

Abu Dhabi Marine Areas Limited
(Registered No 00533446)

ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2012

THURSDAY



L2GQN42R

LD6

12/09/2013

#61

COMPANIES HOUSE

ABU DHABI MARINE AREAS LIMITED

Directors

A A A M AlMazmi
D Lemarchal
J-L Guiziou
K D M Painter
Y Yokote
P A Hughes (Alternate)
P C A Roy (Alternate)
K Yamazoe (Alternate)

Secretary

Sunbury Secretaries Limited

Auditors

Ernst & Young LLP
1 More London Place,
London, SE1 2AF

Registered Office

Chertsey Road,
Sunbury on Thames,
Middlesex, TW16 7BP
(Registered in England No 00533446)

**ABU DHABI MARINE AREAS LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 31 DECEMBER 2012**

Directors' Report

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

Principal Activities and Review of the Business

The company has rights and obligations as the holder of 40% of a Concession offshore Abu Dhabi - the other 60% being held by Abu Dhabi National Oil Company - the concession is operated by Abu Dhabi Marine Operating Company, an Abu Dhabi registered company. During 2012 gross oil production averaged 600,189 barrels per day. The company expects to carry on this activity until the end of the Concession which is currently scheduled to expire in 2018.

Results and Dividends

The Profit for the year after taxation was \$796,000 (2011 - \$860,000) which, when added to the retained profit brought forward at 1 January of 2012 of \$17,420,000 gives a total retained profit carried forward at 31 December 2012 of \$18,216,000. The directors do not propose the payment of a dividend for the year (2011 - \$nil).

Operational Risks

i) Drilling and production risk

Exploration and production are subject to natural hazards and other uncertainties, including security and those relating to the physical characteristics of an oil or natural gas field. 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.

ii) Major project delivery risk

Delivery of major projects that underpin production growth designed to enhance shareholders' value are also subject to the hazards and uncertainties detailed in i) above.

iii) Environmental risk

The company seeks to conduct its activities in such a manner that there is no or minimal damage to the environment.

KPI

	2012	2011
Turnover(\$m)	3,104	2,655
Capital Expenditure(\$m)	356	310

Turnover has increased 17% year on year primarily as a result of an 8% increase in volume of oil produced together with an increase in the at cost selling price of oil, driven by a higher depreciation charge per barrel.

Capital Expenditure is in line with Budget.

Directors and their Interests

Messrs A A A M AlMazmi, J-L Guziou, P A Hughes, K D M Painter, K Yamazoe and Y Yokote served as directors or alternate directors of the company throughout the financial year.

On 1 January 2013, Mr A F P Breuillac resigned as a director and was replaced by Mr D Lemarchal.

On 1 January 2013, Mr P C A Roy resigned as a director and on the same date was appointed as an alternate director.

On 1 January 2013, Mr M de Mauro resigned as an alternate director.

None of the directors in office at 31 December 2012 or their families held any shares or options to subscribe for shares in the company.

- 2 -

ABU DHABI MARINE AREAS LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 31 DECEMBER 2012

Creditor Payment Policy

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 can be obtained from the CBI.

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.

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

The directors who were members of the board at the time of approving the directors' report are already listed. Having made inquiries 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.

On behalf of the Board



K D M Painter, Director

Date 10th September 2013

Chertsey Road,
Sunbury on Thames,
Middlesex, TW16 7BP
(Registered in England No 00533446)

ABU DHABI MARINE AREAS LIMITED
YEAR ENDED 31 DECEMBER 2012

Statement of Directors' Responsibilities in Respect of the Accounts

The directors are responsible for preparing the Director's 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 remainder of the concession, continue to adopt the going concern basis in preparing the accounts.

