

INNOVENE MANUFACTURING SCOTLAND LIMITED
(formerly BP Oil Grangemouth Refinery Limited)
(Registered in Scotland, No. 10612)

ANNUAL REPORT AND ACCOUNTS 2004

Board of Directors: R W McGill
 R J A Duggan
 N J Wright

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2004.

Principal activity

During the year the company acted as an agent for BP Oil UK Limited in the operation of Grangemouth Refinery.

Results and dividends

There was neither a profit nor a loss for the financial year ending 31 December 2004 (2003 – Nil).

The directors do not propose to make a dividend payment for 2004 (2003 – Nil).

Post Balance Sheet Event

As part of a wider reorganisation of the Olefins and Derivatives (O&D) business, the following transactions which impact the Company took effect on 1st April 2005:-

- the Company purchased the Grangemouth and Finnart refinery manufacturing assets from BP Oil UK Limited (BPOUK) for £401m. The Grangemouth chemicals assets were purchased from the following: BP Chemicals Limited for £2m, BP International Limited for £821m, and the Appryl Partnership for £50m, all at net book value, and all subject to Purchase Price Agreement adjustments. The financing of the transaction was by way of cash settlement by Innovene European Holdings Limited (formerly O&D International Holdings Limited), on behalf of the Company.
- the parent company BPOUK sold its 100% shareholding in the Company to Innovene European Holdings Limited (formerly O&D International Holdings Limited) for £3,012,815.
- the parent company BPOUK repaid its loan of £4m to the Company.
- the Management Agency Agreement between BPOUK and the Company was terminated.
- the company entered into a UK Tolling structure with Innovene Europe Limited (formerly O&D Trading Limited), a subsidiary of Innovene European Holdings Limited (formerly O&D International Holdings Limited).



INNOVENE MANUFACTURING SCOTLAND LIMITED
REPORT OF THE DIRECTORS (continued)

Directors

The present directors are listed above. Changes since 1 January 2004 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
R J A Duggan	25 April 2005	-
C H J Maclean	-	1 April 2004
R W McGill	1 April 2004	-
J G Mumford	-	31 March 2005
N J Wright	25 April 2005	-

Directors' interests

The interests of the directors holding office at 31 December 2004, and their families, in the US\$0.25 ordinary shares of BP p.l.c., were as set out below:

	<u>31 December 2004</u>	<u>1 January 2004</u> <u>(or date of appointment)</u>
J G Mumford	92,646	96,384
R W McGill	32,400	38,643

In addition, rights to subscribe for US\$0.25 ordinary shares in BP p.l.c. were granted to, or exercised by, those directors between 1 January 2004, date of appointment and 31 December 2004 as follows:

	<u>Granted</u>	<u>Exercised</u>
J G Mumford	2,250	33,600
R W McGill	-	-

No director had any interest in the shares or debentures of subsidiary undertakings of BP p.l.c. at 31 December 2004.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

INNOVENE MANUFACTURING SCOTLAND LIMITED
REPORT OF THE DIRECTORS (continued)

Employee involvement

During the year BP group continued its policy of providing employees with information on matters of concern to them. In particular, information relating to group performance and group policies has been readily available to employees through the 'BP World' intranet web-site. A worldwide People Assurance Survey was undertaken to measure employee satisfaction levels with group leadership. Employees were invited to participate in BP share schemes.

Auditors

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

By order of the Board



ASSISTANT Secretary

21st October 2005

Registered Office:
Bo'ness Road
Grangemouth
Stirlingshire
FK3 9XQ
Scotland

INNOVENE MANUFACTURING SCOTLAND LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES **IN RESPECT OF THE ACCOUNTS**

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

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

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

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

INNOVENE MANUFACTURING SCOTLAND LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INNOVENE
MANUFACTURING SCOTLAND**

We have audited the company's accounts for the year ended 31 December 2004, which comprise the accounting policies, the Profit and Loss Account, Balance Sheet, and the related notes 1 to 10. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

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

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

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

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and 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 of the state of affairs of the company as at 31 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Ernst & Young LLP
Registered Auditor
London
21 October 2005

INNOVENE MANUFACTURING SCOTLAND LIMITED

ACCOUNTING POLICIES

Accounting Convention

The accounts are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Statement of cash flows

As the ultimate parent undertaking has published a group cash flow statement in compliance with Financial Reporting Standard No. 1 (Revised), a cash flow statement is not presented in these accounts.

Related party transactions

The company has taken advantage of the exemption contained within FRS 8, and has not disclosed transactions with group companies. There were no other related party transactions in the year.

Company Activity

During the year the company acted as an agent for BP Oil UK Limited in the operation of Grangemouth Refinery.

INNOVENE MANUFACTURING SCOTLAND LIMITED


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £	2003 £
Turnover	1	-	-
Administration expenses		-	-
Result before taxation		-	-
Taxation	5	-	-
Result for the year		-	-
Distribution to shareholders		-	-
Retained Result for the year		-	-

There are no recognised gains or losses attributable to the shareholders of the company (2003-Nil).

