

BP MARINE LIMITED
(Registered No. 1214291)

ANNUAL REPORT AND ACCOUNTS 2003

Board of Directors: K.L. James
G F Whitely

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2003.

Principal activity

BP Marine Limited provides back office support services to the international marine business of the BP group. It is the intention of the directors that the above business of the company will continue for the foreseeable future.

Results and dividends

The profit for the year after taxation was US\$ 1,296,571 (2002 Profit; \$910,240). The directors do not recommend the payment of a dividend.

Directors

Mr K.L. James and Mr D.A.J. Baldry served as directors throughout the financial year. Changes since 1 January 2003 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
D A J Baldry		1 May 2004
G F Whitely	1 May 2004	

Directors' interests

The interests of the directors holding office at 31 December 2003 and their families, in the US \$0.25 ordinary shares of BP p.l.c., were as set out below:

	<u>31 December 2003</u>	<u>1 January 2003</u>
K.L. James	10,590*	10,590*
D.A.J. Baldry	84,080	68,502

*These holdings include shares held in the form of ADRs (American Depositary Receipts).

In addition, rights to subscribe for US \$0.25 ordinary shares in BP p.l.c. were granted to, or exercised by, those directors between 1 January 2003 and 31 December 2003 as follows:

	<u>Granted</u>	<u>Exercised</u>
K L James	53,220	none
D.A.J. Baldry	107,000	4,642



BP MARINE LIMITED

REPORT OF THE DIRECTORS

Directors' interests (continued)

No director had any interest in the shares or debentures of subsidiary undertakings of BP p.l.c. at 31 December 2003.

Policy and practice with respect to payment of suppliers

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

The number of days' purchases represented by trade creditors at the year-end was 11.

Post balance sheet event

On 27 October 2004 the authorised share capital was increased from 100 ordinary shares of £1 each to 100,000,000 ordinary shares of £1 each. 4,719,862 ordinary shares were issued on 27 October 2004 to the immediate parent company at par value.

Auditors

Ernst & Young LLP will continue in office as the company's auditor in accordance with the elective resolution passed by the company under Section 386 of the Companies Act 1985.

By order of the Board



Secretary
27th October 2004

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP

BP MARINE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF
BP MARINE LIMITED

We have audited the accounts for the year ended 31 December 2003 which comprise Accounting Policies, Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 14. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

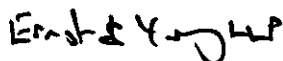
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2003 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Luton.

29 October 2004

BP MARINE 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.

Going concern

At 31 December 2003, the company's balance sheet had net liabilities amounting to \$8.5m. The directors consider it appropriate to prepare the accounts on a going concern basis because on 27 October 2004 the company issued 4,719,862 ordinary £1 shares at par value, in consideration for settling intercompany balances amounting to \$8.5m.

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 currencies

Transactions in currencies other than US Dollars are recorded at the rate ruling at the date of the transaction. Assets and liabilities in currencies other than US Dollars are translated into US Dollars at closing rates of exchange. All exchange gains and losses on settlement or translation at closing rates of exchange of monetary assets and liabilities are included in the determination of profit/loss for the year.

Depreciation

Tangible fixed assets are depreciated on the straight line method over their estimated useful lives as stated below.

	Freehold property	Plant & machinery	Computer & office equipment
Depreciation rates per annum	12.5%	10% - 33%	20%-33%

The company undertakes a review for impairment of a fixed asset if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

BP MARINE LIMITED

ACCOUNTING POLICIES (continued)

Deferred tax

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

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

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

BP MARINE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003

		<u>2003</u>	<u>2002</u>
	Notes	\$	\$
Turnover	1	53,545,166	45,516,658
Administrative expenses		<u>(51,460,092)</u>	<u>(43,471,330)</u>
Operating profit	2	<u>2,085,074</u>	<u>2,045,328</u>
Interest payable and similar charges	3	<u>(788,503)</u>	<u>(1,135,088)</u>
Profit before taxation		<u>1,296,571</u>	<u>910,240</u>
Taxation	4	—	—
Profit retained for the financial year	10	<u>1,296,571</u>	<u>910,240</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2003

There are no recognised gains or losses attributable to the shareholders of the company other than the profit of US\$ 1,296,571 for the year ended 31 December 2003 (2002 US\$ 910,240).

BP MARINE LIMITED

BALANCE SHEET AT 31 DECEMBER 2003

	Note	<u>2003</u> \$	<u>2002</u> \$
Fixed assets			
Tangible assets	6	<u>3,998,854</u>	<u>4,710,165</u>
Current assets			
Debtors	7	197,794,593	180,359,227
Cash at bank and in hand		<u>1,194</u>	<u>-</u>
		197,795,787	180,359,227
Creditors – amounts falling due within one year	8	<u>(210,310,954)</u>	<u>(194,882,276)</u>
Net current liabilities		<u>(12,515,167)</u>	<u>(14,523,049)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(8,516,313)</u>	<u>(9,812,884)</u>
Represented by			
Capital and reserves			
Called up share capital	9	187	187
Profit and loss account - deficit	10	<u>(8,516,500)</u>	<u>(9,813,071)</u>
SHAREHOLDERS' FUNDS – EQUITY INTERESTS	10	<u>(8,516,313)</u>	<u>(9,812,884)</u>



Director

27th October 2004

BP MARINE LIMITED
NOTES TO THE ACCOUNTS

1. Turnover

Turnover represents reimbursed costs and service fees from BP group companies. All turnover arose as a result of reimbursement for services provided and costs incurred in the U.K. and is stated net of value added tax.

