	9	589	522
Debtors - amounts falling due within one year	10	24,578	17,708
Cash at bank and in hand		115	174
		25,282	18,404
Creditors: amounts falling due within one year	11	(18,607)	(13,981)
Net current assets		6,675	4,423
TOTAL ASSETS LESS CURRENT LIABILITIES		7,420	5,120
NET ASSETS		7,420	5,120
Represented by			
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account	13	7,320	5,020
SHAREHOLDERS' FUNDS - EQUITY INTERESTS	13	7,420	5,120

On behalf of the Board

Brian Puffer
Director

29 JULY 2011

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BP MIDDLE EAST LIMITED

NOTES TO THE ACCOUNTS

1 Turnover

Turnover which is stated net of duties and levies payable represents amounts invoiced to third parties, all of which falls within Bahrain Turnover is attributable to one continuing activity, the purchasing and selling of petroleum products

2 Profit on ordinary activities before tax

This is stated after charging/(crediting)

	2010 £000	2009 £000
Exchange gain on foreign currency borrowings less deposits	(14)	(3)
Depreciation of owned fixed assets (note 7)	59	68

3 Auditor's remuneration

	2010 £000	2009 £000
Fees for the audit of the company	13	9

4 Interest receivable

	2010 £000	2009 £000
Interest income from group undertaking	5	14

5 Taxation

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010 No 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 tax that arises without charge

The following table provides a reconciliation of the UK statutory corporation tax rate to the effective current tax rate on profit before taxation

	2010 £000	2009 £000
Profit before taxation	2,140	2,125
Current taxation	-	-
Effective current tax rate	0%	0%

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BP MIDDLE EAST LIMITED

NOTES TO THE ACCOUNTS

5 Taxation (continued)

	2010 %	2009 %
UK statutory corporation tax rate	28	28
Decrease resulting from		
Fixed asset timing differences	(1)	(1)
Free group relief	(27)	(27)
Effective current tax rate	-	-

6 Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2009 £Nil)

(b) Employee costs

The company had no employees during the year (2009 Nil)

7 Tangible assets

	Land & buildings	Plant & machinery	Assets under construction*	Total
Cost	£000	£000	£000	£000
At 1 January 2010	422	1,673	208	2 303
Exchange adjustments	11	42	6	59
Additions	1	-	89	90
Disposals	-	(1)	-	(1)
At 31 December 2010	434	1,714	303	2,451
Depreciation and impairment				
At 1 January 2010	372	1,288	-	1,660
Exchange adjustments	10	33	-	43
Charge for the year (note 2)	7	52	-	59
Disposals	-	(1)	-	(1)
At 31 December 2010	389	1 372	-	1,761
Net book value				
At 31 December 2010	45	342	303	690
At 31 December 2009	50	385	208	643
Principal rates of depreciation	5%-10%	2 5%-25%		

* Assets under construction are not depreciated

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8 Fixed assets - Investments

	Investment in associate's shares
Cost	£000
At 1 January 2010	54
Exchange adjustments	1
At 31 December 2010	55
Net book amount	
At 31 December 2010	55
At 31 December 2009	54

The investment in the associated undertaking is unlisted

The associated undertaking of the company at 31 December 2010 and the percentage of equity capital held are set out below The principal country of operation is generally indicated by the company's country of incorporation or by its name

Associated undertaking	Class of share held	%	Country of incorporation	Issued share capital	Principal activity
Bahrain Aviation Fuelling Company B S C	Ordinary	13	Bahrain	BDH250,000	Aviation fuelling services

The company also holds legal title to 49% of the issued share capital of Sharjah Pipeline Company LLC, these shares are held by the company as a nominee and no beneficial interest is attributable to the company in respect of these shares

9 Stocks

	2010 £000	2009 £000
Trading stocks	589	522

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

10 Debtors

	2010 £000	2009 £000
Trade debtors	2,400	2,813
Amounts owed by group undertakings	22,178	14,874
Other debtors	-	21
	24,578	17,708

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11 Creditors

	2010 £000	2009 £000
Trade creditors	3,856	3,738
Amounts owed to group undertakings	14,751	10 243
	18,607	13,981

12 Called up share capital

	2010 £000	2009 £000
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each for a total nominal value of £100,000	100	100

13 Capital and reserves

	Equity share capital £000	Profit and loss account £000	Total £000
At 1 January 2010	100	5 020	5,120
Currency translation differences	-	160	160
Profit for the year	-	2,140	2,140
At 31 December 2010	100	7,320	7,420

In 2010, the Company did not pay any interim ordinary dividends (2009 £4,372,000)

14 Reconciliation of movements in shareholders' funds

	2010 £000	2009 £000
Profit for the year	2,140	2,125
Currency translation differences	160	(700)
Dividends	-	(4,372)
Net increase / (decrease) in shareholders' funds / (deficit)	2,300	(2 947)
Shareholders' funds at 1 January	5,120	8,067
Shareholders' funds at 31 December	7,420	5,120

15 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 with group companies There were no other related party transactions in the year

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BP MIDDLE EAST LIMITED

NOTES TO THE ACCOUNTS

16 Pensions

The company does not directly employ any staff and therefore does not directly bear any pension charge

17 Immediate and ultimate parent undertaking

The immediate parent and 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 , a company registered in England and Wales Copies of BP p l c's accounts can be obtained from 1 St James Square, London, SW1Y 4PD

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