BALANCE SHEET AT 31 DECEMBER 2004

	Note	2004 £	2003 £
Current Assets			
Debtors – amounts falling due within one year:			
Parent undertaking		4,009,500	4,009,500
SHAREHOLDERS' INTEREST		4,009,500	4,009,500
Represented by			
Capital and reserves			
Called up share capital	6,7	4,000,000	4,000,000
Reserves	7	9,500	9,500
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		4,009,500	4,009,500


Director *NIGEL WRIGHT*
21 October 2005

INNOVENE MANUFACTURING SCOTLAND LIMITED

NOTES TO THE ACCOUNTS (continued)

1. Turnover

There was no turnover for the year ended 31 December 2004 (2003 – Nil).

2. Directors

The directors were senior executives of, and were remunerated by, another subsidiary of BP p.l.c. and received no fees or remuneration for services as directors to this company. Pensions to past and present directors are paid from a funded BP Group Pension Scheme.

3. Auditors

Auditor's remuneration is dealt with in the accounts of the parent undertaking. No fees were paid to the auditors for other services.

4. Employees

Average number of employees during the year:

	<u>2004</u>	<u>2003</u>
Operations	341	388
Maintenance	125	142
Others	232	264
	<u>698</u>	<u>794</u>

Salary Costs:

	<u>2004</u>	<u>2003</u>
	<u>£</u>	<u>£</u>
Wages and salaries	29,955,695	32,685,121
Social security costs	2,675,923	2,769,021
Pensions costs	111,404	121,274
	<u>32,743,022</u>	<u>35,575,416</u>

The employee details noted above relate to those employees with contracts of employment in the name of the Company. These costs are recharged in full to BP Oil UK Limited.

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INNOVENE MANUFACTURING SCOTLAND LIMITED

NOTES TO THE ACCOUNTS (continued)

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>2004</u>	<u>2003</u>
	£	£
Profit before taxation	-	-
Current taxation	-	-
Effective current tax rate	<u>0 %</u>	<u>0 %</u>

	<u>2004</u>	<u>2003</u>
	%	%
UK statutory corporation tax rate:	30	30
Increase/(decrease) resulting from:		
Overseas withholding tax	-	-
Double tax relief	-	-
Group relief	(30)	(30)
Effective current tax rate	<u>-</u>	<u>-</u>

6. Called up share capital

	<u>2004</u>	<u>2003</u>
	£	£
Authorised, allotted, called up and fully paid:		
4,000,000 Ordinary shares of £1 each	<u>4,000,000</u>	<u>4,000,000</u>

E&T LLP

INNOVENE MANUFACTURING SCOTLAND LIMITED

NOTES TO THE ACCOUNTS (continued)

7. Reconciliation of shareholders' funds and movements on reserves

	<u>Called up</u> <u>share capital</u> £	<u>P&L</u> <u>Account</u> £	<u>Total</u> £
At 1 January 2003	4,000,000	9,500	4,009,500
Result for the year	-	-	-
At 1 January 2004	4,000,000	9,500	4,009,500
Result for the year	-	-	-
At 31 December 2004	4,000,000	9,500	4,009,500

8. Pensions

The company is a participating employer in the BP Group's principal UK pension plan (The BP Pension Fund). The BP Pension Fund is separately funded and provides benefits that are computed based on an employee's years of service and final pensionable salary. Contributions are made to the BP Pension Fund on the basis of advice from independent actuaries, using actuarial methods the objective of which is to provide adequate funds to meet pension obligations as they fall due, and are based on pension costs in respect of all members of the fund. Actuarial surpluses and deficiencies are amortised over the expected remaining service lives of members and charged or credited to income as appropriate in the accounts of BP International Limited a fellow subsidiary undertaking, having regard to the overall position of the fund.

The BP Pension Fund is operated in a way that does not allow the individual participating employing companies in the Pension Fund to identify their share of the underlying assets and liabilities of the fund on a reasonable and consistent basis. Therefore the Company's pension contributions have been accounted for as an expense as if they were contributions to a defined contribution scheme and no further FRS 17 disclosures made in these accounts.

Particulars of the most recent actuarial valuation of the BP Pension Fund as at 1 January 2004, together with the disclosures required by FRS 17 for the year ended 31 December 2004, are included within the financial statements of the ultimate parent undertaking BP p.l.c.

The pension charge was £111,404 (2003 - £121,274).

9. Ultimate parent undertaking

The ultimate parent undertaking of the group of undertakings for which group accounts are drawn up, and of which the company is a member, is BP p.l.c., a company registered in England and Wales. Copies of BP p.l.c.'s accounts can be obtained from 1, St James's Square, London, SW1Y 4PD.

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INNOVENE MANUFACTURING SCOTLAND LIMITED

NOTES TO THE ACCOUNTS (continued)

10. Post balance sheet events

As part of a wider reorganisation of the Olefins and Derivatives (O&D) business, the following transactions which impact the Company took effect on 1st April 2005:-

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