ABU DHABI MARINE AREAS LIMITED
YEAR ENDED 31 DECEMBER 2012

Independent Auditors' Report to the Members of Abu Dhabi Marine Areas Limited

We have audited the financial statements of Abu Dhabi Marine Areas 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 Statement of Cash Flows, 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 opinion we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 (APB'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 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 2012 and of the company'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 matters 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
Registered auditor
London

12 September 2013

ABU DHABI MARINE AREAS LIMITED
 PROFIT & LOSS ACCOUNT
 FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 \$000	2011 \$000
Turnover	2	3,104,035	2,655,354
Cost of sales		(3,107,050)	(2,659,294)
Gross loss		(3,015)	(3,940)
Administration expenses		(2,481)	(2,033)
Other operating income		6,376	6,793
Operating profit	4	880	820
Other income - bank interest		1	155
Profit on ordinary activities before taxation		881	975
UK corporation tax	7	(85)	(115)
Profit for year	13	796	860


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 of \$796,000 for the year ended 31 December 2012 (2011 profit of \$860,000)

ABU DHABI MARINE AREAS LIMITED
(Registered No 00533446)
BALANCE SHEET AT 31 DECEMBER 2012

	Notes	2012 \$000	2011 \$000
Fixed assets			
Tangible assets	8	243,708	558,962
		<u>243,708</u>	<u>558,962</u>
Current assets			
Stocks of crude oil		17,914	14,895
Debtors	9	1,484,195	1,165,054
Cash at bank and in hand		45	7,287
		<u>1,502,154</u>	<u>1,187,236</u>
Creditors - amounts falling due within one year	10	<u>911,951</u>	<u>913,083</u>
Net current assets		<u>590,203</u>	<u>274,153</u>
Total assets less current liabilities		<u>833,911</u>	<u>833,115</u>
Creditors - amounts falling due after more than one year	11	<u>812,507</u>	<u>812 507</u>
		<u>21,404</u>	<u>20,608</u>
Capital and reserves			
Called up share capital	12	3,188	3,188
Profit and loss account	13	18,216	17,420
Total shareholders' funds		<u>21,404</u>	<u>20,608</u>

The accounts were approved on behalf of the Board



K D M Painter, Director

Date 10th September 2013

- 7 -

ABU DHABI MARINE AREAS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$000	2011 \$000
Net cash inflow from operating activities	15	348,665	276,427
Returns on investments and servicing of finance			
Interest received		3	153
Taxation			
UK corporation tax paid		(118)	(60)
Capital expenditure			
Production and development		(355,796)	(276,524)
Proceeds received from the sale of Fixed Assets		4	3
Net cash outflows from capital expenditure		(355,792)	(276,521)
Net cash outflow before financing		(7,242)	(1)
Financing		0	0
Net cash outflow after financing		(7,242)	(1)

ABU DHABI MARINE AREAS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

Reconciliation of Net Cash Flow to Movement in Net Debt

	Note	2012 \$000	2011 \$000
(Decrease) / Increase in cash		(7,242)	(1)
Change in net debt resulting from cash flows		(7,242)	(1)
Repayment/(Receipt) of Shareholders' Advances		0	270,830
Receipt of Long-term loans		0	(270,830)
Movement in net debt		(7,242)	(1)
Net debt at 1st January		(805,220)	(805,219)
Net debt at 31st December	16	(812,462)	(805,220)

ABU DHABI MARINE AREAS LIMITED
NOTES TO THE ACCOUNTS
AT 31 DECEMBER 2012

1 Accounting policies

(a) Basis of preparation

The accounts are prepared in accordance with the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

The company has rights and obligations as a holder of a 40% undivided interest in a concession offshore Abu Dhabi, the other 60% being held by the Abu Dhabi National Oil Company. The concession is operated on behalf of the joint venture by Abu Dhabi Marine Operating Company, an Abu Dhabi registered company. The accounts proportionately incorporate the company's interests in the operating costs and fixed assets of the joint venture.

(b) Fixed assets

(i) Exploration expenditure

Exploration expenditure is initially classified as an intangible fixed asset. When proved reserves of oil are determined and development is sanctioned, the relevant expenditure is transferred to tangible production facilities. Exploration expenditure determined as unsuccessful is charged against income.

(ii) Pre-production costs

Pre-production costs have been capitalised including exchange differences and interest. Indirect costs are expensed.

(iii) Production facilities

Expenditure on development wells abandoned or partially abandoned is charged against income in the year of abandonment.

Expenditure incurred on projects not expected to reach First Oil within the Concession period are fully depreciated. The accumulated capital costs of production facilities are depreciated on the unit of production basis taking into account future development cost calculated at price levels ruling at the balance sheet date. Depreciation is included in cost of sales.

(c) 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.

(d) Stock valuation

Stocks of crude oil are valued at the lower of the average cost of production or net realisable value.

