

Edgar Filing: BP PLC - Form 6-K

BP PLC
Form 6-K
July 26, 2005

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

for the period ended 26 July 2005

BP p.l.c.
(Translation of registrant's name into English)

1 ST JAMES'S SQUARE, LONDON, SW1Y 4PD, ENGLAND
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual
reports under cover Form 20-F or Form 40-F.

Form 20-F |X| Form 40-F

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of
1934.

Yes No |X|

BP p.l.c.
Group Results
2nd Quarter and Half Year 2005

London 26 July 2005

FOR IMMEDIATE RELEASE

RECORD RESULT AND SHAREHOLDER DISTRIBUTIONS FOR THE HALF-YEAR

Edgar Filing: BP PLC - Form 6-K

| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | \$ million | | First Half 2005 | 2004 | % |
|---------------------------|--------------------------|---------------------------|-------------------------------------|--|--------------------|---------|----|
| ===== | | | | | ===== | | |
| 4,335 | 6,602 | 5,591 | Profit for the period* | | 12,193 | 9,247 | |
| (462) | (1,111) | (610) | Inventory holding (gains) losses | | (1,721) | (1,110) | |
| ----- | | | | | ----- | | |
| 3,873 | 5,491 | 4,981 | Replacement cost profit | | 10,472 | 8,137 | 29 |
| ===== | | | | | ===== | | |
| 9.83 | 13.55 | 12.67 | - per ordinary share (pence) | | 26.22 | 20.32 | |
| 17.69 | 25.61 | 23.42 | - per ordinary share (cents) | | 49.03 | 36.99 | 33 |
| 1.06 | 1.54 | 1.40 | - per ADS (dollar) | | 2.94 | 2.22 | |
| ===== | | | | | ===== | | |

- o BP's second quarter replacement cost profit was \$4,981 million compared with \$3,873 million a year ago, an increase of 29%. For the half year, replacement cost profit was a record \$10,472 million compared with \$8,137 million, up 29%.
- o The second quarter result includes a net non-operating charge of \$826 million compared with a net non-operating charge of \$198 million in the second quarter of 2004, and a net non-operating gain of \$535 million in the first quarter of 2005. For the half year, the net non-operating charge was \$291 million compared with a net gain of \$578 million for the first half of 2004.
- o The second quarter trading environment was generally stronger than a year ago with higher oil and gas realizations, higher refining and chemicals margins, but with lower retail marketing margins.
- o Net cash provided by operating activities for the quarter and half year was \$6.7 billion and \$16.1 billion, respectively, compared with \$5.2 billion and \$12.2 billion a year ago.
- o The ratio of net debt to net debt plus equity was 18% compared with 20% a year ago.
- o The quarterly dividend, to be paid in September, is 8.925 cents per share (\$0.5355 per ADS) compared with 7.10 cents per share a year ago. For the half year, the dividend showed an increase of 26%. In sterling terms, the quarterly dividend is 5.119 pence per share, compared with 3.860 pence per share a year ago; for the half year the increase was 25%. During the first half, the company repurchased 396 million of its own shares at a cost of \$4.1 billion.

BP Group Chief Executive, Lord Browne, said:

"Our record first half financial results could not have been delivered

Edgar Filing: BP PLC - Form 6-K

without the significant investments made over the last decade. These are capturing the benefit of the strong trading environment. Discipline in returning capital to shareholders after continuing to invest for the future is allowing us to reduce the number of shares outstanding, further improving per share performance."

* Profit attributable to BP shareholders.

Summary Quarterly Results

Exploration and Production's second quarter result was up 38% on a year ago reflecting higher realizations in both liquids and gas and higher volumes, partially offset by higher operating costs and revenue investments.

The Refining and Marketing result reflects improved refining margins, lower retail marketing margins and a higher net charge for non-operating items compared with a year ago.

In Gas, Power and Renewables the result decreased compared with a year ago due to lower contributions from the gas marketing and natural gas liquids businesses.

Interest and Other finance expense was \$162 million for the quarter compared with \$201 million in the previous quarter. The decrease relates primarily to the absence in the second quarter of costs associated with the early redemption of finance leases in the first quarter of 2005.

The effective tax rate on replacement cost profit was 31.5%.

Capital expenditure was \$3.3 billion for the quarter. There were no acquisitions in the quarter. Disposal proceeds were \$0.4 billion.

Net debt at the end of the quarter was \$17.9 billion. The ratio of net debt to net debt plus equity was 18%, and was also 18% at the end of the first quarter.

During the second quarter, the company repurchased 203 million of its own shares, at a cost of \$2.1 billion. These shares are held in treasury.

The commentaries above and following are based on replacement cost profit.

TNK-BP operational and financial information has been estimated.

The financial information for 2004 has been restated to reflect the following, all with effect from 1 January 2005: (a) the adoption by the group of International Financial Reporting Standards (IFRS) (see Note 1); (b) the transfer of the aromatics and acetyls operations from the former Petrochemicals segment to the Refining and Marketing segment; (c) the transfer of the olefins and derivatives operations from the former Petrochemicals segment to Other businesses and corporate; (d) the transfer of the Grangemouth and Lavera refineries from the Refining and Marketing segment to Other businesses and corporate; (e) the transfer of the Mardi Gras pipeline from the Exploration and Production segment to the Refining and Marketing segment; and (f) the transfer of the Hobbs fractionator from the Gas, Power and Renewables segment to Other businesses and corporate. Note 2 provides further detail of the resegmentation.

Edgar Filing: BP PLC - Form 6-K

Non-Operating Items

| \$ million | Second Quarter 2005 |
|--------------------------------|---------------------------|
| | ===== |
| Exploration and Production | (652) |
| Refining and Marketing | (658) |
| Gas, Power and Renewables | 87 |
| Other businesses and corporate | 17 |
| | ----- |
| | (1,206) |
| Taxation(a) | 380 |
| | ----- |
| | (826) |
| | ===== |

(a) Tax on Non-operating items is calculated using the effective tax rate on replacement cost profit.

Reconciliation of Replacement Cost Profit to Profit for the Period

| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | \$ million | First Half 2005 | First Half 2004 |
|---------------------------|--------------------------|---------------------------|--------------------------------------|--------------------|--------------------|
| | | | | | |
| ===== | | | | ===== | |
| 4,263 | 6,486 | 5,903 | Exploration and Production | 12,389 | 8,505 |
| 1,665 | 1,421 | 1,286 | Refining and Marketing | 2,707 | 2,585 |
| 189 | 404 | 174 | Gas, Power and Renewables | 578 | 390 |
| | | | Other businesses and | | |
| (197) | 207 | 175 | corporate | 382 | 897 |
| (87) | (153) | (4) | Consolidation adjustment | (157) | (153) |
| | | | | | |
| ----- | | | | ----- | |
| 5,833 | 8,365 | 7,534 | RC profit before interest and tax | 15,899 | 12,224 |
| | | | | | |
| ----- | | | | ----- | |
| | | | Interest and other | | |
| (171) | (201) | (162) | finance expense | (363) | (345) |
| (1,747) | (2,612) | (2,322) | Taxation | (4,934) | (3,666) |
| (42) | (61) | (69) | Minority interest | (130) | (76) |
| | | | | | |
| ----- | | | | ----- | |
| 3,873 | 5,491 | 4,981 | RC profit (a) | 10,472 | 8,137 |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-------|-------|----------------------------------|--------|-------|
| ===== | | | | ===== | |
| 462 | 1,111 | 610 | Inventory holding gains (losses) | 1,721 | 1,110 |
| ----- | | | | ----- | |
| 4,335 | 6,602 | 5,591 | Profit for the period* | 12,193 | 9,247 |
| ===== | | | | ===== | |

