BP KUWAIT LIMITED
(Registered No 00284323)

ANNUAL REPORT AND ACCOUNTS 2011

Board of Directors J H Bartlett
R C Harrington

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2011

Results and dividends

The loss for the year after taxation was $649,000 which, when added to the retained deficit brought forward at 1 January 2011 of $6,352,000, gives a total retained deficit carried forward at 31 December 2011 of $7,001,000

The company has not declared any dividends during the year (2010 $Nil) The directors do not propose the payment of a dividend

Principal activity and review of the business

BP Kuwait Limited (the "company") provided technical and managerial advice and assistance in re-developing Kuwait's oil production operations through a technical services agreement signed with the Kuwait Oil Company in 1992 (the "Agreement") The Agreement expired on 30 November 2008 and the company has not undertaken any further business activities since that date Accordingly, the company did not have any turnover during the current year Negotiations to obtain new contracts with Kuwait Oil Company are in progress

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

	2011	2010	Variance
	$000	$000	%
Loss after taxation	(649)	(346)	(88)
Shareholders' funds	846	1,495	(43)

	2011	2010	Variance
	%	%	
Current assets as % of current liabilities (quick ratio)	234	124	111

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 and the potential impact of their occurrence on the business, financial condition and results of operations for the company

BP KUWAIT LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Company level risks have been categorised against the following areas strategic, compliance and control and financial risk management In addition, we have also set out a further category of risk for your attention 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 material adverse impact on BP as a group, and consequently may also have an adverse impact on BP Kuwait 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 recognized charges totalling $40 9 billion in 2010 and a credit of $3 7 billion in 2011 as a result of the Incident The total amounts that will ultimately be paid by BP in relation to all obligations relating to the Incident are subject to significant uncertainty and the ultimate exposure and cost to BP will be dependent on many factors Furthermore, the amount of claims that become payable by BP, the amount of fines ultimately levied on BP (including any potential determination of BP's negligence or gross negligence), the outcome of litigation, and any costs arising from any longer-term environmental consequences of the oil spill, will also impact upon the ultimate cost for BP Although the provision recognized is the current best estimate of expenditures required to settle certain present obligations at the end of the reporting period, there are future expenditures for which it is not possible to measure the obligation reliably 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 2011

Strategic risks

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 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 company's operations, causing its development activities to be curtailed or terminated, or its production to decline, and could cause it to incur additional costs

BP KUWAIT LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Compliance and control risks

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 renewed values, which were launched in 2011, 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 our 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 we operate), 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

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

Financial risk management

The main financial risk faced by the company through its normal business activities is foreign currency exchange risk. The management of this financial risk 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

Foreign currency exchange risk
Fluctuations in foreign exchange rates can have significant effects on the company's reported results The company's financial assets and liabilities give rise to transactional currency exposures Such exposures arise from transactions in a currency other than the company's functional currency The management of such risks is performed at BP group level BP's foreign exchange management policy is to minimise economic and significant transactional exposures arising from currency movements against the US dollar The group co-ordinates the handling of foreign exchange risks centrally, by netting off naturally occurring opposite exposures wherever possible and then dealing with any material residual foreign exchange risks For highly probable forecast capital expenditures the group locks in the US dollar cost of non US dollar supplies by using currency forwards and futures

Crude oil prices are generally set in US dollars, while sales of refined products may be in a variety of currencies Fluctuations in exchange rates can therefore give rise to foreign exchange exposures, with a consequent impact on underlying costs and revenues

BP KUWAIT LIMITED

REPORT OF THE DIRECTORS

Going concern

The directors consider that, despite the uncertainties deriving from the current economic environment and the loss reported for the year, the company has adequate resources to continue in operational existence for the foreseeable future

Directors

The present directors are listed on page 1

There have been no director appointments or resignations since 1 January 2011

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 nil

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

BP KUWAIT 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 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

6 SEPTEMBER 2012

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP KUWAIT 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 KUWAIT LIMITED

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

We have audited the financial statements of BP Kuwait Limited for the year ended 31 December 2011 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 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 6, 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 2011 and of its loss 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

Jacqueline Ann Geary (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London
13 September 2012

BP KUWAIT LIMITED

ACCOUNTING POLICIES

Accounting standards

The financial statements of BP Kuwait Limited were approved for issue by the Board of Directors on 5 September 2012

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 the Financial Reporting Standard No. 1 (Revised), whereby it is not required to publish its own cash flow statement

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

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 and any costs directly attributable to bringing the asset into operation The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset

Tangible assets are depreciated on the straight line method over their estimated useful lives

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

ACCOUNTING POLICIES

Impairment of 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

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, 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

Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the company Deferred bonus arrangements that have a vesting date more than 12 months after the period end are valued on an actuarial basis using the projected unit credit method and amortised on a straight line basis over the service period until the award vests

BP KUWAIT LIMITED

ACCOUNTING POLICIES

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

BP KUWAIT LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011	2010
		$000	$000
Administration expenses		(656)	(1,105)
Other income		-	757
Loss on ordinary activities before interest and taxation	**1**	(656)	(348)
Interest receivable and similar income	**3**	7	2
Loss before taxation		(649)	(346)
Taxation	**4**	-	-
Loss for the year		(649)	(346)

The loss of $649,000 for the year ended 31 December 2011 has derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2011

There are no recognised gains or losses attributable to the shareholders of the company other than the loss of $649,000 for the year ended 31 December 2011 (2010 loss of $346,000)

BP KUWAIT LIMITED
(Registered No 00284323)

