

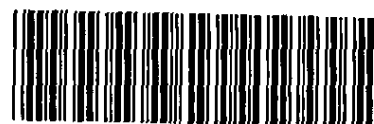
BP CHEMICALS INVESTMENTS LIMITED

(Registered No 304682)

ANNUAL REPORT AND ACCOUNTS 2006

Board of Directors · R M Stott
R Fezzani
G Moeyens
F.W.M Starkie

THURSDAY



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COMPANIES HOUSE

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2006

Principal activity

The company acts as an intermediate holding company, holding certain investments in Far Eastern chemicals companies

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

Review of activities and future developments

The company has had a satisfactory year and the directors believe that the trend will continue

In November 2006 ownership of BP Chemicals Plastech GmbH, a dormant, but loss making company, was transferred to Deutsche BP AG at a loss of £5,873,000.

The company is in a good position to take advantage of any opportunities which may arise in the future

Results

The profit for the year after tax is £238,928,000, when added to the retained deficit brought forward at 1 January 2006 of £26,315,000, less the 2006 dividend of £192,000,000 paid during the year, gives a total retained profit carried forward at 31 December 2006 of £20,613,000.

Directors

The present directors are listed on page 1

The changes since 1 January 2006 were as follows;

| | <u>Appointed</u> | <u>Resigned</u> |
|---------------|------------------|-----------------|
| N R Elmslie | | 1 August 2006 |
| S K Welch | | 1 August 2006 |
| G Moeyens | 1 August 2006 | |
| R Fezzani | 1 August 2006 | |
| F W M Starkie | 1 July 2007 | |

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 309 of the Companies Act, 1985

BP CHEMICALS INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

Risks

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.

Company level risks have been identified and classified in three categories: inherent, enduring and financial.

Inherent risks

There are a number of risks that arise as a result of the business climate, which are not directly controllable.

Competition risk

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.

Price risk

Oil, gas and product prices are subject to international supply and demand. Political developments (especially in the Middle East) and the outcome of meetings of OPEC can particularly affect world supply and oil prices. In addition to the adverse effect on revenues, margins and profitability from any future fall in oil and natural gas prices, a prolonged period of low prices or other indicators would lead to a review for impairment of the group's oil and natural gas properties. This review would reflect management's view of long-term oil and natural gas prices. Such a review could result in a charge for impairment that could have a significant effect on the group's results of operations in the period in which it occurs.

Regulatory risk

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 protection controls, controls over the development and decommissioning of a field (including restrictions on production) and, possibly, nationalization, expropriation, cancellation or non-renewal of contract rights. 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, we could be required to curtail or cease certain operations, causing our production to decrease, or we could incur additional costs.

Developing country risk

The company has operations in developing countries where political, economic and social transition is taking place. Some countries have experienced political instability, expropriation or nationalization of property, civil strife, strikes, acts of war and insurrections. Any of these conditions occurring could disrupt or terminate our operations, causing our development activities to be curtailed or terminated in these areas or our production to decline and could cause us to incur additional costs.

BP CHEMICALS INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

Enduring risks

The company sets high standards of corporate citizenship and aspires to contribute to a better quality of life through the products and services it provides. This may create risks to reputation if it is perceived that actions are not aligned to these standards and aspirations.

Environmental risk

The company seeks to conduct its activities in such a manner that there is no or minimal damage to the environment. Risk could arise if the company does not apply its resources to overcome the perceived trade-off between global access to energy and the protection or improvement of the natural environment.

Compliance risk

Incidents of non-compliance with applicable laws and regulation or ethical misconduct could be damaging to the company's reputation. Inherent in the company's operations are hazards that require continual oversight and control. If operational risks materialized, loss of life, damage to the environment or loss of production could result.

Financial Risk Management

The main financial risks faced by the company through its normal business activities are market risk, currency risk, credit risk and liquidity risk. The management of these financial risks is performed at a group (BP plc Group) level.