- (a) Replacement cost profit reflects the current cost of supplies. The replacement cost profit for the period is arrived at by excluding from profit inventory holding gains and losses. BP uses this measure to assist investors to assess BP's performance from period to period. Replacement cost profit is not a recognized GAAP measure. Operating cash flow is calculated from the starting point of profit before taxation which includes inventory holding gains and losses. Operating cash flow also reflects working capital movements including inventories, trade and other receivables and trade and other payables. The carrying value of these working capital items will change for various reasons, including movements in oil, gas and products prices.

Per Share Amounts

| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | | First Half 2005 | 2004 |
|---------------------------|--------------------------|---------------------------|---|--------------------|------------|
| ===== | | | | ===== | |
| | | | Results for the period (\$m) | | |
| 4,335 | 6,602 | 5,591 | Profit* | 12,193 | 9,247 |
| 3,873 | 5,491 | 4,981 | Replacement cost profit | 10,472 | 8,137 |
| ----- | | | | ----- | |
| 21,789,115 | 21,367,827 | 21,174,934 | Shares in issue at period end (thousand) | 21,174,934 | 21,789,115 |
| 3,631,519 | 3,561,305 | 3,529,156 | - ADS equivalent (thousand) | 3,529,156 | 3,631,519 |
| 21,906,318 | 21,441,285 | 21,270,485 | Average number of shares outstanding (thousand) | 21,355,418 | 21,997,057 |
| 3,651,053 | 3,573,548 | 3,545,081 | - ADS equivalent (thousand) | 3,559,236 | 3,666,176 |
| ----- | | | | ----- | |
| | | | Per ordinary share (cents) | | |
| 19.79 | 30.79 | 26.30 | Profit for the period | 57.09 | 42.03 |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|--------|--------|--------|--|--------|--------|
| 17.69 | 25.61 | 23.42 | RC profit for the period | 49.03 | 36.99 |
| 118.74 | 184.74 | 157.80 | Per ADS (cents) Profit for the period | 342.54 | 252.18 |
| 106.14 | 153.66 | 140.52 | RC profit for the period | 294.18 | 221.94 |

* Profit attributable to BP shareholders.

Exploration and Production

| 2Q 2004 | 1Q 2005 | 2Q 2005 | \$ million | First Half 2005 | 2004 |
|------------|------------|------------|--|--------------------|-------|
| 4,263 | 6,491 | 5,906 | Profit before interest and tax(a) | 12,397 | 8,513 |
| - | (5) | (3) | Inventory holding (gains) losses | (8) | (8) |
| 4,263 | 6,486 | 5,903 | Replacement cost profit before interest and tax | 12,389 | 8,505 |
| (274) | 940 | (3) | Results include: Impairment and gain (loss) on sale of businesses and fixed assets | 937 | (249) |
| - | - | - | Environmental and other provisions | - | - |
| - | - | - | Restructuring, integration and rationalization costs | - | - |
| - | (160) | (674) | Fair value gain (loss) on embedded derviatives | (834) | - |
| - | - | 25 | Other | 25 | - |
| (274) | 780 | (652) | Total non-operating items | 128 | (249) |
| 108 | 160 | 139 | Exploration expense | 299 | 244 |
| 22 | 84 | 47 | Of which: Exploration expenditure written off | 131 | 89 |
| 2,321 | 2,405 | 2,437 | Production (Net of Royalties) Crude oil (mb/d) | 2,421 | 2,331 |
| 197 | 188 | 182 | Natural gas liquids (mb/d) | 185 | 194 |
| 2,518 | 2,593 | 2,619 | Total liquids (mb/d) (b) | 2,606 | 2,525 |
| 8,425 | 8,745 | 8,661 | Natural gas (mmcf/d) | 8,703 | 8,512 |
| 3,971 | 4,101 | 4,112 | Total hydrocarbons (mboe/d) (c) | 4,107 | 3,993 |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-------|-------|------------------------------------|-------|-------|
| ===== | | | ===== | | |
| | | | Average realizations | | |
| 34.47 | 43.37 | 47.79 | Crude oil (\$/bbl) | 45.60 | 32.85 |
| 23.71 | 28.14 | 29.86 | Natural gas liquids (\$/bbl) | 28.99 | 23.43 |
| 33.27 | 41.74 | 45.95 | Total liquids (\$/bbl) | 43.85 | 31.85 |
| 3.68 | 4.26 | 4.38 | Natural gas (\$/mcf) | 4.32 | 3.74 |
| 27.66 | 33.60 | 36.11 | Total hydrocarbons (\$/bbl) | 34.86 | 27.06 |
| ===== | | | ===== | | |
| | | | Average oil marker prices (\$/bbl) | | |
| 35.32 | 47.62 | 51.63 | Brent | 49.64 | 33.67 |
| 38.28 | 49.88 | 53.08 | West Texas Intermediate | 51.52 | 36.80 |
| 36.99 | 45.07 | 50.10 | Alaska North Slope US West Coast | 47.64 | 35.61 |
| ===== | | | ===== | | |
| | | | Average natural gas marker prices | | |
| 6.00 | 6.27 | 6.74 | Henry Hub gas price (\$/mmbtu) (d) | 6.51 | 5.84 |
| | | | UK Gas - National | | |
| 20.70 | 37.96 | 30.15 | Balancing Point (p/therm) | 34.02 | 22.64 |
| ===== | | | ===== | | |

(a) Includes profit after interest and tax of equity-accounted entities.

(b) Crude oil and natural gas liquids.

(c) Natural gas is converted to oil equivalent at 5.8 billion cubic feet = 1 million barrels.

(d) Henry Hub First of the Month Index.

Exploration and Production

The replacement cost profit before interest and tax for the second quarter was \$5,903 million, an increase of 38% over the second quarter of 2004. This result benefited from higher realizations in both liquids and gas and higher volumes, partially offset by higher operating costs and revenue investments. Net non-operating losses for the second quarter total \$652 million, primarily arising from fair value losses on embedded derivatives relating to North Sea gas contracts. The corresponding quarter in 2004 contained charges for impairment of \$160 million and losses on sales of assets of \$114 million.

Production for the quarter at 4,112 mboe/d was over 3.5% higher than the second quarter of 2004. This reflects production growth from major projects in the new profit centres and TNK-BP, partly offset by anticipated decline in existing profit centres.

