

BP CHEMICALS (KOREA) LIMITED

(Registered No 02316280)

ANNUAL REPORT AND ACCOUNTS 2012

Board of Directors

R M Stott

R C Harrington

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2012

Results and dividends

The profit for the year after taxation was £7,753 000 which when added to the retained profit brought forward at 1 January 2012 of £28,133,000, gives a total retained profit carried forward at 31 December 2012 of £35,886 000

The company has not declared any dividends during the year (2011 £Nil) The directors do not propose the payment of a dividend

Principal activity and review of the business

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

No key financial and other performance indicators have been identified for this company

Principal risks and uncertainties

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.

We urge you to consider carefully the risks described below. The potential impact of the occurrence or reoccurrence of any of the risks described below could have a material adverse effect on the company's business, financial position, results of operations, competitive position, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda.

Company level risks have been categorised against the following areas: strategic and commercial, and compliance and control. In addition, we have also set out a further category of risk for your attention – those resulting from the 2010 Gulf of Mexico oil spill (the Incident).

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BP CHEMICALS (KOREA) LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Gulf of Mexico oil spill

The Gulf of Mexico oil spill has had and could continue to have a material adverse impact on BP as a group and consequently may also have an adverse impact on BP Chemicals (Korea) Limited

Whilst the BP group recognised significant charges in the income statement since the Incident occurred in 2010 there is significant uncertainty regarding the extent and timing of the remaining costs and liabilities relating to the Incident, the potential changes in applicable regulations and the operating environment that may result from the Incident, the impact of the Incident on the reputation of the group and the resulting possible impact on the group's licence to operate including its ability to access new opportunities. The amount of claims that become payable by the BP group, the amount of fines ultimately levied on the BP group (including any potential determination of the BP group's negligence or gross negligence) the outcome of litigation, the terms of any further settlements including the amount and timing of any payments thereunder, and any costs arising from any longer-term environmental consequences of the Incident, will also impact upon the ultimate cost for the BP group

Although the provisions recognised represent the current best estimates of expenditures required to settle certain present obligations that can be reasonably estimated at the end of the reporting period, there are future expenditures for which it is not possible to measure the obligations reliably and the total amounts paid by the BP group in relation to all obligations relating to the Incident are subject to significant uncertainty. These uncertainties are likely to continue for a significant period, increase the risks to which the group is exposed and may cause costs to increase. Thus, the Incident has had, and could continue to have a material adverse impact on the group's business, competitive position, financial performance, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda, particularly in the US. The risks associated with the Incident could also heighten the impact of the other risks to which the group is exposed as further described below. Further information on the Incident, is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2012

Strategic and commercial risks

Socio-political

The diverse nature of the company's operations around the world exposes it to a wide range of political developments and consequent changes to the operating environment, regulatory environment and law

The company has operations, and are seeking new opportunities in countries where political, economic and social transition is taking place. Some countries have experienced or may experience in the future political instability, changes to the regulatory environment, expropriation or nationalisation of property, civil strife, strikes, acts of war and insurrections. Any of these conditions occurring could disrupt or terminate the company's operations, causing its development activities to be curtailed or terminated in these areas or its production to decline, could limit the company's ability to pursue new opportunities, could affect the recoverability of its assets and could cause it to incur additional costs

BP CHEMICALS (KOREA) LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Compliance and control risks

Liabilities and provisions

The BP group's potential liabilities resulting from pending and future claims lawsuits, settlements and enforcement actions relating to the Gulf of Mexico oil spill, together with the potential cost and burdens of implementing remedies sought in the various proceedings, cannot be fully estimated at this time but they have had, and are expected to continue to have a material adverse impact on the group's business and consequently may also impact the company's business. Further information is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2012.

Reporting

External reporting of financial and non-financial data is reliant on the integrity of systems and people. Failure to report data accurately and in compliance with external standards could result in regulatory action, legal liability and damage to the company's reputation.

Future developments

The directors aim to maintain the management policies which have resulted in the company's stability in recent years. 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.

There have been no director appointments or resignations since 1 January 2012.

