

**BP CHEMICALS INVESTMENTS LIMITED**

(Registered No.304682)

**ANNUAL REPORT AND ACCOUNTS 2004**

Board of Directors: R M Stott  
S K Welch  
N R Elmslie

**REPORT OF THE DIRECTORS**

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

**Principal activity**

The company acts as an intermediate holding company, holding certain investments in Far Eastern chemical companies. In February 2004 the company disposed of its 10% interest in its PT Polytama Propindo joint venture.

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

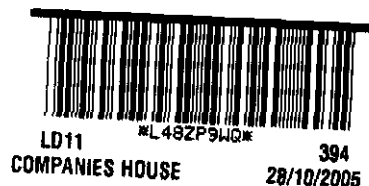
**Review of activities and future developments**

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 and dividends**

The profit for the year after taxation was £1,736,000, when added to the retained deficit brought forward at 1 January 2004 of £45,209,000 together with exchange adjustments taken directly to reserves of £2,966,000, gives a total retained deficit carried forward at 31 December 2004 of £40,507,000. The directors do not propose the payment of a final dividend.



## **BP CHEMICALS INVESTMENTS LIMITED**

### **REPORT OF THE DIRECTORS**

#### **Directors**

The present directors are listed on page 1.

Changes since 1 January 2004 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
R M Stott	1 September 2004	
S K Welch	1 September 2004	1 April 2004*
N R Elmslie	1 October 2004	
A S Mackenzie	1 February 2004	31 July 2004
R M Hookway	1 April 2004	1 October 2004
M C Buzzacott		1 February 2004
I C Conn		30 June 2004
C P Saunders		1 December 2004

\*S K Welch resigned as a director on 1<sup>st</sup> April 2004 and was re-appointed on 1<sup>st</sup> September 2004

#### **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> (or date of appointment)
R M Stott	41,706	53,315
S K Welch	72,166*	72,166*
N R Elmslie	32,775	43,615

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 or date of appointment and 31 December 2004 as follows:

	<u>Granted</u>	<u>Exercised</u>
R M Stott	Nil	Nil
S K Welch	Nil	Nil
N R Elmslie	Nil	Nil

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

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

**BP CHEMICALS INVESTMENTS LIMITED**

**REPORT OF THE DIRECTORS**

**Policy and practice with respect to payment of suppliers**

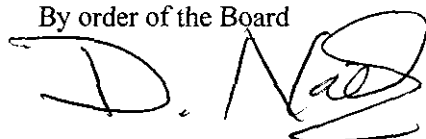
It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company. A copy of the code of practice may be obtained from the CBI.

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

**Auditors**

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

By order of the Board



Secretary

28 OCTOBER

2005

Registered Office:

Chertsey Road  
Sunbury on Thames  
Middlesex  
TW16 7BP

## **BP CHEMICALS INVESTMENTS 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.

**BP CHEMICALS INVESTMENTS LIMITED**

**REPORT OF THE AUDITORS TO THE MEMBERS OF**  
**BP CHEMICALS INVESTMENTS LIMITED**

We have audited the company's accounts for the year ended 31 December 2004 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, accounting policies and the related notes 1 to 13. 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 financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

**Basis of audit opinion**

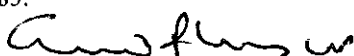
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by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

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

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2004 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP  
Registered Auditor  
London.



28 OCTOBER 2005



## **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.

#### **Basis of Preparation**

At 31 December 2004 the company's balance sheet had net liabilities amounting to £3,385,000. The directors consider it appropriate to prepare the accounts on a going concern basis because since the balance sheet date the company has received dividend payments from its shareholdings in Ethylene Malaysia Sdn Bhd of £16,900,000 and Yangtze River Acetyls Co. Ltd £5,000,000.

#### **Statement of cash flows**

The Group financial statements 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.