The replacement cost profit before interest and tax of \$12,389 million for the half year was a record and represented an increase of 46% over the same period of the previous year. This result also benefited from higher realizations and volumes partially offset by higher operating costs and revenue investments. The half year result included net gains on sales of assets of \$1,067 million, fair value losses of \$834 million on embedded derivatives and charges for impairments

Edgar Filing: BP PLC - Form 6-K

of \$130 million.

In the deepwater Gulf of Mexico, efforts continue in response to the Thunder Horse platform incident. The facility is now stable and trim; freeboard and displacement are normal. Work continues to determine the cause. We will not begin production, originally scheduled for end-2005, until any damage has been identified and repaired. Elsewhere, projects in the New Profit Centres remain on track. In Azerbaijan, line-fill of the Baku-Tbilisi-Ceyhan (BTC) oil export pipeline commenced and the official inauguration ceremony was held on 25 May 2005. In Angola, the Kizomba B development achieved first oil in early July, ahead of schedule. In Trinidad, both the Cannonball project and the Atlantic LNG Train 4 remain on course for start-up of production in the second half of the year. In addition, we approved our investment in a fifth LNG train in the North West Shelf development in Australia during the second quarter.

Projects in the Existing Profit Centres also remain on track. In Egypt, we extended two concessions in the Gulf of Suez: the Merged Concession Agreement (MCA) and South Garib, which will extend the life of the existing oil fields, increase the recovery of remaining reserves and provide a foundation for growth through future exploration.

During the quarter, BP Trinidad and Tobago LLC (BP 70%) reached agreement for the sale of the Teak, Samaan and Poui fields in Trinidad. Completion of the transaction is expected in the fourth quarter of 2005 subject to regulatory and other approvals.

Customer Facing Segments Refining and Marketing

| 2Q 2004 | 1Q 2005 | 2Q 2005 | \$ million | First Half 2005 | 2004 |
|------------------|------------|------------|--|--------------------|-------|
| ===== | | | | | |
| 2,070 | 2,363 | 1,950 | Profit before interest and tax(a) | 4,313 | 3,543 |
| (405) | (942) | (664) | Inventory holding (gains) losses | (1,606) | (958) |
| ----- | | | | | |
| 1,665 | 1,421 | 1,286 | Replacement cost profit before interest and tax | 2,707 | 2,585 |
| ===== | | | | | |
| Results include: | | | | | |
| 55 | (27) | 75 | Impairment and gain (loss) on sale of businesses and fixed assets | 48 | (105) |
| - | - | - | Environmental and other provisions | - | - |
| - | - | - | Restructuring, integration and rationalization costs | - | - |
| - | - | - | Fair value gain (loss) on embedded derivatives | - | - |
| - | - | (733) | Other | (733) | - |
| ----- | | | | | |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|--------|-------|--------|---|-------|--------|
| 55 | (27) | (658) | Total non-operating items | (685) | (105) |
| ===== | | | | ===== | |
| | | | Refinery throughputs(b) (kb/d) | | |
| 206 | 164 | 210 | UK | 187 | 202 |
| 729 | 647 | 671 | Rest of Europe | 659 | 720 |
| 1,370 | 1,400 | 1,350 | USA | 1,375 | 1,317 |
| 377 | 299 | 305 | Rest of World | 302 | 388 |
| ----- | | | | ----- | |
| 2,682 | 2,510 | 2,536 | Total throughput | 2,523 | 2,627 |
| ===== | | | | ===== | |
| 94.9 | 95.2 | 93.1 | Refining availability (%) | 94.1 | 95.0 |
| ===== | | | | ===== | |
| | | | Oil sales volumes (kb/d) | | |
| | | | Refined products | | |
| 323 | 338 | 356 | UK | 347 | 310 |
| 1,318 | 1,323 | 1,346 | Rest of Europe | 1,335 | 1,335 |
| 1,687 | 1,648 | 1,656 | USA | 1,652 | 1,685 |
| 651 | 621 | 604 | Rest of World | 612 | 652 |
| ----- | | | | ----- | |
| 3,979 | 3,930 | 3,962 | Total marketing sales | 3,946 | 3,982 |
| 2,262 | 2,196 | 2,129 | Trading/supply sales | 2,163 | 2,382 |
| ----- | | | | ----- | |
| 6,241 | 6,126 | 6,091 | Total refined product sales | 6,109 | 6,364 |
| 3,761 | 3,635 | 4,123 | Crude oil | 3,879 | 3,909 |
| ----- | | | | ----- | |
| 10,002 | 9,761 | 10,214 | Total oil sales | 9,988 | 10,273 |
| ===== | | | | ===== | |
| | | | Global Indicator Refining Margin(c) (\$/bbl) | | |
| 5.29 | 2.84 | 5.68 | NWE | 4.27 | 4.01 |
| 9.18 | 7.30 | 9.37 | USGC | 8.34 | 8.05 |
| 9.01 | 3.84 | 7.45 | Midwest | 5.65 | 6.84 |
| 15.41 | 12.88 | 14.53 | USWC | 13.71 | 11.73 |
| 2.80 | 4.98 | 6.30 | Singapore | 5.64 | 3.11 |
| 8.28 | 5.94 | 8.42 | BP Average | 7.19 | 6.59 |
| ===== | | | | ===== | |
| | | | Chemicals production (kte) | | |
| 326 | 317 | 317 | UK | 634 | 629 |
| 814 | 806 | 735 | Rest of Europe | 1,541 | 1,611 |
| 1,144 | 1,218 | 1,107 | USA | 2,325 | 2,327 |
| 982 | 1,009 | 981 | Rest of World | 1,990 | 2,022 |
| ----- | | | | ----- | |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-------|-------|------------------|-------|-------|
| 3,266 | 3,350 | 3,140 | Total production | 6,490 | 6,589 |
|-------|-------|-------|------------------|-------|-------|

=====

=====

- (a) Includes profit after interest and tax of equity-accounted entities.

- (b) Refinery throughputs exclude the Grangemouth and Lavera refineries which were transferred to Other businesses and corporate effective 1 January 2005.

- (c) The Global Indicator Refining Margin (GIM) is the average of six regional indicator margins weighted for BP's crude refining capacity in each region. Each regional indicator margin is based on a single representative crude with product yields characteristic of the typical level of upgrading complexity. The regional indicator margins may not be representative of the margins achieved by BP in any period because of BP's particular refinery configurations and crude and product slate. The GIM data shown above excludes the Grangemouth and Lavera refineries.

Customer Facing Segments Refining and Marketing

The replacement cost profit before interest and tax for the second quarter and half year was \$1,286 million and \$2,707 million respectively. This compares with \$1,665 million and \$2,585 million respectively, for the equivalent periods in 2004.

The quarter's result includes a net charge of \$658 million for non-operating items. Of this, \$700 million is in respect of all fatality and personal injury compensation claims associated with the incident at the Texas City refinery on 23 March 2005. Non-operating items also include a gain of \$75 million on the disposal of retail assets and a charge of \$33 million for the impairment of an equity-accounted entity. The total charge for non-operating items for the half year amounted to \$685 million.

