

BP KAZAKHSTAN LIMITED
(Registered No. 1838589)

ANNUAL REPORT AND ACCOUNTS 2008

Board of Directors: J H Bartlett
JP L Stalder

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2008.

Results and dividends

The loss for the year after taxation was \$1,156,284 which, when deducted from the retained profit brought forward at 1 January 2008 of \$19,491,360, gives a total retained profit carried forward at 31 December 2008 of \$18,335,076. The directors do not propose the payment of a final dividend.

Principal activity and review of the business

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.

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

	2008	2007	Variance
	\$	\$	%
Operating (loss)	(184,923)	(410,847)	(55)
(Loss) / profit after taxation	(1,156,284)	273,530	(523)
Shareholders' funds	18,335,227	19,491,511	(6)
Current assets as % of current liabilities	54%	43%	26

The operating loss has decreased this year, largely due to favourable currency exchange rates resulting in a gain of \$131,068 (2007: \$16,433).

The variation in post-tax profit is attributable to a shift to net interest payable of \$971,360 (2007: \$684,377 receivable).

Principal 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: strategic, compliance and ethics and financial risk management.

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BP KAZAKHSTAN LIMITED

REPORT OF THE DIRECTORS

Strategic risks

Access and renewal

Successful execution of our group plan depends critically on implementing activities to renew and reposition our portfolio. The challenges to the renewal of our upstream portfolio are growing due to increasing competition for access to opportunities globally. Inability to complete planned disposals and/or lack of material positions in new markets could result in an inability to capture above-average market growth.

Prices and markets

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 price, 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.

Socio-political

We have operations in developing countries where political, economical and social transition is taking place. Some countries have experienced political instability, changes to the regulatory environment, 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.

We set ourselves high standards of corporate citizenship and aspire to contribute to a better quality of life through the products and services we provide. If it is perceived that we are not respecting or advancing the economic and social progress of the communities in which we operate, our reputation and shareholder value could be damaged.

Competition

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.

Compliance and ethics risks

Regulatory

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. We buy, sell and trade oil and gas products in certain regulated commodity markets. 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.

BP KAZAKHSTAN LIMITED

REPORT OF THE DIRECTORS

Ethical misconduct and non-compliance

Our code of conduct, which applies to all employees, defines our commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviours and actions we expect of our business and people wherever we operate. Incidents of non-compliance with applicable laws and regulation or ethical misconduct could be damaging to our reputation and shareholder value. Multiple events of non-compliance could call into question the integrity of our operations.

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 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.

Credit risk

Credit risk is the potential exposure of the company to loss in the event of non-performance by a counterparty. 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. Before trading with a new counterparty, its creditworthiness is assessed and a credit rating allocated that indicates the probability of default, along with a credit exposure limit. Creditworthiness continues to be evaluated after transactions have been initiated and a watchlist of higher-risk counterparties is maintained.

BP KAZAKHSTAN LIMITED
REPORT OF THE DIRECTORS

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.

Future developments

The directors aim to maintain the management policies of the company. They believe that the company is in a good position to take advantage of any opportunities which may arise in the future.

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

Directors

The present directors are listed on page 1.

Mr J H Bartlett and Mr JP L Stalder served as directors throughout the financial year. Changes since 1 January 2008 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
A Drinkwater		31/12/2008
R L Paniguian		01/01/2008

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006.

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 KAZAKHSTAN 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



Secretary

5 August 2009

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 and the loss for the year. 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; and
- 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 2008 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. 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 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 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 2008 and of its loss 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

5 August 2009

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 with the exception of the following:

- (i) 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;
- (ii) The SORP contains rules around the estimation of future oil and gas reserves. The company, as part of the BP Group, estimates and calculates its reserves in accordance with the US Securities and Exchange Commission (SEC) rules. The main difference relates to the SEC requirement to use year-end prices to assess future reserves. This is the basis applied in the BP Group reporting and is comparable with other oil majors. It is not possible for the company to quantify the impact of this departure as SORP estimates of reserves are no longer maintained.

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.

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.

Tangible fixed assets

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

BP KAZAKHSTAN LIMITED

ACCOUNTING POLICIES

Tangible fixed assets (continued)

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 tangible fixed assets.