#### **Foreign currencies**

Assets and liabilities of foreign currency branches are translated into sterling at closing rates of exchange. Income statements are translated at average rates of exchange. Exchange differences resulting from the retranslation of net investments in foreign currency branches at closing rates, together with differences between income statements translated at average rates and at closing rates of exchange, are dealt with in reserves. 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/loss for the year.

## **BP CHEMICALS INVESTMENTS LIMITED**

### **ACCOUNTING POLICIES**

#### **Deferred tax**

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

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

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

**BP CHEMICALS INVESTMENTS LIMITED**

**PROFIT AND LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

		<u>2004</u>	<u>2003</u>
	Note	£000	£000
<b>Dividend Income</b>		3,706	5,314
Administration expenses		(31)	(302)
<b>Operating profit</b>	1	<u>3,675</u>	<u>5,012</u>
Profit on disposal of fixed asset investments	5	265	-
<b>Profit on ordinary activities before interest and tax</b>		<u>3,940</u>	<u>5,012</u>
Interest payable and similar charges	2	(2,204)	(2,132)
<b>Profit before taxation</b>		<u>1,736</u>	<u>2,880</u>
Taxation	3	-	-
<b>Retained profit for the year</b>	10	<u><u>1,736</u></u>	<u><u>2,880</u></u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2004**

	<u>2004</u>	<u>2003</u>
	£000	£000
<b>Profit for the year</b>	1,736	2,880
Currency translation differences	2,966	4,571
<b>Total recognised gains and losses for the year</b>	<u><u>4,702</u></u>	<u><u>7,451</u></u>



**BP CHEMICALS INVESTMENTS LTD**  
**BALANCE SHEET AS AT 31 DECEMBER 2004**

	Note	<u>2004</u> £000	<u>2003</u> £000
<b>Fixed assets</b>			
Investments	6	96,356	100,264
<b>Creditors – amounts falling due within one year</b>	7	(99,741)	(108,351)
<b>Net current liabilities</b>		<u>(99,741)</u>	<u>(108,351)</u>
<b>NET LIABILITIES</b>		<u>(3,385)</u>	<u>(8,087)</u>
 <b>Represented by</b>			
<b>Capital and reserves</b>			
Called up share capital	8	37,122	37,122
Reserves	9	(40,507)	(45,209)
<b>SHAREHOLDERS' FUNDS – EQUITY INTERESTS</b>		<u>(3,385)</u>	<u>(8,087)</u>

By order of the Board



Director

28 OCTOBER 2005

**BP CHEMICALS INVESTMENTS LIMITED**

**NOTES TO THE ACCOUNTS**

**1. Operating profit**

This is stated after charging:

	<u>2004</u> £000	<u>2003</u> £000
Auditors' remuneration:		
Audit fees – current year - UK	9	9
- under/(over) provision from prior period	5	-
	<hr/>	<hr/>

**2. Interest payable and similar charges**

	<u>2004</u> £000	<u>2003</u> £000
Interest on loans from parent company	2,204	2,132
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**BP CHEMICALS INVESTMENTS LIMITED**

**NOTES TO THE ACCOUNTS**

**3. 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>
	£000	£000
Profit before taxation	1,736	2,880
Current taxation	-	-
Effective current tax rate	0 %	0 %

	<u>2004</u>	<u>2003</u>
	%	%
UK statutory corporation tax rate:	30	30
Increase/(decrease) resulting from:		
Non deductible expenditure / non taxed income	(5)	(55)
Double tax relief	(19)	-
Group relief	(6)	25
Effective current tax rate	<u>-</u>	<u>-</u>

**4. Directors and employees**

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2003 £Nil).

The company has no employees.

**BP CHEMICALS INVESTMENTS LIMITED****NOTES TO THE ACCOUNTS****5. Exceptional items**

	<u>2004</u>	<u>2003</u>
	<u>£000</u>	<u>£000</u>
Profit on disposal of fixed asset investment	265	-
Taxation charge	-	-
Exceptional item, net of tax	<u>265</u>	<u>-</u>

In February 2004 the company disposed of its 10% interest in their PT Polytama Propindo joint venture. The investment had been written down to nil carrying value as a result of an impairment in 2002. The investment was sold for US\$ 500,000.