The second quarter and half year results, compared with the prior year, reflect improved refining margins, lower retail marketing margins and a higher net charge for non-operating items. The average refining Global Indicator Margin (GIM) for both the second quarter and the first half of 2005 were higher than in the equivalent periods of 2004 due to product demand strength and the benefits of heavy/sour crude discounts. The margin realized by BP's refinery system also reflected the benefits of locational advantages and supply optimization. Retail marketing margins were lower than last year for both the quarter and half year as a result of rises in crude and product prices being faster than the increase in selling prices.

Refining crude oil throughputs for the quarter and first half were 2,536 kb/d and 2,523 kb/d respectively, lower than last year primarily due to the impact of disposals. The quarter's refining availability reduced to 93% compared with the 95% we achieved consistently last year and in the first quarter. This reflects the full quarter impact of the Texas City incident. Marketing sales were 3,962 kb/d in the second quarter and 3,946 kb/d for the half year. The sales were held at similar levels to both the second quarter and first half of 2004 despite the significant increase in crude and product prices.

Edgar Filing: BP PLC - Form 6-K

Customer Facing Segments Gas, Power and Renewables

| 2Q 2004 | 1Q 2005 | 2Q 2005 | \$ million | | First Half 2005 | 2004 |
|----------------------------|------------|------------|--|--|--------------------|--------|
| ===== | | | | | ===== | |
| 183 | 418 | 160 | Profit before interest and tax(a) | | 578 | 374 |
| 6 | (14) | 14 | Inventory holding (gains) losses | | - | 16 |
| ----- | | | | | ----- | |
| 189 | 404 | 174 | Replacement cost result before interest and tax | | 578 | 390 |
| ===== | | | | | ===== | |
| Results include: | | | | | | |
| - | 63 | 20 | Impairment and gain (loss) on sale of businesses and fixed assets | | 83 | - |
| - | - | - | Environmental and other provisions | | - | - |
| - | - | - | Restructuring, integration and rationalization costs | | - | - |
| - | 42 | 67 | Fair value gain (loss) on embedded derivatives | | 109 | - |
| - | - | - | Other | | - | - |
| ----- | | | | | ----- | |
| - | 105 | 87 | Total non-operating items | | 192 | - |
| ===== | | | | | ===== | |
| Gas sales volumes (mmcf/d) | | | | | | |
| 4,489 | 5,413 | 4,699 | UK | | 5,054 | 5,409 |
| 266 | 387 | 382 | Rest of Europe | | 385 | 354 |
| 12,477 | 14,188 | 14,501 | USA | | 14,345 | 13,047 |
| 12,079 | 15,628 | 14,933 | Rest of World | | 15,279 | 12,991 |
| ----- | | | | | ----- | |
| 29,311 | 35,616 | 34,515 | Total gas sales volumes | | 35,063 | 31,801 |
| ===== | | | | | ===== | |
| NGL sales volumes (mb/d) | | | | | | |
| 8 | 10 | 4 | UK | | 7 | 6 |
| 3 | 13 | 12 | Rest of Europe | | 12 | 2 |
| 334 | 371 | 317 | USA | | 344 | 397 |
| 166 | 254 | 162 | Rest of World | | 208 | 205 |
| ----- | | | | | ----- | |
| 511 | 648 | 495 | Total NGL sales volumes | | 571 | 610 |
| ===== | | | | | ===== | |

Edgar Filing: BP PLC - Form 6-K

(a) Includes profit after interest and tax of equity-accounted entities.

The replacement cost profit before interest and tax for the second quarter and half year was \$174 million and \$578 million respectively, compared with \$189 million and \$390 million a year ago.

The second quarter result is lower than the same period in 2004 due to lower contributions from the gas marketing and natural gas liquids businesses. The first half result is higher than the same period in 2004 reflecting higher gains from non-operating items and a similar contribution from the operating businesses. Results reflect changes to fair value accounting following the introduction of IFRS in 2005 which have created increased volatility in the Gas, Power and Renewables result, negatively impacting the second quarter and half year.

Non-operating items in the second quarter include a gain on disposal of an NGL plant in the US and net fair value gains on embedded derivatives.

In June, BP announced plans for the world's first industrial scale project to generate electricity from hydrogen while reducing CO2 emissions and enhancing oil recovery in the North Sea.

Other Businesses and Corporate

| 2Q 2004 | 1Q 2005 | 2Q 2005 | \$ million | First Half 2005 2004 | |
|------------|------------|------------|--|-------------------------|-------|
| ===== | | | | ===== | |
| (134) | 357 | 132 | Profit (loss) before interest and tax(a) | 489 | 1,057 |
| (63) | (150) | 43 | Inventory holding (gains) losses | (107) | (160) |
| ----- | | | | ----- | |
| (197) | 207 | 175 | Replacement cost profit before interest and tax | 382 | 897 |
| ===== | | | | ===== | |
| | | | Results include: | | |
| (68) | (24) | 34 | Impairment and gain (loss) on sale of business and fixed assets | 10 | 1,189 |
| - | - | 22 | Environmental and other provisions | 22 | - |
| - | (43) | (28) | Restructuring, integration and rationalization costs | (71) | - |
| - | (4) | (14) | Fair value gain (loss) on embedded derivatives | (18) | - |
| - | - | 3 | Other | 3 | - |
| ----- | | | | ----- | |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-------|-------|---|-------|-------|
| (68) | (71) | 17 | Total non-operating items | (54) | 1,189 |
| ===== | | | | ===== | |
| | | | Analysis of replacement cost result before interest and tax(a) | | |
| (11) | 356 | 290 | Olefins and Derivatives | 646 | (116) |
| (186) | (149) | (115) | Other | (264) | 1,013 |
| ----- | | | | ----- | |
| (197) | 207 | 175 | | 382 | 897 |
| ===== | | | | ===== | |

(a) Includes profit after interest and tax of equity-accounted entities.

Other businesses and corporate comprises Olefins and Derivatives, Finance, the group's aluminium asset, interest income and costs relating to corporate activities. The group's interests in PetroChina and Sinopec were divested in early 2004. The second quarter's result includes a net gain of \$17 million in respect of non-operating items. This includes a charge in respect of the separation of the Olefins and Derivatives business. The Olefins and Derivatives result showed a marked increase over a year ago primarily as a result of higher margins and volumes.

Dividends Payable

| September 2004 | June 2005 | September 2005 | | June and September 2005 | 2004 |
|-------------------|--------------|-------------------|------------------------------|----------------------------|-------|
| ===== | | | | ===== | |
| | | | Dividends per ordinary share | | |
| 7.10 | 8.50 | 8.925 | cents | 17.425 | 13.85 |
| 3.860 | 4.450 | 5.119 | pence | 9.569 | 7.667 |
| 42.6 | 51.0 | 53.55 | Dividends per ADS (cents) | 104.55 | 83.1 |
| ----- | | | | ----- | |

BP today announced a dividend of 8.925 cents per ordinary share to be paid in September. Holders of ordinary shares will receive 5.119 pence per share and holders of American Depositary Receipts (ADRs) \$0.5355 per ADS share. The dividend is payable on 6 September to shareholders on the register on 12 August. Participants in the Dividend Reinvestment Plan (DRIP) or the DRIP facility in the US Direct Access Plan will receive the dividend in the form of shares, also on 6 September.