2. Operating profit

This is stated after charging:

	<u>2003</u>	<u>2002</u>
	\$	\$
Depreciation of owned fixed assets	2,595,543	2,506,409
Auditors' remuneration:		
Audit fees	54,573	52,984
Foreign exchange loss	774,129	469,732
	<u> </u>	<u> </u>

3. Interest payable and similar charges

	<u>2003</u>	<u>2002</u>
	\$	\$
Group interest payable	788,503	1,135,088
	<u> </u>	<u> </u>

BP MARINE LIMITED

NOTES TO THE ACCOUNTS (continued)

4. Taxation

The Company is a member of a group for the purposes of relief under Section 402 of the Income & Corporation Taxes Act 1988. 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.

	<u>2003</u>	<u>2002</u>
	\$	\$
Profit before taxation	1,296,571	910,240
Current taxation	-	-
Effective current tax rate	0%	0%
	<u>2003</u>	<u>2002</u>
	%	%
UK statutory corporation tax rate	30	30
Increase/(decrease) resulting from:		
Timing Differences	(13)	96
Non deductible expenditure/Non taxed income	8	84
Group relief	(25)	(210)
Effective current tax rate	<u>-</u>	<u>-</u>

5. Directors and employees

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2002 \$Nil).

The company does not directly employ any staff.

BP MARINE LIMITED

NOTES TO THE ACCOUNTS (continued)

6. Tangible assets

	<u>Freehold prc</u>	<u>Plant& machinery</u>	<u>Computer/ Office equipment</u>	<u>Total</u>
	\$	\$	\$	\$
Cost				
At 1 January 2003	132,602	2,352,890	7,626,300	10,111,792
Additions	-	1,559,522	472,881	2,032,403
Transfers	-	-	(148,171)	(148,171)
At 31 December 2003	<u>132,602</u>	<u>3,912,412</u>	<u>7,951,010</u>	<u>11,996,024</u>
Depreciation				
At 1 January 2003	132,602	1,604,397	3,664,628	5,401,627
Charge for the year	-	492,902	2,102,641	2,595,543
At 31 December 2003	<u>132,602</u>	<u>2,097,299</u>	<u>5,767,269</u>	<u>7,997,170</u>
Net book amount				
At 31 December 2003	<u>-</u>	<u>1,815,113</u>	<u>2,183,741</u>	<u>3,998,854</u>
At 1 January 2003	<u>-</u>	<u>748,493</u>	<u>3,961,672</u>	<u>4,710,165</u>

7. Debtors

	<u>2003</u>	<u>2002</u>
	\$	\$
Trade debtors	126,149,473	116,647,526
Amounts owed by group undertakings	21,641,705	14,288,624
Prepayments and accrued income	13,678,655	5,666,950
Other debtors	36,324,760	43,756,127
	<u>197,794,593</u>	<u>180,359,227</u>

Trade debtors represent amounts recoverable from third parties on the behalf of other BP group companies.

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BP MARINE LIMITED

NOTES TO THE ACCOUNTS (continued)

8. Creditors - amounts falling due within one year

	<u>2003</u>	<u>2002</u>
	\$	\$
Trade creditors	21,896,523	31,206,595
Amounts owed to group undertakings	181,786,956	159,550,979
Accruals and deferred income	6,627,475	4,124,702
	<u>210,310,954</u>	<u>194,882,276</u>

9. Called up share capital

	<u>2003</u>	<u>2002</u>
	\$	\$
Authorised, allotted, called up and fully paid:		
100 ordinary shares of £1 each		
Translated at the 31 December 1991	187	187
Exchange rate of US\$1.87 = £1.	<u>187</u>	<u>187</u>

10. Reconciliation of shareholders' funds and movements on reserves

	<u>Equity share</u> <u>capital</u>	<u>Profit and loss</u> <u>Account</u>	<u>Total</u>
	\$	\$	\$
At 1 January 2003	187	(9,813,071)	(9,812,884)
Profit for the year	-	1,296,571	1,296,571
	<u>187</u>	<u>(8,516,500)</u>	<u>(8,516,313)</u>
At 31 December 2003	<u>187</u>	<u>(8,516,500)</u>	<u>(8,516,313)</u>

11. Pensions

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

BP MARINE LIMITED

NOTES TO THE ACCOUNTS (continued)

12. 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.

13. Ultimate parent undertaking

The ultimate parent undertaking of the group of undertakings for which group accounts are drawn up, and of which the company is a member, is BP p.l.c., 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. In the director's opinion, BP p.l.c. is the company's controlling party.

14. Post balance sheet event

On 27 October 2004 the authorised share capital was increased from 100 ordinary shares of £1 each to 100,000,000 ordinary shares of £1 each. 4,719,862 ordinary shares were issued on 27 October 2004 to the immediate parent company at par value.