Market risk

Market risk is the possibility that changes in currency exchange rates, interest rates or oil, natural gas and power prices will adversely affect the value of the group's financial assets, liabilities or expected future cash flows. The management of such risks is performed at BP Group level. The group has developed policies aimed at managing the market risk inherent in its natural business activities and, in accordance with these policies, the group enters into various transactions using derivative financial and commodity instruments (derivatives). Derivatives are contracts whose value is derived from one or more underlying financial instruments, indices or prices that are defined in the contract. The group also trades derivatives in conjunction with these risk management activities.

Currency risk

Fluctuations in exchange rates can have significant effects on the company's reported profit. 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 minimize 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 to reduce the risks, and then dealing with any material residual foreign exchange risks. Significant residual non-dollar exposures are managed using a range of derivatives.

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.

BP CHEMICALS INVESTMENTS 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



Secretary

14 August 2007

Registered Office:

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP

BP CHEMICALS INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the accounts in accordance with applicable United Kingdom law and United Kingdom generally accepted accounting practice

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

- To select suitable accounting policies and then apply them consistently;
- To make judgements and estimates that are reasonable and prudent,
- To state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts,
- To prepare the accounts 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 disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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

BP CHEMICALS INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BP CHEMICALS INVESTMENTS LIMITED

We have audited the company's accounts for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the accounting policies and the related notes 1 to 15. These accounts have been prepared under 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 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

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the accounts.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited accounts. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the accounts.

Ernst & Young LLP
Ernst & Young LLP

Registered auditor

London

15 August 2007

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

Group accounts

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 228(1) of the Companies Act 1985. The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking, BP p l.c , a company registered in England and Wales. The accounts present information about the company as an individual undertaking and not about the group

Dividend income

Dividend income from investments is recognised when the shareholders' right to receive the payment is established

Foreign currency transactions

Assets and liabilities of foreign currency branches 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 dealt with in reserves.

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

Interest

Interest is capitalised gross of related tax relief during the period of construction where it relates either to the financing of major projects with long periods of development or to dedicated financing of other projects. All other interest is charged against income in the year in which it is incurred.

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

BP CHEMICALS INVESTMENTS LIMITED

ACCOUNTING POLICIES

Fixed asset investments

Fixed asset investments in subsidiaries, joint ventures and associates are included in the accounts at cost. The company assess 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.

BP CHEMICALS INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006

| | | <u>2006</u> | <u>2005</u> |
|--|-------------|-------------|-------------|
| | Note | £000 | £000 |
| Dividend Income | | 248,354 | 22,184 |
| Administration expenses | 1 | 414 | (3,454) |
| Operating Profit | 2 | 248,768 | 18,730 |
| Loss on disposal / transfer of fixed asset investment | 3 | (5,873) | - |
| Amount provided against fixed assets investment | 3 | - | (989) |
| Profit on ordinary activities before interest and tax | | 242,895 | 17,741 |
| Interest Payable & Similar Charges | 4 | (3,967) | (3,549) |
| Profit before taxation | | 238,928 | 14,192 |
| Taxation | 5 | - | - |
| Profit for the year | | 238,928 | 14,192 |

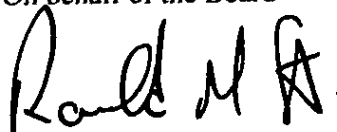
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2006

There are no recognised gains or losses attributable to the shareholders of the company other than the profit of £238,928,000 for the year ended 31 December 2006 (2005 profit of £14,192,000).

BP CHEMICALS INVESTMENTS LIMITED**BALANCE SHEET AT 31 DECEMBER 2006**

| | Note | <u>2006</u> £000 | <u>2005</u> £000 |
|---|------|---------------------|---------------------|
| Fixed assets | | | |
| Investments | 7 | 78,894 | 106,281 |
| Current assets | | | |
| Debtors | 8 | 304 | - |
| Creditors: amounts falling due within one year | 9 | (21,463) | (95,474) |
| Net current liabilities | | <u>(21,159)</u> | <u>(95,474)</u> |
| NET ASSETS | | <u>57,735</u> | <u>10,807</u> |
| Represented by | | | |
| Capital and reserves | | | |
| Called up share capital | 10 | 37,122 | 37,122 |
| Profit and loss account | 11 | <u>20,613</u> | <u>(26,315)</u> |
| SHAREHOLDERS' FUNDS - EQUITY INTERESTS | | <u>57,735</u> | <u>10,807</u> |