Outlook

Edgar Filing: BP PLC - Form 6-K

BP Group Chief Executive, Lord Browne, concluded:

"First half world economic growth has been sustained near its 10-year average of 3%, and is expected to remain so for the rest of 2005.

"Oil prices averaged \$51.63 per barrel (Dated Brent) in the second quarter, around \$4.00 per barrel higher than in the first quarter. OECD commercial inventories have risen at above normal seasonal rates in the second quarter and remain above five-year average levels. Prices remain supported by strong world oil consumption growth and limited spare oil production capacity.

"US natural gas prices averaged \$6.74/mmbtu (Henry Hub first of month index) in the second quarter, up by around \$0.50/mmbtu versus the first quarter. Gas inventories remain above year-earlier and five-year average levels but the surplus has been declining and the futures market continues to signal a supply-constrained market heading into the winter heating season.

"BP's average refining Global Indicator Margin improved by nearly \$2.50/bbl versus the first quarter to reach \$8.42/bbl. So far in the third quarter, refining margins remain very firm in all regions, albeit below second quarter levels. The outlook for retail margins remains uncertain with continuing crude and product price volatility. Rising product prices have dampened margins over the past few weeks and have contributed to a weak start to the third quarter.

"Our strategy is unchanged. We continue to execute it with discipline and focus. Our ability to capture the benefit of current prices and margin strength underpins continued dividend growth and further increases in share buybacks which we expect to be at least \$6 billion in the second half of 2005 subject to market conditions and constraints. Capital expenditure is expected to be around \$14.5 billion for the year and around \$15 billion in 2006."

The foregoing discussion, in particular the statements under "Outlook", contains forward looking statements particularly those regarding capital expenditure, costs, demand, dividends, future performance, growth and other trend projections, margins, prices, production, share buybacks, supply and the timing of projects. By their nature, forward looking statements involve risks and uncertainties and actual results may differ from those expressed in such statements depending on a variety of factors including the following: the timing of bringing new fields on stream; industry product supply; demand and pricing; currency exchange rates; operational problems; general economic conditions including inflationary pressures; political stability and economic growth in relevant areas of the world; changes in governmental regulations; exchange rate fluctuations; development and use of new technology and successful commercial relationships; the actions of competitors; natural disasters and other changes in business conditions; prolonged adverse weather conditions; wars and acts of terrorism or sabotage; and other factors discussed in this Announcement. For more information you should refer to our Annual Report and Accounts 2004 and our 2004 Annual Report on Form 20-F filed with the US Securities and Exchange Commission.

Edgar Filing: BP PLC - Form 6-K

BP p.l.c. and Subsidiaries Group Results

| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | | First Half 2005 | 2004 |
|---------------------------|--------------------------|---------------------------|---|--------------------|---------|
| ===== | ===== | ===== | | ===== | ===== |
| \$ million | | | | \$ million | |
| 70,314 | 78,998 | 86,817 | Sales and other operating revenues (Note 3) | 165,815 | 138,775 |
| 496 | 486 | 742 | Earnings from jointly controlled Entities - after interest and tax | 1,228 | 808 |
| 97 | 114 | 104 | Earnings from associates - after interest and tax | 218 | 204 |
| 161 | 212 | 141 | Interest and other revenues | 353 | 250 |
| ----- | ----- | ----- | | ----- | ----- |
| 71,068 | 79,810 | 87,804 | Total revenues | 167,614 | 140,037 |
| 66 | 1,198 | 202 | Gain on sale of businesses and fixed assets | 1,400 | 1,615 |
| ----- | ----- | ----- | | ----- | ----- |
| 71,134 | 81,008 | 88,006 | Total revenues and other income | 169,014 | 141,652 |
| 54,135 | 59,205 | 66,367 | Purchases | 125,572 | 106,622 |
| 4,611 | 5,430 | 6,335 | Production and manufacturing expenses | 11,765 | 9,466 |
| 424 | 649 | 697 | Production and similar taxes (Note 4) | 1,346 | 949 |
| 2,124 | 2,288 | 2,375 | Depreciation, depletion and amortization | 4,663 | 4,287 |
| 353 | 246 | 76 | Impairment and losses on sale of businesses and fixed assets | 322 | 779 |
| 108 | 160 | 139 | Exploration expense (Note 4) | 299 | 244 |
| 3,084 | 3,432 | 3,252 | Distribution and administration expenses | 6,684 | 5,971 |
| - | 122 | 621 | Fair value (gain) loss on embedded derivatives | 743 | - |
| ----- | ----- | ----- | | ----- | ----- |
| 6,295 | 9,476 | 8,144 | Profit before interest and taxation | 17,620 | 13,334 |
| (95) | (172) | (128) | Interest payable (Note 5) | (300) | (193) |
| (76) | (29) | (34) | Other finance expense (Note 6) | (63) | (152) |
| ----- | ----- | ----- | | ----- | ----- |
| 6,124 | 9,275 | 7,982 | Profit before taxation | 17,257 | 12,989 |
| (1,747) | (2,612) | (2,322) | Taxation | (4,934) | (3,666) |
| ----- | ----- | ----- | | ----- | ----- |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-------|-------|-----------------------|--|-------|
| 4,377 | 6,663 | 5,660 | Profit for the period | 12,323 | 9,323 |
| ===== | | | | ===== | |
| | | | | Attributable to: | |
| 4,335 | 6,602 | 5,591 | BP shareholders | 12,193 | 9,247 |
| 42 | 61 | 69 | Minority interest | 130 | 76 |
| ----- | | | | ----- | |
| 4,377 | 6,663 | 5,660 | | 12,323 | 9,323 |
| ===== | | | | ===== | |
| | | | | Earnings per share - cents | |
| | | | | Profit attributable to BP shareholders | |
| 19.79 | 30.79 | 26.30 | Basic | 57.09 | 42.03 |
| 19.39 | 30.36 | 25.94 | Diluted | 56.30 | 41.16 |
| ===== | | | | ===== | |

Summarized Group Balance Sheet

| | 30 June 2005 | 31 December 2004 |
|--|-----------------|---------------------|
| | ===== | |
| | \$ million | |
| Non-current assets | | |
| Property, plant and equipment | 90,947 | 93,092 |
| Goodwill | 10,555 | 10,857 |
| Other intangible assets | 4,518 | 4,205 |
| Investments in jointly controlled entities | 14,499 | 14,556 |
| Investments in associates | 5,713 | 5,486 |
| Other investments | 748 | 467 |
| | ----- | |
| Fixed assets | 126,980 | 128,663 |
| Loans and other receivables | 5,716 | 2,419 |
| Defined benefit pension plan surplus | 2,106 | 2,105 |
| | ----- | |
| | 134,802 | 133,187 |
| | ----- | |
| Current assets | | |
| Inventories | 18,066 | 15,645 |
| Trade and other receivables | 46,339 | 44,282 |
| Current tax receivable | 155 | 157 |
| Cash and cash equivalents | 1,360 | 1,359 |