BALANCE SHEET AT 31 DECEMBER 2011

	Note	2011 $000	2010 $000
Fixed assets			
Tangible assets	**6**	15	77
Current assets			
Debtors	**7**	1,867	8,175
Cash at bank and in hand		136	507
		2,003	8,682
Creditors: amounts falling due within one year	**8**	(855)	(7,028)
Net current assets		1,148	1,654
TOTAL ASSETS LESS CURRENT LIABILITIES		1,163	1,731
Other provisions	**10**	(317)	(236)
NET ASSETS		846	1,495
Represented by			
Capital and reserves			
Called up share capital	**11**	4,940	4,940
Other Reserves	**12**	2,907	2,907
Profit and loss account	**12**	(7,001)	(6,352)
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		846	1,495

On behalf of the Board

R C Harrington
Director
6 SEPTEMBER 2012

BP KUWAIT LIMITED

NOTES TO THE ACCOUNTS

1. Loss on ordinary activities before interest and taxation

This is stated after charging / (crediting)

	2011	2010
	$000	$000
Hire charges under operating leases		
Land & buildings	222	228
Other	11	11
Currency exchange (gains) and losses	47	(285)
Depreciation of owned fixed assets	61	58

2. Auditor's remuneration

	2011	2010
	$000	$000
Fees for the audit of the company	22	12

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 Kuwait Limited's ultimate parent, BP p l c , are required to disclose non-audit fees on a consolidated basis

3. Interest receivable and similar income

	2011	2010
	$000	$000
Interest income from group undertakings	7	2
	7	2

4. 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 loss before taxation

	2011	2010
	$000	$000
Loss before taxation	(649)	(346)
Current taxation	-	-
Effective current tax rate	0%	0%

4. Taxation (continued)

	2011	2010
	%	%
UK statutory corporation tax rate	26	28
Increase / (decrease) resulting from		
Fixed asset timing differences	(1)	-
Other timing differences	(3)	18
Non-deductible expenditure / non-taxable income	(1)	(1)
Transfer pricing difference	6	25
Free group relief	(27)	(70)
Effective current tax rate	-	-

5. 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 (2010 $Nil)

(b) Employee costs

	2011	2010
	$000	$000
Wages and salaries	105	84
Social security costs	14	31
Share based payment charge	6	6
	125	121

(c) The average monthly number of employees during the year was 5 (2010 5), all employees are based in the Non-UK geographic area

6. Tangible assets

	Fixtures & fittings	Vehicles	Computer equipment	Total
Cost	$000	$000	$000	$000
At 1 January 2011 and 31 December 2011	224	103	139	466
Depreciation and impairment				
At 1 January 2011	204	77	108	389
Charge for the year	20	26	16	61
At 31 December 2011	224	103	124	451
Net book value				
At 31 December 2011	-	-	15	15
At 31 December 2010	20	26	31	77
Principal rates of Depreciation	12 5%-25%	33%	25%	

7. Debtors

	2011 Within 1 year $000	2010 Within 1 year $000
Amounts owed by group undertakings	1,756	7,919
Other debtors	111	233
Prepayments and accrued income	-	23
	1,867	8,175

8. Creditors

	2011 Within 1 year $000	2010 Within 1 year $000
Amounts owed to group undertakings	10	5,511
Other creditors	400	376
Accruals and deferred income	445	1,141
	855	7,028

9. Obligations under leases

Annual commitments under non-cancellable operating leases are set out below

	2011 Land & buildings $000	2011 Other $000	2010 Land & buildings $000	2010 Other $000
Operating leases which expire				
Within 1 year	87	2	-	-
Between 2 to 5 years	185	44	185	22

10. Other provisions

	2011 $000
At 1 January 2011	236
New or increased provisions	81
At 31 December 2011	317

11. Called up share capital

	2011	2010
	$000	$000
Allotted and called up		
250,000 ordinary shares of £1 each translated at the 31 December 1991 rate of US $1 87 each	467	467
630,260 ordinary shares of £1 each translated at the 26 October 2005 rate of US $1.77 each	1,116	1,116
630,950 ordinary shares of £1 each translated at the 22 June 2007 rate of US $1 97 each	1,246	1,246
1,322,796 ordinary shares of £1 each translated at the 28 July 2010 rate of US $1 60 each	2,111	2,111
	4,940	4,940

12. Capital and reserves

	Called up share capital	Other reserves	Profit and loss account	Total
	$000	$000	$000	$000
At 1 January 2011	4,940	2,907	(6,352)	1,495
Loss for the year	-	-	(649)	(649)
At 31 December 2011	4,940	2,907	(7,001)	846

13. Reconciliation of movements in shareholders' funds

	2011	2010
	$000	$000
Loss for the year	(649)	(346)
Issue of ordinary share capital	-	2,111
Net increase / (decrease) in shareholders' funds	(649)	1,765
Shareholders' funds / (deficit) at 1 January	1,495	(270)
Shareholders' funds at 31 December	846	1,495

14. Guarantees and other financial commitments

The company has issued guarantee to the Kuwait Ministry of Communications under which amount outstanding at 31 December 2011 was $53,976 (KD 15,000) The guarantee is currently valid until 30 June 2013.

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 entered into with group companies At 31 December 2010 the company had an amount payable to Kuwait Oil Company Limited, a Joint Venture between BP Exploration Company Limited, a BP group company, and Gulf Kuwait Company Limited In 2011 the loan was settled There were no other related party transactions in the year

Related party	Description	Amounts owed to related party
		$000
Kuwait Oil Company Limited	Loan	
2011		-
2010		5,498

16. Comparative figures

Certain prior year figures have been reclassified to conform with the 2011 presentation This had no impact on the loss for the year or net assets

17. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking of this company is BP Exploration Operating Company Limited, a company registered in England and Wales The ultimate controlling 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's Square, London, SW1Y 4PD