On behalf of the Board



Director

14 August 2007

BP CHEMICALS INVESTMENTS LIMITED

NOTES TO ACCOUNTS

1. Auditor's remuneration

| | <u>2006</u> | <u>2005</u> |
|-----------------------------------|-------------|-------------|
| | <u>£000</u> | <u>£000</u> |
| Fees for the audit of the company | <u>7</u> | <u>9</u> |

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 Chemicals Investments Limited's ultimate parent, BP plc, disclose non-audit fees on a consolidated basis

In 2005 the fees were borne by another group company

2. Operating profit / (loss)

This is stated after charging / (crediting)

| | <u>2006</u> | <u>2005</u> |
|--|--------------|--------------|
| | <u>£000</u> | <u>£000</u> |
| Exchange loss/ (gain) on foreign currency borrowings less deposits | <u>(966)</u> | <u>3,454</u> |

3. Exceptional Item

| | <u>2006</u> | <u>2005</u> |
|---|----------------|--------------|
| | <u>£000</u> | <u>£000</u> |
| Loss on disposal / transfer of fixed asset investment | (5,873) | - |
| Amount provided against fixed assets investment | - | (989) |
| | <u>(5,873)</u> | <u>(989)</u> |

In November 2006 ownership of BP Chemicals Plastech GmbH, a dormant, but loss making company, was transferred to Deutsche BP AG at a loss of £5,873,000

4. Interest Payable and similar charges

| | <u>2006</u> | <u>2005</u> |
|---|----------------|----------------|
| | <u>£000</u> | <u>£000</u> |
| Loans from fellow subsidiary undertakings | (3,967) | (3,549) |
| | <u>(3,967)</u> | <u>(3,549)</u> |

BP CHEMICALS INVESTMENTS LIMITED

NOTES TO ACCOUNTS

5. 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>2006</u> | <u>2005</u> |
|----------------------------|-------------|-------------|
| | £000 | £000 |
| Profit before taxation | 238,928 | 14,192 |
| Current taxation | - | - |
| Effective current tax rate | 0% | 0% |

| | <u>2006</u> | <u>2005</u> |
|---|-------------|-------------|
| | % | % |
| UK statutory corporation tax rate | 30 | 30 |
| Increase / (decrease) resulting from | | |
| Non deductible expenditure / non taxed income | (27) | 2 |
| Double tax relief | (1) | - |
| Group relief | (2) | (32) |
| Effective current tax rate | <u>-</u> | <u>-</u> |

BP CHEMICALS INVESTMENTS LIMITED

NOTES TO ACCOUNTS

6. Directors and employees

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2005 £Nil)

The company had no employees during the year (2005 Nil).

7. Fixed assets – investments

| | Subsidiary Under Shares | Joint ventures Shares | Assoc Under Shares | Total |
|-------------------------|-------------------------------|-----------------------------|--------------------------|----------------|
| Cost | £000 | £000 | £000 | £000 |
| At 1 January 2006 | 57,385 | 49,670 | 11,527 | 118,582 |
| Exchange Adjustments | | (4,095) | (3,947) | (8,042) |
| Transfers | (31,546) | | | (31,546) |
| At 31 December 2006 | <u>25,839</u> | <u>45,575</u> | <u>7,580</u> | <u>78,994</u> |
| Amounts provided | | | | |
| At 1 January 2006 | (12,301) | - | - | (12,301) |
| Transfers | 12,201 | | | 12,201 |
| At 31 December 2006 | <u>(100)</u> | <u>-</u> | <u>-</u> | <u>(100)</u> |
| Net book amount | | | | |
| At 31 December 2006 | <u>25,739</u> | <u>45,575</u> | <u>7,580</u> | <u>78,894</u> |
| At 31 December 2005 | <u>45,084</u> | <u>49,670</u> | <u>11,527</u> | <u>106,281</u> |

The investments in the joint venture are unlisted

In November 2006 ownership of BP Chemicals Plastech GmbH, a dormant, but loss making company, was transferred to Deutsche BP AG at a loss of £5,873,000.

