

BP KAZAKHSTAN LIMITED

(Registered No 1838589)

ANNUAL REPORT AND ACCOUNTS 2006

Board of Directors R L Paniguan
 J H Bartlett
 J-P L Stalder

REPORT OF THE DIRECTORS

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

Principal activity

The company is involved in the production of petroleum from an interest in the Kimmeridge oil field, onshore in the UK. Overseas, the company is engaged in operating the representative office in Kazakhstan for the BP Group.

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

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 taxation was \$1,633,880 which, when added to the retained profit brought forward at 1 January 2006 of \$37,583,950, and deducting the interim dividend paid during the year of \$20,000,000, gives a total retained profit carried forward at 31 December 2006 of \$19,217,830.

Directors

The present directors are listed above

Mr RL Paniguan and JH Bartlett served as directors throughout the financial year. Changes since 1 January 2006 are as follows.

	<u>Appointed</u>	<u>Resigned</u>
SM Bennett	-	01/11/2006
J-P L Stalder	01/11/2006	-

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BP KAZAKHSTAN LIMITED
REPORT OF THE DIRECTORS

Directors' indemnity

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

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 four categories: delivery, inherent, enduring and financial.

Delivery risks

Delivery risks are those specific to implementing activities contained in the company plan. Successful execution of this plan depends critically on implementing the set of activities described. The most significant risks affecting the company include:

Upstream renewal:

The inability of the company to renew its portfolio and sustain long-term reserves replacement. The challenge is growing due to increasing competition for access to opportunities globally.

Major project delivery

Poor delivery of any major project that underpins production growth and / or a major programme designed to enhance shareholder value.

Portfolio repositioning

The inability to complete planned disposals and / or lack of material positions in new markets (and hence the inability to capture above-average market growth).

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.

BP KAZAKHSTAN LIMITED

REPORT OF THE DIRECTORS

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.

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.

Social responsibility risk

Risk could arise if it is perceived that the company is not respecting or advancing the economic and social progress of the communities in which it operates.

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.

BP KAZAKHSTAN LIMITED

REPORT OF THE DIRECTORS

Drilling and production risk

Exploration and production require high levels of investment and have particular economic risks and opportunities and may often involve innovative technologies. They are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of an oil or natural gas field. The cost of drilling, completing or operating wells is often uncertain. 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.

Technical integrity risk

There is a risk of loss of containment of hydrocarbons and other hazardous material at operating sites, pipelines or during transportation by road, rail or sea.

Security risk

Acts of terrorism that threaten our plants and offices, pipelines, transportation or computer systems would severely disrupt business and operations.

Financial Risk Management

The main financial risks faced by the company through its normal business activities are market risk, credit risk and liquidity risk. The management of these financial risks is performed at a group (BP p.l.c 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.

Oil, natural gas and power prices

BP's trading function uses financial and commodity derivatives as part of the overall optimisation of the value of the group's equity oil production and as part of the associated trading of crude oil, products and related instruments. It also uses financial and commodity derivatives to manage certain of the group's exposures to price fluctuations on natural gas and power transactions.

BP KAZAKHSTAN LIMITED

REPORT OF THE DIRECTORS

Credit risk

Credit risk is the potential exposure of the company to loss in the event of non-performance by a counter party. The management of such risks is performed at BP Group level. The group controls the related credit risk through credit approvals, limits, use of netting arrangements and monitoring procedures. Counterparty credit validation, independent of the dealers, is undertaken before contractual commitment.

Liquidity risk

Liquidity risk is the risk that sources of funding for the company's business activities may not be available. This risk is managed by the BP Group on the company's behalf and as such the company has access to the resources of the group. The group has long-term debt ratings of Aa1 and AA+, assigned respectively by Moody's and Standard & Poor's.

Key performance indicators

The Companies Act requires directors to disclose the company's Key Performance Indicators (KPIs). BP manages its KPIs at a segment and geographical level. As a result the directors have taken the decision not to disclose KPIs in individual subsidiary accounts. The BP Group KPIs are included within the accounts of the ultimate parent undertaking BP plc.

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.

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

19 June 2007

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP

BP KAZAKHSTAN 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 KAZAKHSTAN LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BP KAZAKHSTAN 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 17. 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

20 June 2007

BP KAZAKHSTAN LIMITED

ACCOUNTING POLICIES

Accounting Standards

These accounts are prepared in accordance with applicable UK accounting standards.

In addition to the requirements of accounting standards, the accounting for exploration and production activities is governed by the Statement of Recommended Practice ('SORP') 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities' issued by the UK Oil Industry Accounting Committee on 7 June 2001

These accounts have been prepared in accordance with the provisions of the SORP except that the SORP recommends that oil and gas reserve quantities be disclosed. The company is a wholly owned subsidiary of BP p l c. and, as such, the oil and gas reserve quantities of the company are included in the consolidated oil and gas reserve quantities disclosed in the Annual Report and Accounts of BP p l c. Consequently the directors have elected not to publish this information for the Company

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.