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 and assets under construction, are depreciated on the straight line method over their estimated useful lives.

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.

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 other maintenance costs are expensed as incurred.

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 group 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 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.

BP KAZAKHSTAN LIMITED

ACCOUNTING POLICIES

Provisions (continued)

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.

Decommissioning

Provision for decommissioning costs is 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 includes 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.

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. The accounting policy for pensions and other post retirement benefits is described below.

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 KAZAKHSTAN LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008

		<u>2008</u>	<u>2007</u>
	Note	\$	\$
Cost of sales		<u>(7,114)</u>	<u>(645)</u>
Gross loss		<u>(7,114)</u>	<u>(645)</u>
Administration expenses		<u>(177,809)</u>	<u>(410,202)</u>
Loss on ordinary activities before interest and tax	1	<u>(184,923)</u>	<u>(410,847)</u>
Interest payable and similar charges	3	<u>(6,386,157)</u>	<u>(10,235,305)</u>
Interest receivable and similar income	4	<u>5,414,796</u>	<u>10,919,682</u>
(Loss) / profit before taxation		<u>(1,156,284)</u>	<u>273,530</u>
Taxation	5	<u>-</u>	<u>-</u>
(Loss) / profit for the year		<u>(1,156,284)</u>	<u>273,530</u>

The loss of \$1,156,284 for the year ended 31 December 2008 has derived in its entirety from continuing operations.

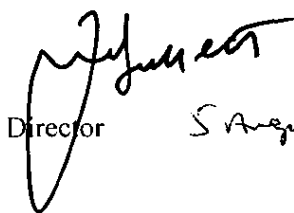
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2008

There are no recognised gains or losses attributable to the shareholders of the company other than the loss of \$1,156,284 for the year ended 31 December 2008 (2007 profit of \$273,530).

BP KAZAKHSTAN LIMITED**BALANCE SHEET AT 31 DECEMBER 2008**

		<u>2008</u>	<u>2007</u>
	Note	\$	\$
Fixed assets			
Tangible assets	7	<u>78,059</u>	<u>180,604</u>
Current assets			
Debtors	8	224,998,044	219,664,162
Cash at bank and in hand		<u>38,578</u>	<u>27,847</u>
Creditors: amounts falling due within one year	9	<u>(206,436,978)</u>	<u>(199,916,478)</u>
Net current assets		<u>18,599,644</u>	<u>19,775,531</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,677,703</u>	<u>19,956,135</u>
Provisions for liabilities and charges			
Other provisions	10	<u>(342,476)</u>	<u>(464,624)</u>
NET ASSETS		<u>18,335,227</u>	<u>19,491,511</u>
Represented by			
Capital and reserves			
Called up share capital	11	151	151
Profit and loss account	12	<u>18,335,076</u>	<u>19,491,360</u>
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		<u>18,335,227</u>	<u>19,491,511</u>

On behalf of the Board


Director *S. August* 2009

BP KAZAKHSTAN LIMITED**NOTES TO THE ACCOUNTS****1. Loss on ordinary activities before interest and tax**

This is stated after charging / (crediting):

	<u>2008</u>	<u>2007</u>
	\$	\$
Exchange (gain) / loss on provision retranslated	(131,438)	16,976
Exchange loss / (gain) on foreign currency borrowings less deposits	370	(543)
Depreciation of owned fixed assets	<u>102,545</u>	<u>124,549</u>

2. Auditor's remuneration

	<u>2008</u>	<u>2007</u>
	\$	\$
Fees for the audit of the company	<u>8,240</u>	<u>16,440</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 Kazakhstan Limited's ultimate parent, BP p.l.c., are required to disclose non-audit fees on a consolidated basis.

3. Interest payable and similar charges

	<u>2008</u>	<u>2007</u>
	\$	\$
Interest expense on:		
Loans from group undertakings	6,376,867	10,225,806
Unwinding of discount on provisions	9,290	9,499
Total charged against profit	<u>6,386,157</u>	<u>10,235,305</u>

4. Interest receivable and similar income

	<u>2008</u>	<u>2007</u>
	\$	\$
Interest income from group undertakings	<u>5,414,796</u>	<u>10,919,682</u>

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 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.