(e) Foreign currencies

Transactions expressed in currencies other than US dollar are translated into US dollar at actual rates of exchange. Assets and liabilities expressed in currencies other than US dollar are translated into US dollar at year end rates of exchange. Exchange gains or losses arising from the settlement of current monetary assets and liabilities are included in the determination of profit for the year.

ABU DHABI MARINE AREAS LIMITED
 NOTES TO THE ACCOUNTS CONTINUED
 AT 31 DECEMBER 2012

2 Turnover

Turnover comprises gross proceeds from sales of crude oil effected in Abu Dhabi from the company's participation interest of 40% in the crude oil produced from the Concession

3 Royalties

Royalties payable to the Government of Abu Dhabi under the Concession and recovered from shareholders are treated as both Cost of Sales and Turnover

4 Operating profit

This is stated after charging	2012	2011
	\$000	\$000
Depreciation	652,180	448 234

5 Auditors' remuneration

The auditors' remuneration for audit and other services are as follows

		2012	2011
		\$000	\$000
Audit services	UK	69	67
	Abu Dhabi	361	351
		430	418
Non audit services		28	28

ABU DHABI MARINE AREAS LIMITED
NOTES TO THE ACCOUNTS CONTINUED
AT 31 DECEMBER 2012

6 Directors and employees

(a) Remuneration of directors

Amounts paid to related party in consideration for making the services of a director available is \$281,000 (2011 \$241 000) None of the other directors were remunerated for their services to the company

(b) Employee costs

The company has no employees under direct contracts of service Personnel are seconded by the shareholding companies

7 Taxation

Tax on profit on ordinary activities	2012	2011
	\$000	\$000
UK corporation tax		
UK Corporation tax on profits of the period	85	115
Adjustments in respect of previous periods	0	0
Total current tax	85	115

Factors affecting the tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK The differences are explained below

	2012	2011
	\$000	\$000
Profit on ordinary activities before tax	881	975
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	216	258
Effect of		
Profits not chargeable to UK tax	(216)	(258)
UK Corporation tax on Mark up costs	85	115
Adjustments in respect of previous periods	0	0
Current tax charge for the period	85	115

No deferred taxation has been recognised at the end of the year due to the absence of timing differences (2011 Nil)

Factors affecting future tax charges

On 21 March 2012, it was announced by the Chancellor that the corporation tax rate will be reduced to 24% from 1 April 2012 This reduction was substantively enacted on 26 March 2012 The Chancellor also announced that there are to be further corporation tax rate reductions of 1% each year to a final rate of 22% effective from 1 April 2014

On 5th December 2012, it was announced by the Chancellor that in addition to the Budget announcements on 21 March 2012, the main corporation tax rate commencing April 2014 will be reduced by a further 1% to 21%

On 20 March 2013, the UK Chancellor announced that the main rate of corporation tax will be reduced by a further 1% in April 2015 down to 20%
The future reduction has not been enacted at the balance sheet date

ABU DHABI MARINE AREAS LIMITED
NOTES TO THE ACCOUNTS CONTINUED
AT 31 DECEMBER 2012

		Total production facilities \$000
8 Tangible assets		
Cost		
At 1st January 2012		4,560,359
Additions		355,796
Transfer from intangible assets		0
Abandonment / Write off		(21,982)
Relinquishment		0
At 31st December 2012		4,894,173
Depreciation		
At 1st January 2012		4,001,397
Charge for year		652,180
Abandonment / Write off		(3,112)
Relinquishment		0
At 31st December 2012		4,650,465
Net book amount		
At 31st December 2012		243,708
At 31st December 2011		558,962
9 Debtors	2012	2011
	\$000	\$000
Amount due from related parties for oil sales		
BP-Japan Oil Development Co Ltd	817,078	594,567
TOTAL S A	388,322	303,436
	1,205,400	898,003
Prepayments and accrued income		
- Abu Dhabi Marine Operating Company	4,042	2,827
Other debtors	274,753	264,224
	1,484,195	1,165,054