Edgar Filing: BP PLC - Form 6-K

| | | |
|--|---------|------------|
| | ----- | |
| | 65,920 | 61,443 |
| | ----- | |
| | 200,722 | 194,630 |
| | ===== | |
| Total assets | | |
| Current liabilities | | |
| Trade and other payables | 51,770 | 48,096 |
| Finance debt | 6,506 | 10,184 |
| Current tax payable | 5,269 | 4,131 |
| Provisions | 1,423 | 715 |
| | ----- | |
| | 64,968 | 63,126 |
| | ----- | |
| Non-current liabilities | | |
| Other payables | 8,156 | 4,438 |
| Finance debt | 12,796 | 12,907 |
| Deferred tax liabilities | 16,437 | 16,701 |
| Provisions | 8,511 | 8,884 |
| Defined benefit pension plan and other | | |
| Post-retirement benefit plan deficits | 9,757 | 10,339 |
| | ----- | |
| | 55,657 | 53,269 |
| | ----- | |
| Total liabilities | 120,625 | 116,395 |
| | ----- | |
| Net assets | 80,097 | 78,235 |
| | ===== | |
| Equity | | |
| BP shareholders' equity | 78,925 | 76,892 |
| Minority interest | 1,172 | 1,343 |
| | ----- | |
| | 80,097 | 78,235 |
| | ===== | |
| Movement in BP shareholders' equity : | | \$ million |
| At 31 December 2004 | | 76,892 |
| Adoption of IAS 39 | | (243) |

Edgar Filing: BP PLC - Form 6-K

| | |
|--|---------|
| As restated at 1 January 2005 | 76,649 |
| Profit for the period | 12,193 |
| Distribution to shareholders | (3,632) |
| Currency translation differences (net of tax) | (2,337) |
| Issue of ordinary share capital for employee share schemes | 271 |
| Purchase of shares by ESOP trusts | (140) |
| Share based payment accrual (net of tax) | 213 |
| Available-for-sale investments (net of tax) | (34) |
| Cash flow hedges (net of tax) | (160) |
| Repurchase of ordinary share capital | (4,098) |

At 30 June 2005 78,925

Summarized Group Cash Flow Statement

| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | | First Half 2005 | 2004 |
|---------------------------|--------------------------|---------------------------|---------------------------------------|--------------------|---------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| | | | Operating activities | | |
| 6,124 | 9,275 | 7,982 | Profit before taxation | 17,257 | 12,989 |
| | | | Adjustments to reconcile profits | | |
| | | | before tax to net cash provided by | | |
| | | | operating activities | | |
| 22 | 84 | 47 | Exploration expenditure written off | 131 | 89 |
| | | | Depreciation, depletion and | | |
| 2,124 | 2,288 | 2,375 | amortization | 4,663 | 4,287 |
| | | | Impairment and (gain) loss on sale | | |
| 287 | (952) | (126) | of businesses and fixed assets | (1,078) | (836) |
| | | | Earnings from jointly controlled | | |
| (593) | (600) | (846) | entities and associates | (1,446) | (1,012) |
| | | | Dividends received from jointly | | |
| 104 | 355 | 742 | controlled entities and associates | 1,097 | 313 |
| (59) | (65) | (105) | Interest receivable | (170) | (114) |
| 48 | 35 | 79 | Interest received | 114 | 92 |
| 95 | 172 | 128 | Interest payable | 300 | 193 |
| (154) | (332) | (119) | Interest paid | (451) | (319) |
| 76 | 29 | 34 | Other finance expense | 63 | 152 |
| 57 | 77 | 79 | Share-based payments | 156 | 115 |
| | | | Net operating charge for pensions and | | |
| | | | other post-retirement benefits, | | |
| (34) | (10) | (6) | less contributions | (16) | (57) |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|---------|---------|---------|--------------------------------------|----------|---------|
| | | | Net charge for provisions, | | |
| (60) | (65) | 504 | less payments | 439 | (170) |
| (1,391) | (960) | (2,101) | (Increase) decrease in inventories | (3,061) | (1,137) |
| | | | (Increase) decrease in trade and | | |
| (1,361) | (1,573) | (4,384) | other receivables | (5,957) | (2,842) |
| | | | Increase (decrease) in trade and | | |
| 1,492 | 2,749 | 4,956 | other payables | 7,705 | 2,622 |
| (1,619) | (1,133) | (2,502) | Income taxes paid | (3,635) | (2,199) |
| ----- | | | | ----- | |
| | | | Net cash provided by operating | | |
| 5,158 | 9,374 | 6,737 | activities | 16,111 | 12,166 |
| ----- | | | | ----- | |
| | | | Investing activities | | |
| (2,603) | (2,825) | (2,911) | Capital expenditure | (5,736) | (5,398) |
| (14) | - | - | Acquisitions, net of cash acquired | - | (14) |
| | | | Net investment in jointly controlled | | |
| (47) | (15) | (36) | entities | (51) | (1,426) |
| (148) | (99) | (186) | Net investment in associates | (285) | (581) |
| | | | Proceeds from disposal of businesses | | |
| 657 | 1,327 | 425 | and fixed assets | 1,752 | 3,493 |
| - | 32 | 48 | Proceeds from loan repayments | 80 | 3 |
| ----- | | | | ----- | |
| | | | Net cash used in investing | | |
| (2,155) | (1,580) | (2,660) | activities | (4,240) | (3,923) |
| ----- | | | | ----- | |
| | | | Financing activities | | |
| (1,948) | (1,933) | (2,034) | Net issue (repurchase) of shares | (3,967) | (3,086) |
| 430 | 811 | 482 | Proceeds from long-term financing | 1,293 | 1,058 |
| (434) | (2,192) | (1,011) | Repayments of long-term financing | (3,203) | (1,270) |
| | | | Net (decrease) increase in short- | | |
| (195) | (2,166) | 149 | term debt | (2,017) | (2,423) |
| (1,478) | (1,823) | (1,809) | Dividends paid - BP shareholders | (3,632) | (2,970) |
| (8) | (320) | (15) | - Minority interest | (335) | (10) |
| ----- | | | | ----- | |
| | | | Net cash used in financing | | |
| (3,633) | (7,623) | (4,238) | activities | (11,861) | (8,701) |
| ----- | | | | ----- | |
| | | | Currency translation differences | | |
| | | | relating to cash and cash | | |
| (11) | (9) | - | equivalents | (9) | (8) |
| ----- | | | | ----- | |
| | | | (Decrease) increase in cash and | | |
| (641) | 162 | (161) | cash equivalents | 1 | (466) |
| | | | Cash and cash equivalents at | | |
| 2,231 | 1,359 | 1,521 | beginning of period | 1,359 | 2,056 |
| ----- | | | | ----- | |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-------|-------|---|-------|-------|
| 1,590 | 1,521 | 1,360 | Cash and cash equivalents at end of period | 1,360 | 1,590 |
| ===== | | | | ===== | |

Capital Expenditure and Acquisitions

| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | | First Half 2005 | 2004 |
|---------------------------|--------------------------|---------------------------|------------|--------------------|------------|
| ===== | | | | ===== | |
| | | | \$ million | | \$ million |