BP KAZAKHSTAN LIMITED**NOTES TO THE ACCOUNTS****5. Taxation (continued)**

The following table provides a reconciliation of the UK statutory corporation tax rate to the effective current tax rate on profit before taxation.

	<u>2008</u>	<u>2007</u>
	<u>\$000</u>	<u>\$000</u>
Profit before taxation	(1,156,284)	273,530
Current taxation	-	-
Effective current tax rate	0%	0%
	<u>2008</u>	<u>2007</u>
UK statutory corporation tax rate:	28%	30%
Increase / (decrease) resulting from:		
Fixed asset timing differences	(2)	(10)
UK supplementary tax at 20% on North Sea profits	(1)	(47)
Timing differences	3	(4)
IRF tax provided in BP Exploration Operating Company Ltd	3	16
Group relief	(31)	(26)
Effective current tax rate	<u>-</u>	<u>-</u>

6. 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 (2007: \$Nil).

(b) Employee costs

	<u>2008</u>	<u>2007</u>
	<u>\$</u>	<u>\$</u>
Wages and salaries	148,282	181,106

(c) The average monthly number of employees during the year was 3 (2007: 4)

BP KAZAKHSTAN LIMITED**NOTES TO THE ACCOUNTS****7. Tangible assets**

	Oil & gas properties
Cost	\$
At 1 January 2008	1,470,062
At 31 December 2008	1,470,062
Depreciation and impairment	
At 1 January 2008	1,289,458
Charge for the year	102,545
At 31 December 2008	1,392,003
Net book value	
At 31 December 2008	78,059
At 31 December 2007	180,604

8. Debtors

	2008	2007
	Within	Within
	1 year	1 year
	\$	\$
Trade debtors	152,921	8,219
Amounts owed by group undertakings	223,691,056	219,647,831
Other debtors	1,154,067	8,112
	224,998,044	219,664,162

9. Creditors

	2008	2007
	Within	Within
	1 year	1 year
	\$	\$
Amounts owed to group undertakings	198,102,696	191,769,931
Other creditors	201,058	13,323
Taxation	8,133,224	8,133,224
	206,436,978	199,916,478

BP KAZAKHSTAN LIMITED**NOTES TO THE ACCOUNTS****10. Provisions for liabilities and charges**

	<u>Decom- missioning</u>
	\$
At 1 January 2008	464,624
Exchange adjustments	(131,438)
Unwinding of discount	9,290
At 31 December 2008	<u>342,476</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 2008, the provision for the costs of decommissioning these production facilities at the end of their economic lives was \$342,476 (2007: \$464,624). The provision has been estimated using existing technology, at current prices and discounted using a real discount rate of 2.0% (2007: 2.0%). These costs are expected to be incurred from 2013. 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 oil field, onshore in the UK.

11. Called up share capital

	<u>2008</u>	<u>2007</u>
	£	£
Authorised share capital: 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>2008</u>	<u>2007</u>
	\$	\$
Allotted, called up and fully paid: 100 Ordinary shares of £1 each	<u>151</u>	<u>151</u>

12. Capital and reserves

	Equity share capital	Profit and loss account	Total
	\$	\$	\$
At 1 January 2008	151	19,491,360	19,491,511
Loss for the year	-	(1,156,284)	(1,156,284)
At 31 December 2008	<u>151</u>	<u>18,335,076</u>	<u>18,335,227</u>

BP KAZAKHSTAN LIMITED

NOTES TO THE ACCOUNTS

13. Reconciliation of movements in shareholders' funds

	<u>2008</u>	<u>2007</u>
	\$	\$
(Loss) / profit for the year	(1,156,284)	273,530
Net (decrease) / increase in shareholders' interests	(1,156,284)	273,530
Shareholders' interest at 1 January	19,491,511	19,217,981
Shareholders' interest at 31 December	<u>18,335,227</u>	<u>19,491,511</u>

14. 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.

15. Pensions

The company does directly employ staff, however does not bear any pension charge.

16. Immediate and ultimate parent undertaking

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

17. Comparative figures

Certain prior year figures have been reclassified to conform with the 2008 presentation. This had no impact on the profit and loss for the year or net assets.