In June 2006 BP Chemicals (Ireland) Ltd ceased trading, it is planned that the company will be liquidated in 2007.

In the opinion of the directors, the value of the shares and loans in the company's subsidiary and associated undertakings is not less than the amount at which they are shown in the balance sheet.

The subsidiary undertakings, associated undertakings and joint ventures of the company at 31 December 2006 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.

BP CHEMICALS INVESTMENTS LIMITED

NOTES TO ACCOUNTS

7. Fixed assets – investments (continued)

| Subsidiary Undertakings | % | Country of Incorporation | | Principal activity |
|-------------------------------|-----|-----------------------------|----------------------|----------------------|
| BP Chemicals Trading Ltd | 100 | England and Wales | | Chemicals |
| BP Chemicals (Ireland) | 100 | England and Wales | | Chemicals |
| BP Chemicals Ltd | 100 | England and Wales | | Chemicals |
| Associated Undertakings | % | Country of incorporation | Issued Share capital | Principal activity |
| Ethylene Malaysia Sdn Bhd | 15 | Malaysia | 52,500 | Chemicals |
| Joint Ventures | % | Principal place of business | | Principal activities |
| Yangzte River Acetyls Co Ltd | 51 | China | | Chemicals |
| Polyethylene Malaysia Sdn Bhd | 60 | Malaysia | | Chemicals |
| BP-YPC Acetyls Company Ltd | 50 | China | | Chemicals |

8. Debtors

| | <u>2006</u> | <u>2005</u> |
|---|-------------|-------------|
| | Within | Within |
| | 1 year | 1 year |
| | £000 | £000 |
| Parent and fellow subsidiary undertakings | 304 | - |
| | <u>304</u> | <u>-</u> |

9. Creditors

| | <u>2006</u> | <u>2005</u> |
|---|---------------|---------------|
| | Within | Within |
| | 1 year | 1 year |
| | £000 | £000 |
| Parent and fellow subsidiary undertakings | 21,463 | 95,474 |
| | <u>21,463</u> | <u>95,474</u> |

BP CHEMICALS INVESTMENTS LIMITED**NOTES TO ACCOUNTS****10. Called up share capital**

| | <u>2006</u> | <u>2005</u> |
|---------------------------------------|---------------|---------------|
| | £000 | £000 |
| Authorised share capital. | | |
| 37,300,000 Ordinary shares of £1 each | 37,300 | 37,300 |
| Allotted, called up and fully paid | 37,122 | 37,122 |
| 37,122,000 Ordinary shares of £1 each | <u>37,122</u> | <u>37,122</u> |

11. Capital and reserves

| | Equity share capital | Profit and loss account | Total |
|--|----------------------------|-------------------------------|---------------|
| | £000 | £000 | £000 |
| At 1 January 2006 | 37,122 | (26,315) | 10,807 |
| Profit for the year | - | 238,928 | 238,928 |
| Dividends per ordinary share – current year final | - | (192,000) | (192,000) |
| At 31 December 2006 | <u>37,122</u> | <u>20,613</u> | <u>57,735</u> |

12. Reconciliation of movements in shareholders' funds

| | <u>2006</u> | <u>2005</u> |
|--|---------------|---------------|
| | £000 | £000 |
| Profit for the year | 238,928 | 14,192 |
| Dividends per ordinary share – current year interim paid | (192,000) | - |
| Net increase in shareholders' interests | 46,928 | 14,192 |
| Shareholders' interest at 1 January | 10,807 | (3,385) |
| Shareholders' interest at 31 December | <u>57,735</u> | <u>10,807</u> |

13. 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.

14. Pensions

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

BP CHEMICALS INVESTMENTS LIMITED

NOTES TO ACCOUNTS

15. Immediate and ultimate parent undertaking

The immediate parent undertaking of this company is BP International Limited, a company registered in England and Wales. 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 plc, a company registered in England and Wales. Copies of BP plc's accounts can be obtained from 1 St James's Square, London, SW1Y 4PD.