

BP CHEMICALS (KOREA) LIMITED

(Registered No. 2316280)

ANNUAL REPORT AND ACCOUNTS 1996

Board of Directors: C W Chambers
G R Hunt

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 1996.

Principal Activity

The company acts as an intermediate holding company, holding certain investments in Korean chemical companies.

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

Results

There has been no income or expenditure during the year, and therefore, there is no change in the company's position. Retained reserves at 31 December 1996 are £Nil (1995 £Nil).

Directors

Mr C W Chambers and Mr G R Hunt served as directors throughout the financial year.

Directors' interests

The interests of the directors holding office at 31 December 1996, and their families, in the 25p ordinary shares of The British Petroleum Company p.l.c. were as set out below:

	<u>31 December 1996</u>	<u>1 January 1996</u>
C W Chambers	5,076	4,631
G R Hunt	12,399	13,641

In addition, rights to subscribe for 25p ordinary shares in The British Petroleum Company plc. were granted to, or exercised by, those directors between 1 January and 31 December 1996 as follows:

	<u>Granted</u>	<u>Exercised</u>
C W Chambers	Nil	26,400
G R Hunt	Nil	18,211

No director had any interest in the shares or debentures of subsidiary undertakings of The British Petroleum Company p.l.c. at 31 December 1996.



BP CHEMICALS (KOREA) LIMITED

REPORT OF THE DIRECTORS

Auditors

In accordance with Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually and Ernst & Young continue in office.

By order of the Board



Secretary

Registered Office
Breakspear Park
Breakspear Way
Hemel Hempstead
Herts HP2 4UL

18 September 1997

BP CHEMICALS (KOREA) 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 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 to 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 (KOREA) LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF
BP CHEMICALS (KOREA) LIMITED

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of 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 the company's affairs as at 31 December 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kneek Young
Chartered Accountants
Registered Auditor
London

18 September 1997

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BP CHEMICALS (KOREA) LIMITED

ACCOUNTING POLICIES

Accounting convention

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

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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken directly to reserves together with the exchange differences on the carrying amount of the related investments.

Deferred taxation

Deferred taxation is calculated using the liability method, in respect of timing differences arising primarily from the different accounting and tax treatment of depreciation. Provision is made or recovery anticipated where timing differences are expected to reverse in the foreseeable future.

BP CHEMICALS (KOREA) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>Note</u>	<u>1996</u> £000	<u>1995</u> £000
Other operating income			
Other operating income		-	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation	1	-	-
Taxation	2	-	-
		<hr/>	<hr/>
Profit for the year		-	-
Retained profit at 1 January		-	-
		<hr/>	<hr/>
Retained profit for the year		-	-
		<hr/>	<hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses attributable to the shareholders of the company other than the profit of £Nil for the year ended 31 December 1996 (1995 profit of £Nil).

	<u>1996</u>	<u>1995</u>
Loss on translation of investment	(2,335)	(3)
Gain on translation of foreign currency borrowings	2,335	3
	<hr/>	<hr/>
Total recognised gains and losses for the year	-	-
	<hr/>	<hr/>

BP CHEMICALS (KOREA) LIMITED

BALANCE SHEET AT 31 DECEMBER 1996

	<u>Note</u>	<u>1996</u> £000	<u>1995</u> £000
Fixed assets			
Investments	4	43,828	44,236
Current assets			
Debtors			
Parent and fellow subsidiary undertakings		29,415	29,415
		<hr/> 73,243	<hr/> 73,651
Creditors - amounts falling due within one year			
Parent and fellow subsidiary undertakings		(27,943)	(28,351)
SHAREHOLDERS' INTEREST		<hr/> 45,300	<hr/> 45,300
Represented by			
Capital and reserves			
Called-up share capital	5	45,300	45,300
Reserves	6	-	-
SHAREHOLDERS' FUNDS - EQUITY INTEREST		<hr/> 45,300	<hr/> 45,300


Director

18 September 1997

BP CHEMICALS (KOREA) LIMITED

NOTES TO THE ACCOUNTS

1. Auditors' remuneration

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

2. Taxation

The company is a member of a group for the purposes of relief under Section 402 of the Income and Corporation Taxes Act 1988. Owing to the availability of group relief, no provision for corporation tax has been made in the accounts of this company. The group's current corporation tax liability has been provided in the accounts of BP International Limited, a parent undertaking.

Provision for deferred taxation is not required.

3. Directors and employees

None of the directors received any fees or remuneration from the company during the financial year (1995 £Nil). The company has no employees.

4. Fixed assets - investments

	<u>Subsidiary</u> <u>undertakings</u> <u>shares</u> <u>£'000</u>	<u>Associated</u> <u>undertakings</u> <u>shares</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Cost			
At 1 January 1996	39,999	4,237	44,236
Additions	-	1,927	1,927
Exchange Adjustment	(1,855)	(480)	(2,335)
	<hr/>	<hr/>	<hr/>
At 31 December 1996	38,144	5,684	43,828
	<hr/>	<hr/>	<hr/>
Net book amount			
At 31 December 1996	38,144	5,684	43,828
	<hr/>	<hr/>	<hr/>
At 31 December 1995	39,999	4,237	44,236
	<hr/>	<hr/>	<hr/>

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

The subsidiary and associated undertakings of the company at 31 December 1996 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.

BP CHEMICALS (KOREA) LIMITED

NOTES TO THE ACCOUNTS

4. Fixed assets investments (continued)

	<u>%</u>	<u>Country of incorporation</u>	<u>Principal activity</u>	<u>Issued Share Capital £'000</u>
<u>Subsidiary undertaking</u>				
Samsung-BP Chemicals Co Ltd	51	Republic of South Korea	Chemicals	58,285
<u>Associated undertakings</u>				
International Ester Co Ltd	45	Republic of South Korea	Chemicals	2,896
Asian Acetyls Co Ltd	34	Republic of South Korea	Chemicals	10,757

5. Called up share capital

	<u>1996 £000</u>	<u>1995 £000</u>
Authorised, allotted and fully paid 45,300,000 ordinary shares of £1 each	45,300	45,300

6. Reconciliation of shareholders' funds and movements on reserves

	<u>Share capital £000</u>	<u>Profit & loss account £000</u>	<u>Total £000</u>
At 1 January 1996	45,300	-	45,300
Result for the year	-	-	-
Loss on translation of investment	-	(2,335)	(2,335)
Gain on translation of foreign currency borrowing	-	2,335	2,335
At 31 December 1996	45,300	-	45,300

7. Contingent liability

There were contingent liabilities at 31 December 1996 in respect of guarantees and indemnities against a loan agreement to the extent of £4.9 million (1995 - £4.9 million). No material losses are likely to arise, and none was utilised at 31 December 1996.

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BP CHEMICALS (KOREA) LIMITED

NOTES TO THE ACCOUNTS

8. 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 The British Petroleum Company p.l.c., a company registered in England and Wales. Copies of The British Petroleum Company p.l.c.'s accounts can be obtained from Britannic House, 1 Finsbury Circus, London, EC2M 7BA.