By business Exploration and Production

| | | | | | |
|-------|-------|-------|-------------------|-------|-------|
| 211 | 176 | 213 | UK | 389 | 364 |
| 45 | 31 | 37 | Rest of Europe | 68 | 93 |
| 981 | 997 | 942 | USA | 1,939 | 1,870 |
| 1,015 | 1,097 | 1,289 | Rest of World (a) | 2,386 | 3,689 |
| ----- | | | | ----- | |
| 2,252 | 2,301 | 2,481 | | 4,782 | 6,016 |
| ----- | | | | ----- | |

Refining and Marketing

| | | | | | |
|-------|-----|-----|----------------|-------|-----|
| 81 | 43 | 97 | UK | 140 | 143 |
| 133 | 67 | 111 | Rest of Europe | 178 | 203 |
| 313 | 190 | 219 | USA | 409 | 531 |
| 59 | 31 | 88 | Rest of World | 119 | 90 |
| ----- | | | | ----- | |
| 586 | 331 | 515 | | 846 | 967 |
| ----- | | | | ----- | |

Gas, Power and Renewables

| | | | | | |
|-------|----|----|----------------|-------|-----|
| 5 | 1 | 16 | UK | 17 | 6 |
| 3 | 1 | 6 | Rest of Europe | 7 | 5 |
| 13 | 13 | 19 | USA | 32 | 24 |
| 56 | 6 | 10 | Rest of World | 16 | 102 |
| ----- | | | | ----- | |
| 77 | 21 | 51 | | 72 | 137 |
| ----- | | | | ----- | |

Other businesses and corporate

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|----------------------|-------|-------|----------------------------------|-------|-------|
| 15 | 75 | 82 | UK | 157 | 46 |
| 37 | 20 | 58 | Rest of Europe | 78 | 71 |
| 64 | 64 | 53 | USA | 117 | 111 |
| 32 | 16 | 34 | Rest of World | 50 | 86 |
| ----- | | | | ----- | |
| 148 | 175 | 227 | | 402 | 314 |
| ----- | | | | ----- | |
| 3,063 | 2,828 | 3,274 | | 6,102 | 7,434 |
| ===== | | | | ===== | |
| By geographical area | | | | | |
| 312 | 295 | 408 | UK | 703 | 559 |
| 218 | 119 | 212 | Rest of Europe | 331 | 372 |
| 1,371 | 1,264 | 1,233 | USA | 2,497 | 2,536 |
| 1,162 | 1,150 | 1,421 | Rest of World (a) | 2,571 | 3,967 |
| ----- | | | | ----- | |
| 3,063 | 2,828 | 3,274 | | 6,102 | 7,434 |
| ===== | | | | ===== | |
| Included above: | | | | | |
| 14 | 85 | 66 | Acquisitions and asset exchanges | 151 | 1,373 |
| ===== | | | | ===== | |

(a) First half 2004 included \$1,354 million investment in TNK's interest in Slavneft within TNK-BP.

| | | | | | |
|----------------|------|------|--|-------|------|
| Exchange rates | | | | | |
| 1.81 | 1.89 | 1.86 | US dollar/sterling average rate for the period | 1.87 | 1.82 |
| 1.81 | 1.88 | 1.80 | US dollar/sterling period-end rate | 1.80 | 1.81 |
| 1.20 | 1.31 | 1.26 | US dollar/euro average rate for the period | 1.28 | 1.23 |
| 1.21 | 1.30 | 1.21 | US dollar/euro period-end rate | 1.21 | 1.21 |
| ===== | | | | ===== | |

Analysis of Profit Before Interest and Tax

Edgar Filing: BP PLC - Form 6-K

| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | | First Half 2005 | Half 2004 |
|---------------------------|--------------------------|---------------------------|--------------------------------|--------------------|--------------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| | | | By business | | |
| | | | Exploration and Production | | |
| 852 | 911 | 574 | UK | 1,485 | 1,692 |
| 206 | 1,328 | 294 | Rest of Europe | 1,622 | 369 |
| 1,714 | 2,008 | 2,441 | USA | 4,449 | 3,406 |
| 1,491 | 2,244 | 2,597 | Rest of World | 4,841 | 3,046 |
| ----- | | | | ----- | |
| 4,263 | 6,491 | 5,906 | | 12,397 | 8,513 |
| ----- | | | | ----- | |
| | | | Refining and Marketing | | |
| (110) | (249) | (73) | UK | (322) | (214) |
| 658 | 835 | 982 | Rest of Europe | 1,817 | 1,081 |
| 1,152 | 1,429 | 691 | USA | 2,120 | 1,979 |
| 370 | 348 | 350 | Rest of World | 698 | 697 |
| ----- | | | | ----- | |
| 2,070 | 2,363 | 1,950 | | 4,313 | 3,543 |
| ----- | | | | ----- | |
| | | | Gas, Power and Renewables | | |
| (7) | 116 | 124 | UK | 240 | 16 |
| (4) | 6 | (8) | Rest of Europe | (2) | (17) |
| 98 | 172 | 39 | USA | 211 | 172 |
| 96 | 124 | 5 | Rest of World | 129 | 203 |
| ----- | | | | ----- | |
| 183 | 418 | 160 | | 578 | 374 |
| ----- | | | | ----- | |
| | | | Other businesses and corporate | | |
| (77) | (121) | (45) | UK | (166) | (344) |
| 104 | 370 | 159 | Rest of Europe | 529 | 250 |
| (175) | 103 | (29) | USA | 74 | (279) |
| 14 | 5 | 47 | Rest of World | 52 | 1,430 |
| ----- | | | | ----- | |
| (134) | 357 | 132 | | 489 | 1,057 |
| ----- | | | | ----- | |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|----------------------|-------|-------|--------------------------|--------|--------|
| 6,382 | 9,629 | 8,148 | | 17,777 | 13,487 |
| (87) | (153) | (4) | Consolidation adjustment | (157) | (153) |
| ----- | | | | ----- | |
| 6,295 | 9,476 | 8,144 | | 17,620 | 13,334 |
| ===== | | | | ===== | |
| By geographical area | | | | | |
| 658 | 640 | 576 | UK | 1,216 | 1,150 |
| 964 | 2,539 | 1,427 | Rest of Europe | 3,966 | 1,683 |
| 2,702 | 3,576 | 3,142 | USA | 6,718 | 5,125 |
| 1,971 | 2,721 | 2,999 | Rest of World | 5,720 | 5,376 |
| ----- | | | | ----- | |
| 6,295 | 9,476 | 8,144 | | 17,620 | 13,334 |
| ----- | | | | ----- | |