Directors' indemnity

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

Policy and practice on payment of creditors

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company with payments made in accordance with the relevant contractual payment terms. 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.

BP CHEMICALS (KOREA) LIMITED

REPORT OF THE DIRECTORS

Auditor

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year

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



For and on behalf of
Sunbury Secretaries Limited
Company Secretary

08 August 2013

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP CHEMICALS (KOREA) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing these 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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 CHEMICALS (KOREA) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
BP CHEMICALS (KOREA) LIMITED

We have audited the financial statements of BP Chemicals (Korea) Limited for the year ended 31 December 2012 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 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us or
- the financial statements are not in agreement with the accounting records and returns or
- certain disclosures of directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

William Testa (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

15 August 2013

BP CHEMICALS (KOREA) LIMITED

ACCOUNTING POLICIES

Accounting standards

The financial statements of BP Chemicals (Korea) Limited were approved for issue by the Board of Directors on *6 August* 2013

These accounts are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards

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

Group accounts

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 400 (1) of the Companies Act 2006. The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking BP plc, a company registered in England and Wales. These accounts present information about the company as an individual undertaking and not about the group.

Dividend income

Dividend income from investments is recognised when the shareholders' right to receive the payment is established.

Foreign currency transactions

Foreign currency transactions are initially recorded in sterling by applying the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences are included in the profit and loss account.

Interest income

Interest income is recognised on an accruals basis.

BP CHEMICALS (KOREA) LIMITED

ACCOUNTING POLICIES

Investments

Fixed asset investments in associates are held at cost. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Other debtors

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 company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Other creditors

Other creditors are carried at payment or settlement amounts. If the effect of the time value of money is material, other creditors are determined by discounting the expected future cash flows at a pre-tax rate.

BP CHEMICALS (KOREA) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	<u>2012</u> £000	<u>2011</u> £000
Dividend income		8,509	8,072
Administration expenses		(591)	(417)
Profit on ordinary activities before interest and taxation		<u>7 918</u>	<u>7 655</u>
Interest receivable and similar income	2	260	271
Profit before taxation		<u>8,178</u>	<u>7 926</u>
Taxation	3	(425)	(404)
Profit for the year		<u>7,753</u>	<u>7 522</u>

The profit of £7 753 000 for the year ended 31 December 2012 has derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2012

There are no recognised gains or losses attributable to the shareholders of the company other than the profit for the year

BP CHEMICALS (KOREA) LIMITED**(Registered No 02316280)****BALANCE SHEET AT 31 DECEMBER 2012**

	Note	<u>2012</u> £000	<u>2011</u> £000
Fixed assets			
Investments	5	20 493	20 493
Current assets			
Debtors	6	60 880	53 082
Creditors: amounts falling due within one year	7	(187)	(142)
Net current assets		60,693	52 940
TOTAL ASSETS LESS CURRENT LIABILITIES		81 186	73 433
NET ASSETS		81,186	73,433
Represented by			
Capital and reserves			
Called up share capital	8	45,300	45,300
Profit and loss account	9	35,886	28,133
SHAREHOLDERS' FUNDS – EQUITY INTERESTS		81,186	73 433

On behalf of the Board



Ronald Stott

Director

08 August 2013

BP CHEMICALS (KOREA) LIMITED

NOTES TO THE ACCOUNTS

1. Auditor's remuneration

	<u>2012</u>	<u>2011</u>
	£000	£000
Fees for the audit of the company	<u>8</u>	<u>5</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 Chemicals (Korea) Limited's ultimate parent, BP plc, are required to disclose non-audit fees on a consolidated basis

2. Interest receivable and similar income

	<u>2012</u>	<u>2011</u>
	£000	£000
Interest income from group undertakings	<u>260</u>	<u>271</u>

3. Taxation

The Company is a member of a group for the purposes of relief within Part 5 Corporation Tax Act 2010. No UK 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 UK tax that arises without charge.