**6. Fixed assets – investments**

	Subsidiary Under. shares £000	Joint Venture shares £000	Assoc. Under. shares £000	Other £000	Total £000
<b>Cost</b>					
At 1 January 2004	57,385	43,018	11,173	2,804	114,380
Exchange adjustments	-	(3,090)	(818)	-	(3,908)
Disposal	-	-	-	(2,804)	(2,804)
At 31 December 2004	<u>57,385</u>	<u>39,928</u>	<u>10,355</u>	<u>-</u>	<u>107,668</u>
<b>Amounts provided</b>					
At 1 January 2004	(11,312)	-	-	(2,804)	(14,116)
Disposal	-	-	-	2,804	2,804
At 31 December 2004	<u>(11,312)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,312)</u>
<b>Net book amount</b>					
At 31 December 2004	46,073	39,928	10,355	-	96,356
At 31 December 2003	46,073	43,018	11,173	-	100,264

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## BP CHEMICALS INVESTMENTS LIMITED

### NOTES TO THE ACCOUNTS

#### **6. Fixed assets - investments (continued)**

The investments in the subsidiary and associated undertakings are unlisted.

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

The more important subsidiary and associated undertakings and joint ventures of the company at 31 December 2004 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. A complete list of investments in subsidiary and associated undertakings will be attached to the parent company's annual return made to the Registrar of Companies.

Subsidiary Undertakings	%	Country of incorporation	Principal activity
BP Chemicals Trading Ltd	100	England and Wales	Chemicals
BP Chemicals (Ireland) Ltd	100	England and Wales	Chemicals
BP Chemicals Ltd	100	England and Wales	Chemicals
BP Chemicals PlasTec GmbH	100	Germany	Chemicals
Tube Net Limited	51	Jersey	Marketing

Associated Undertakings	%	Country of incorporation	Principal activity
Ethylene Malaysia Sdn Bhd	15	Malaysia	Chemicals

Joint Ventures	%	Principal place of business	Principal activity
Yangzte River Acetyls Co Ltd	51	China	Chemicals
Polyethylene Malaysia Sdn Bhd	60	Malaysia	Chemicals

#### **7. Creditors**

	<u>2004</u>	<u>2003</u>
	Within	Within
	1 year	1 year
	£000	£000
Parent and fellow subsidiary undertakings	99,741	108,351

**BP CHEMICALS INVESTMENTS LIMITED**

**NOTES TO THE ACCOUNTS**

**8. Called up share capital**

	<u>2004</u>	<u>2003</u>
	£000	£000
Authorised share capital:		
37,300,000 Ordinary shares of £1 each	37,300	37,300
Allotted, called up and fully paid:		
37,122,000 Ordinary shares of £1 each	37,122	37,122
	<u>          </u>	<u>          </u>

**9. Reconciliation of shareholders' funds and movements on reserves**

	<u>Equity share</u>	<u>Profit and</u>	
	<u>capital</u>	<u>Loss</u>	<u>Total</u>
	£000	£000	£000
At 1 January 2004	37,122	(45,209)	(8,087)
Profit for the year		1,736	1,736
Currency translation differences		2,966	2,966
At 31 December 2004	<u>37,122</u>	<u>(40,507)</u>	<u>(3,385)</u>

**10. Reconciliation of movements in shareholders' interest**

	<u>2004</u>	<u>2003</u>
	£000	£000
Profit for the year	1,736	2,880
Currency translation differences	2,966	4,571
Net increase in shareholders' interests	<u>4,702</u>	<u>7,451</u>
Shareholders' interest at 1 January	(8,087)	(15,538)
Shareholders' interest at 31 December	<u>(3,385)</u>	<u>(8,087)</u>

**11. 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.

**BP CHEMICALS INVESTMENTS LIMITED**

**NOTES TO THE ACCOUNTS**

**12. Pensions**

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

**13. Ultimate parent undertaking**

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