

BP CHEMICALS INVESTMENTS LIMITED

(Registered No.304682)

ANNUAL REPORT AND ACCOUNTS 2003

Board of Directors: A S Mackenzie
 R M Hookway
 C P Saunders

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2003.

Principal activity

The company acts as an intermediate holding company, holding certain investments in Far Eastern chemical companies. In April 2003 BP Chemicals Investments Limited disposed of its 75% interest in its PT Petrokimia Nusantara Interindo joint venture and 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 £2,880,000, when added to the retained deficit brought forward at 1 January 2003 of £52,660,000 together with exchange adjustments taken directly to reserves of £4,571,000, gives a total retained deficit carried forward at 31 December 2003 of £45,209,000. 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.

C P Saunders, I C Conn and M C Buzzacott served as directors throughout the financial year. Changes since 1 January 2003 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
S K Welch	1 May 2003	1 April 2004
D K Peattie		1 May 2003
M C Buzzacott		1 February 2004
A S Mackenzie	1 February 2004	
R M Hookway	1 April 2004	
I C Conn		1 July 2004

Directors' interests

The interests of the directors holding office at 31 December 2003, and their families, in the US \$0.25 ordinary shares of BP p.l.c., were as set out below:

	<u>31 December 2003</u>	<u>1 January 2003</u> (or date of appointment)
C P Saunders	42,566	40,595
S K Welch	72,166*	72,166*
M C Buzzacott	250,671	242,328
I C Conn	62,509*	87,829*

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 2003 or date of appointment and 31 December 2003 as follows:

	<u>Granted</u>	<u>Exercised</u>
C P Saunders	4,400	Nil
S K Welch	Nil	Nil
M C Buzzacott	130,000	Nil
I C Conn	161,456*	Nil

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

No director had any interest in the shares or debentures of subsidiary undertakings of BP p.l.c. at 31 December 2003.

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
12 July

2004

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 2003 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, accounting policies and the related notes 1 to 14. 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 2003 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.

12 July 2004

BP CHEMICALS INVESTMENTS LIMITED

ACCOUNTING POLICIES

Accounting Standards

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

Accounting convention

The accounts are prepared under the historical cost convention.

Statement of cash flows

The Group 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/dollars 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 asset 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 2003

	Note	<u>2003</u> £000	<u>2002</u> £000
Dividend Income		5,314	11,004
Administration expenses		(302)	1,388
Operating Profit	1	<u>5,012</u>	<u>12,392</u>
Amounts provided against fixed assets investments		-	(8,274)
Profit on ordinary activities before interest and tax		<u>5,012</u>	<u>4,118</u>
Interest payable and similar charges	2	(2,132)	(3,035)
Profit before taxation		<u>2,880</u>	<u>1,083</u>
Taxation	3	-	-
Retained profit for the year	9	<u>2,880</u>	<u>1,083</u>

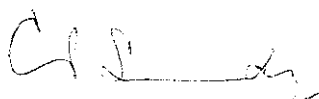
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2003

	<u>2003</u> £000	<u>2002</u> £000
Profit for the year	2,880	1,083
Currency translation differences	4,571	5,526
Total recognised gains and losses for the year	<u>7,451</u>	<u>6,609</u>

BP CHEMICALS INVESTMENTS LTD

BALANCE SHEET AS AT 31 DECEMBER 2003

	Note	<u>2003</u> £000	<u>2002</u> £000
Fixed assets			
Investments	5	100,264	106,226
Current assets			
Debtors	6	-	9,926
Creditors – amounts falling due within one year	7	(108,351)	(131,690)
Net current liabilities		<u>(108,351)</u>	<u>(121,764)</u>
NET LIABILITIES		<u>(8,087)</u>	<u>(15,538)</u>
Represented by			
Capital and reserves			
Called up share capital	8	37,122	37,122
Reserves	9	(45,209)	(52,660)
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		<u>(8,087)</u>	<u>(15,538)</u>



Director
12 July 2004

1. Operating profit

BP CHEMICALS INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

This is stated after charging:

	<u>2003</u>	<u>2002</u>
	£000	£000
Auditors' remuneration:		
Audit fees – current year - UK	9	4
	<hr/>	<hr/>

2. Interest payable and similar charges

	<u>2003</u>	<u>2002</u>
	£000	£000
Group loans	2,132	3,035
	<hr/>	<hr/>

3. Taxation

BP CHEMICALS INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

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>2003</u>	<u>2002</u>
	£000	£000
Profit before taxation	2,880	1,083
Current taxation	-	-
Effective current tax rate	0 %	0 %
	<u>2003</u>	<u>2002</u>
	%	%
UK statutory corporation tax rate:	30	30
Increase/(decrease) resulting from:		
Permanent differences	(55)	(76)
Group relief	25	46
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 (2002 £Nil).

The company has no employees.

5. Fixed assets – investments

BP CHEMICALS INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

	Subsidiary Under. shares £000	Joint Venture shares £000	Assoc. Under. shares £000	Other £000	Total £000
Cost					
At 1 January 2003	57,385	77,324	12,401	2,804	149,914
Exchange adjustments	-	(4,734)	(1,228)		(5,962)
Disposal		(29,572)			(29,572)
At 31 December 2003	57,385	43,018	11,173	2,804	114,380
Amounts provided					
At 1 January 2003	(11,312)	(29,572)	-	(2,804)	(43,688)
Disposal		29,572			29,572
At 31 December 2003	(11,312)	-	-	(2,804)	(14,116)
Net book amount					
At 31 December 2003	46,073	43,018	11,173	-	100,264
At 31 December 2002	46,073	47,752	12,401	-	106,226

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 2003 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.

5. Fixed assets - investments (continued)

BP CHEMICALS INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

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	%	Country of incorporation	Principal activity
Yangtze River Acetyls Co Ltd	51	China	Chemicals
Polyethylene Malaysia Sdn Bhd	60	Malaysia	Chemicals
PT Polytama Propindo	10	Indonesia	Chemicals

6. Debtors

	<u>2003</u> Within 1 year £000	<u>2002</u> Within 1 year £000
Other – Dividend receivable	-	9,926

7. Creditors

	<u>2003</u> Within 1 year £000	<u>2002</u> Within 1 year £000
Parent and fellow subsidiary undertakings	108,351	131,690

BP CHEMICALS INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

8. Called up share capital

	<u>2003</u> £000	<u>2002</u> £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>capital</u> £000	<u>Profit and</u> <u>Loss</u> <u>account</u> £000	<u>Total</u> £000
At 1 January 2003	37,122	(52,660)	(15,538)
Profit for the year		2,880	2,880
Currency translation differences		4,571	4,571
At 31 December 2003	<u>37,122</u>	<u>(45,209)</u>	<u>(8,087)</u>

10. Reconciliation of movements in shareholders' interest

	<u>2003</u> £000	<u>2002</u> £000
Profit for the year	2,880	1,083
Currency translation differences	4,571	5,526
Net increase in shareholders' interests	<u>7,451</u>	<u>6,609</u>
Shareholders' interest at 1 January	(15,538)	(22,147)
Shareholders' interest at 31 December	<u>(8,087)</u>	<u>(15,538)</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.

14. Post Balance Sheet Event

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\$ 500k.