Revenue recognition

Revenues associated with the sale of oil, natural gas liquids, liquefied natural gas, petroleum and chemical products and all other items are recognised when title passes to the customer. Generally, revenues from the production of natural gas and oil properties in which the company has an interest with other producers are recognised on the basis of the company's working interests in those properties (the entitlement method). Differences between the production sold and the company's share of production (under / over lifts) are included as an adjustment to cost of sales

Foreign currency transactions

Assets and liabilities of foreign currency branches are translated into dollars at rates of exchange ruling at the balance sheet date. The profit and loss account is translated into dollars 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 dollars 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.

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 KAZAKHSTAN LIMITED

ACCOUNTING POLICIES

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.

Oil and natural gas properties are depreciated using a unit-of-production method. The cost of producing wells is depreciated over proved developed reserves. Licence acquisition, decommissioning and field development costs are depreciated over total proved reserves. The unit-of-production rate for the depreciation of field development costs takes into account expenditures incurred to date, together with future development expenditure required to access the total proved reserves.

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

Maintenance expenditure

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalised. All maintenance costs are expensed as incurred.

Provisions

Provisions are recognised when the group 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 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.

BP KAZAKHSTAN LIMITED

ACCOUNTING POLICIES

Decommissioning

Provision for decommissioning costs are recognised when the company has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that provision can be made. Where an obligation exists for a new facility, such as oil and natural gas production or transportation facilities, this will be on construction or installation. An obligation for decommissioning may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognised is the present value of the estimated future expenditure determined in accordance with the local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of the production and transportation facilities.

Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

Petroleum revenue tax

The charge for petroleum revenue tax included deferred tax that is recognised in respect of timing differences that have originated, but not reversed at the balance sheet date, to the extent that the deferred tax liability does not exceed the forecast of future petroleum tax liabilities on a field-by-field basis. Deferred petroleum revenue tax is measured on an undiscounted basis on tax rates enacted or substantively enacted at the balance sheet date.

Discounting

The unwinding of the discount on provisions is included within interest expense. Any change in the amount recognised for environmental and other provisions arising through changes in discount rates is included within interest expense.

Use of estimates

The preparation of accounts requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

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.

Comparative figures

Certain prior year figures have been reclassified to conform with the 2006 presentation. This has no impact on the profit and loss or net assets.

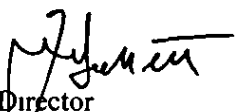
BP KAZAKHSTAN LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 DECEMBER 2006

		<u>2006</u>	<u>2005</u>
	Note	\$	\$
Turnover	1	2,050,344	
Cost of sales		<u>(1,862,702)</u>	<u>488,677</u>
Gross profit		187,642	488,677
Distribution and marketing expenses		(919)	-
Administration expenses		(413,550)	(333,212)
Other interest receivable and similar income	4	<u>1,870,206</u>	<u>6,707,979</u>
Operating profit	2	1,643,379	6,863,444
Interest payable and similar charges	5	<u>(9,499)</u>	<u>(14,175)</u>
Profit before taxation		1,633,880	6,849,269
Taxation	6	-	-
Profit for the year		<u>1,633,880</u>	<u>6,849,269</u>

BP KAZAKHSTAN LIMITED**BALANCE SHEET AT 31 DECEMBER 2006**

	Note	<u>2006</u> \$	<u>2005</u> \$
Fixed assets			
Tangible assets	8	<u>305,153</u>	<u>495,229</u>
Current assets			
Debtors	9	27,625,790	46,627,139
Cash at bank and in hand		<u>39,782</u>	<u>67,708</u>
		<u>27,665,572</u>	<u>46,694,847</u>
Creditors: amounts falling due within one year	10	<u>(8,268,205)</u>	<u>(9,130,935)</u>
Net current assets		<u>19,397,367</u>	<u>37,563,912</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>19,702,520</u>	<u>38,059,141</u>
Provisions for liabilities and charges	11	<u>(484,539)</u>	<u>(475,040)</u>
NET ASSETS		<u>19,217,981</u>	<u>37,584,101</u>
Represented by			
Capital and reserves			
Called up share capital	12	151	151
Profit and loss account	13	<u>19,217,830</u>	<u>37,583,950</u>
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		<u>19,217,981</u>	<u>37,584,101</u>

On behalf of the Board


Director
12 June 2007

BP KAZAKHSTAN LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, customs duties and sales taxes represent amounts invoiced to third parties. Turnover is attributable to one continuing activity, the purchasing and selling of petroleum products in the UK.

2. Operating profit

This is stated after charging / (crediting)

	<u>2006</u>	<u>2005</u>
	\$	\$
Exchange loss/ (gain) on foreign currency borrowings less deposits	9,358	(2,513)
Depreciation of owned fixed assets	190,076	137,659

3. Auditor's remuneration

	<u>2006</u>	<u>2005</u>
	\$	\$
Fees for the audit of the company	15,148	14,153

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 Kazakhstan's parent, BP plc, are required to disclose non-audit fees on a consolidated basis

4. Other interest receivable and similar income

	<u>2006</u>	<u>2005</u>
	\$	\$
Interest income from parent and subsidiary undertakings	1,870,206	6,707,979

5. Interest payable and similar charges

	<u>2006</u>	<u>2005</u>
	\$	\$
Change in discount rate for provisions	-	2,450
Unwinding of discount on provisions	9,499	11,725
Total charged against profit	9,499	14,175

BP KAZAKHSTAN LIMITED

NOTES TO THE ACCOUNTS

6. 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 in respect of the company's oil extraction activity in the UK and UK Continental Shelf because another group company, BP Exploration Operating Company Limited, has undertaken to provide for any current or deferred tax that arises.