ABU DHABI MARINE AREAS LIMITED
NOTES TO THE ACCOUNTS CONTINUED
AT 31 DECEMBER 2012

10 Creditors - amount falling due within one year

	2012	2011
	\$000	\$000
Amounts owing to joint venture operator - Abu Dhabi Marine Operating Company	100,576	133,533
Related Parties	2,368	1,735
Royalties and other amounts owing to the Government of Abu Dhabi	808,510	777,323
Other creditors	455	418
UK corporation tax	42	74
	911,951	913,083

11 Creditors - amounts falling due after more than one year

(a) Shareholders' advances	BP-Japan Oil Development Co Ltd	TOTAL S A	Total
	\$000	\$000	\$000
At 1st January 2012	541,671	6	541,677
Received	0	0	0
Repaid	0	0	0
At 31st December 2012	541,671	6	541,677

The advances are called and repaid in accordance with the company's requirements. There is no set repayment schedule and no interest is payable thereon.

(b) Long-term loans

	Total
	\$000
At 1st January 2012	270,830
Received	0
Repaid	0
At 31st December 2012	270,830

These long-term loans are due within 5 years and guaranteed by one of the shareholders.

Total	2012	2011
	\$000	\$000
Shareholders' advances (a)	541,677	541,677
Long-term loans (b)	270,830	270,830
	812,507	812,507

ABU DHABI MARINE AREAS LIMITED
NOTES TO THE ACCOUNTS CONTINUED
AT 31 DECEMBER 2012

12. Called up share capital	2012	2011
	\$000	\$000
Allotted, called up and fully paid		
1,100,000 'A' shares of £1 each	2,125	2,125
550,000 'B' shares of £1 each	1,063	1,063
	3,188	3,188

13 Movements on reserves and reconciliation of movements in shareholders' funds

	Share Capital	Profit and loss account	Total shareholders' funds
	\$000	\$000	\$000
Balance at 1st January 2012	3,188	17,420	20,608
Profit for the year	0	796	796
Balance at 31st December 2012	3,188	18,216	21,404

14 Capital commitments

The company's share of the joint venture's future capital expenditure as planned by the Operating Company to the end of 2017 is estimated at \$5,262 million (2011 \$4,398 million)

15 Reconciliation of operating profit to net cash inflow from operating activities

	2012	2011
	\$000	\$000
Operating profit	880	820
Exploration costs written off	0	0
Depreciation	652,180	448,234
(Increase) in oil stocks	(3,019)	(3,475)
(Increase) in debtors	(319,141)	(455,609)
(Decrease)/Increase in creditors	(1,101)	280,894
Write-off of fixed assets	18,866	5,563
Net cash inflow from operating activities	348,665	276,427

ABU DHABI MARINE AREAS LIMITED
NOTES TO THE ACCOUNTS CONTINUED
AT 31 DECEMBER 2012

16 Analysis of changes in Net Debt

	At 1 January 2012	Cash flow	At 31 December 2012
Cash at bank and in hand	7,287	(7,242)	45
Shareholders' advances	(541,677)	0	(541,677)
Long-term loans	(270,830)	0	(270,830)
	<u>(805,220)</u>	<u>(7,242)</u>	<u>(812,462)</u>

Shareholders' advances and long-term bank loans are used to fund the company's operations in Abu Dhabi and amounts due by the company are set out in note 12

17 Related Parties

	TOTAL S A	BP-JODCO	BPX	JODCO
Transactions during the year	\$000	\$000	\$000	\$000
Turnover				
Oil sales (a)	1,041,933	2,062,102	1,133,702	928,400
Cost of sales				
Administrative charges (b)	846	908	484	424
Amounts due from/(to)				
Oil sales	388,322	817,078	437,328	379,750
Administrative charges	(578)	(263)	(192)	(71)

The company's shareholders comprise TOTAL S A ('TOTAL') 33.3%, and BP-JODCO, a joint venture company between BP Exploration Company Limited ('BPX'), 36.7%, and Japan Oil Development Company Limited ('JODCO'), 30%

- a) The company's turnover is derived from the sale of crude oil to the shareholder groups, or their subsidiaries, listed above. The invoiced sales are in proportion to the quantity of crude lifted, which is in line with the percentage shareholdings.
- b) The company's shareholders second staff to the company and the cost to the company of these secondees is included in Administration expenses. In addition BPX provides legal and other administrative support to the company, the cost of which in 2012 was \$102,584 (2011 - \$100,513)