The tax charge is made up as follows

	<u>2012</u>	<u>2011</u>
	£000	£000
<u>Current tax</u>		
Overseas tax on income for the year	<u>425</u>	<u>404</u>
Tax charged on profit on ordinary activities	<u>425</u>	<u>404</u>

(a) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 24% for the year ended 31 December 2012 (2011 – 26%). The differences are reconciled below

	<u>2012</u>	<u>2011</u>
	UK	UK
	£000	£000
Profit on ordinary activities before tax	8,178	7,926
Current taxation	425	404
Effective current tax rate	5%	5%

BP CHEMICALS (KOREA) LIMITED

NOTES TO THE ACCOUNTS

3. Taxation (continued)

(a) Factors affecting the current tax charge (continued)

	<u>2012</u>	<u>2011</u>
	UK	UK
	%	%
UK corporation tax rate	24	26
Increase / (decrease) resulting from		
Non-deductible expenditure / non-taxable income	1	1
Current overseas tax	5	5
Free group relief	-	(1)
Dividends not subject to UK tax	(25)	(26)
Effective current tax rate	<u>5</u>	<u>5</u>

4. Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for services as directors of the company during the financial year (2011 £Nil)

(b) Employee costs

The company had no employees during the year (2011 Nil)

5. Investments

	<u>Investment in associate shares</u>
Cost	£000
At 1 January 2012 / At 31 December 2012	<u>20,493</u>
Net book amount	
At 31 December 2012 / At 31 December 2011	<u>20,493</u>

The investments in the associated undertakings are unlisted.

The associated undertakings of the company at 31 December 2012 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.

Associated undertakings	Class of share held	%	Country of incorporation	Principal activity
Samsung-BP Chemicals Co., Ltd	Ordinary	51	Republic of South Korea	Chemicals
Asian Acetyls Co., Ltd	Ordinary	34	Republic of South Korea	Chemicals

BP CHEMICALS (KOREA) LIMITED**NOTES TO THE ACCOUNTS****6. Debtors**

	<u>2012</u>	<u>2011</u>
	Within	Within
	1 year	1 year
	£000	£000
Amounts owed by group undertakings	<u>60,880</u>	<u>53 082</u>

7. Creditors

	<u>2012</u>	<u>2011</u>
	Within	Within
	1 year	1 year
	£000	£000
Amounts owed to group undertakings	<u>187</u>	<u>142</u>

8. Called up share capital

	<u>2012</u>	<u>2011</u>
	£000	£000
Allotted, called up and fully paid		
45,300,000 Ordinary shares of £1 each for a total nominal value of £45,300 000	<u>45,300</u>	<u>45,300</u>
	<u>45,300</u>	<u>45,300</u>

9. Capital and reserves

	<u>Called up share capital</u>	<u>Profit and loss account</u>	<u>Total</u>
	£000	£000	£000
At 1 January 2012	45,300	28 133	73 433
Profit for the year	-	7 753	7 753
At 31 December 2012	<u>45,300</u>	<u>35,886</u>	<u>81,186</u>

BP CHEMICALS (KOREA) LIMITED

NOTES TO THE ACCOUNTS

10 Reconciliation of movements in shareholders' funds

	<u>2012</u>	<u>2011</u>
	<u>£000</u>	<u>£000</u>
Profit for the year	7,753	7,522
Net increase in shareholders' funds	7,753	7,522
Shareholders' funds at 1 January	73,433	65,911
Shareholders' funds at 31 December	<u>81,186</u>	<u>73,433</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 entered into with group companies

During the year, the company received dividends from its associated undertakings Samsung-BP Chemicals Co Ltd amounting to £7,073,000 (2011: £8,072,000) in which it holds a 51% interest and Asian Acetyls Co Ltd amounting to £1,436,000 (2011: £Nil) in which it holds a 34% interest

No amounts are outstanding in respect of the above transactions at the balance sheet date (2011: £Nil)

12 Pensions

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

13. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking is BP Chemicals Limited, a company registered in England and Wales. The ultimate controlling parent undertaking is BP plc, a company registered in England and Wales, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of BP plc can be obtained from 1 St James's Square London SW1Y 4PD