In respect of the company's other activities, 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>
	\$	\$
Profit before taxation	1,633,880	6,849,269
Current taxation		-
Effective current tax rate	0 %	0 %
	<u>2006</u>	<u>2005</u>
	%	%
UK statutory corporation tax rate	30	30
Decrease resulting from		
UK supplementary tax at 10% on North Sea profits	4	1
Timing differences	3	-
IRF tax provided in BP Exploration Operating Company Ltd	(10)	(3)
Group relief	(27)	(28)
Effective current tax rate	<u>-</u>	<u>-</u>

7. 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 (2005 £Nil).

(b) Employee costs

	<u>2006</u>	<u>Restated 2005</u>
	\$	\$
Wages and salaries	<u>154,314</u>	<u>134,612</u>

BP KAZAKHSTAN LIMITED**NOTES TO THE ACCOUNTS****7. Directors and employees (continued)**

(c) Average monthly number of employees during the year

	2006	Restated 2005
	No	No
Administration	4	4

8. Tangible assets

Cost	Oil & gas properties
At 1 January 2006	\$
At 31 December 2006	1,470,062
	<u>1,470,062</u>
Depreciation	
At 1 January 2006	974,833
Charge for the year	190,076
At 31 December 2006	<u>1,164,909</u>
Net book value	
At 31 December 2006	<u>305,153</u>
At 31 December 2005	<u>495,229</u>

9. Debtors

	2006	Restated 2005
	Within 1 year	Within 1 year
	\$	\$
Trade debtors	-	1,472,156
Parent and fellow subsidiary undertakings	27,608,706	45,152,020
Other	17,084	2,963
	<u>27,625,790</u>	<u>46,627,139</u>

10. Creditors

	2006	Restated 2005
	Within 1 year	Within 1 year
	\$	\$
Trade creditors	1,244	3,174
Parent and fellow subsidiary undertakings	114,150	994,537
Taxation on profits	8,133,224	8,133,224
Other	19,587	-
	<u>8,268,205</u>	<u>9,130,935</u>

BP KAZAKHSTAN LIMITED

NOTES TO THE ACCOUNTS

11. Provisions for liabilities and charges

	<u>Decom-</u> <u>missioning</u>
	\$
At 1 January 2006	475,040
Unwinding of discount	9,499
At 31 December 2006	<u>484,539</u>

The group makes full provision for the future cost of decommissioning oil and natural gas production facilities and related pipelines on a discounted basis on the installation of those facilities. At 31 December 2006, the provision for the costs of decommissioning these production facilities at the end of their economic lives was \$484,539 (2005 \$475,040). The provision has been estimated using existing technology, at current prices and discounted using a real discount rate of 2% (2005: 2%). These costs are expected to be incurred over the next 2 years. While the provision is based on the best estimate of future costs and the economic lives of the facilities and pipelines, there is uncertainty regarding both the amount and timing of incurring these costs.

The decommissioning provision relates to the company's share of operations in the Kimmeridge field.

12. Called up share capital

	<u>2006</u>	<u>2005</u>
	\$	\$
Authorised, allotted, called up and fully paid 100 Ordinary shares of £1 each (translated at the 31 December 1993 exchange rate of 1.51)	<u>151</u>	<u>151</u>

13. Capital and reserves

	<u>Equity</u> <u>share</u> <u>capital</u>	<u>Profit and</u> <u>loss</u> <u>account</u>	<u>Total</u>
	\$	\$	\$
At 1 January 2006	151	37,583,950	37,584,101
Profit for the year	-	1,633,880	1,633,880
Dividends – current year interim paid	-	(20,000,000)	(20,000,000)
At 31 December 2006	<u>151</u>	<u>19,217,830</u>	<u>19,217,981</u>

14. Reconciliation of movements in shareholders' funds

	<u>2006</u>	<u>2005</u>
	\$	\$
Profit for the year	1,633,880	6,849,269
Dividends – current year interim paid	(20,000,000)	(180,000,000)
Net decrease in shareholders' interests	(18,366,120)	(173,150,731)
Shareholders' interest at 1 January	37,584,101	210,734,832
Shareholders' interest at 31 December	<u>19,217,981</u>	<u>37,584,101</u>

BP KAZAKHSTAN LIMITED

NOTES TO THE ACCOUNTS

15. Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions with group companies. There were no other related party transactions in the year.

16. Pensions

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

17. Immediate and ultimate parent undertaking

The immediate parent undertaking of this company is BP Exploration Operating Company Ltd, 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 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.