Analysis of Replacement Cost Profit Before Interest and Tax

| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | | First Half 2005 | 2004 |
|---------------------------|--------------------------|---------------------------|----------------------------|--------------------|-------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| | | | By business | | |
| | | | Exploration and Production | | |
| 852 | 911 | 574 | UK | 1,485 | 1,692 |
| 206 | 1,328 | 294 | Rest of Europe | 1,622 | 369 |
| 1,714 | 2,003 | 2,438 | USA | 4,441 | 3,398 |
| 1,491 | 2,244 | 2,597 | Rest of World | 4,841 | 3,046 |
| ----- | | | | ----- | |
| 4,263 | 6,486 | 5,903 | | 12,389 | 8,505 |
| ----- | | | | ----- | |
| | | | Refining and Marketing | | |
| (128) | (270) | (59) | UK | (329) | (246) |
| 550 | 423 | 658 | Rest of Europe | 1,081 | 869 |
| 973 | 1,003 | 373 | USA | 1,376 | 1,416 |
| 270 | 265 | 314 | Rest of World | 579 | 546 |
| ----- | | | | ----- | |
| 1,665 | 1,421 | 1,286 | | 2,707 | 2,585 |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|---------|---------|---------|---------------------------------|------------|--------|
| ----- | | | ----- | | |
| | | | Gas, Power and Renewables | | |
| (7) | 116 | 124 | UK | 240 | 16 |
| (4) | 6 | (1) | Rest of Europe | 5 | (17) |
| 113 | 163 | 43 | USA | 206 | 192 |
| 87 | 119 | 8 | Rest of World | 127 | 199 |
| ----- | | | ----- | | |
| 189 | 404 | 174 | | 578 | 390 |
| ----- | | | ----- | | |
| | | | Other businesses and corporate | | |
| (97) | (191) | (57) | UK | (248) | (378) |
| 68 | 309 | 150 | Rest of Europe | 459 | 189 |
| (182) | 86 | 29 | USA | 115 | (342) |
| 14 | 3 | 53 | Rest of World | 56 | 1,428 |
| ----- | | | ----- | | |
| (197) | 207 | 175 | | 382 | 897 |
| ----- | | | ----- | | |
| 5,920 | 8,518 | 7,538 | | 16,056 | 12,377 |
| (87) | (153) | (4) | Consolidation adjustment | (157) | (153) |
| ----- | | | ----- | | |
| 5,833 | 8,365 | 7,534 | | 15,899 | 12,224 |
| ===== | | | ===== | | |
| | | | By geographical area | | |
| 620 | 549 | 578 | UK | 1,127 | 1,084 |
| 820 | 2,066 | 1,101 | Rest of Europe | 3,167 | 1,410 |
| 2,531 | 3,119 | 2,883 | USA | 6,002 | 4,511 |
| 1,862 | 2,631 | 2,972 | Rest of World | 5,603 | 5,219 |
| ----- | | | ----- | | |
| 5,833 | 8,365 | 7,534 | | 15,899 | 12,224 |
| ===== | | | ===== | | |
| | | | Analysis of Non-operating Items | | |
| Second | First | Second | | First Half | |
| Quarter | Quarter | Quarter | | 2005 | 2004 |
| 2004 | 2005 | 2005 | | | |
| ===== | | | ===== | | |

Edgar Filing: BP PLC - Form 6-K

| \$ million | | | | | \$ million | |
|------------|-------|---------|--------------------------------|-------|------------|--|
| | | | By business | | | |
| | | | Exploration and Production | | | |
| (2) | (290) | (678) | UK | (968) | (3) | |
| - | 1,027 | 3 | Rest of Europe | 1,030 | - | |
| (117) | (1) | (3) | USA | (4) | (136) | |
| (155) | 44 | 26 | Rest of World | 70 | (110) | |
| ----- | | | ----- | | | |
| (274) | 780 | (652) | | 128 | (249) | |
| ----- | | | ----- | | | |
| | | | Refining and Marketing | | | |
| (58) | 8 | (23) | UK | (15) | (94) | |
| 73 | 1 | (12) | Rest of Europe | (11) | 36 | |
| 7 | 5 | (634) | USA | (629) | 2 | |
| 33 | (41) | 11 | Rest of World | (30) | (49) | |
| ----- | | | ----- | | | |
| 55 | (27) | (658) | | (685) | (105) | |
| ----- | | | ----- | | | |
| | | | Gas, Power and Renewables | | | |
| - | 105 | 66 | UK | 171 | - | |
| - | - | - | Rest of Europe | - | - | |
| - | - | 21 | USA | 21 | - | |
| - | - | - | Rest of World | - | - | |
| ----- | | | ----- | | | |
| - | 105 | 87 | | 192 | - | |
| ----- | | | ----- | | | |
| | | | Other businesses and corporate | | | |
| 4 | (66) | (6) | UK | (72) | (4) | |
| (1) | (1) | 12 | Rest of Europe | 11 | - | |
| (70) | (4) | 11 | USA | 7 | (196) | |
| (1) | - | - | Rest of World | - | 1,389 | |
| ----- | | | ----- | | | |
| (68) | (71) | 17 | | (54) | 1,189 | |
| ----- | | | ----- | | | |
| (287) | 787 | (1,206) | Total before taxation | (419) | 835 | |
| 89 | (252) | 380 | Taxation credit (charge) | 128 | (257) | |
| ----- | | | ----- | | | |
| (198) | 535 | (826) | Total after taxation | (291) | 578 | |

Edgar Filing: BP PLC - Form 6-K

=====

=====

Depreciation of Fixed Asset Revaluation Adjustment

Second First Second
Quarter Quarter Quarter
2004 2005 2005

First Half
2005 2004

=====

=====

\$ million

Exploration and Production

8 7 12
90 77 70
6 4 3

UK
USA
Rest of World

\$ million

19 19
147 183
7 12

104 88 85

173 214

Refining and Marketing

31 31 31

USA

62 62

31 31 31

62 62

Total depreciation of revaluation

135 119 116

adjustment (a) (b)

235 276

=====

=====

(a) Relates to the revaluation adjustment consequent upon the ARCO acquisition.

(b) Excludes impairment of the revaluation adjustment which is included in non-operating items.

Net Debt Ratio - Net Debt: Net Debt + Equity

Edgar Filing: BP PLC - Form 6-K

| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | | First Half 2005 | Half 2004 |
|---------------------------|--------------------------|---------------------------|---------------------------|--------------------|--------------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| 19,858 | 19,564 | 19,302 | Gross debt | 19,302 | 19,858 |
| 1,590 | 1,521 | 1,360 | Cash and cash equivalents | 1,360 | 1,590 |
| ----- | | | | ----- | |
| 18,268 | 18,043 | 17,942 | Net debt | 17,942 | 18,268 |
| ===== | | | | ===== | |
| 73,088 | 79,911 | 80,097 | Equity | 80,097 | 73,088 |
| 20% | 18% | 18% | Net debt ratio | 18% | 20% |
| ===== | | | | ===== | |

Production and Realizations

| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | | First Half 2005 | Half 2004 |
|---------------------------|--------------------------|---------------------------|---|--------------------|--------------|
| ===== | | | | ===== | |
| | | | Production | | |
| | | | Crude oil (mb/d) (net of royalties) | | |
| 321 | 288 | 290 | UK | 289 | 333 |
| 80 | 76 | 73 | Rest of Europe | 74 | 76 |
| 541 | 560 | 546 | USA | 553 | 552 |
| 1,379 | 1,481 | 1,528 | Rest of World | 1,505 | 1,370 |
| ----- | | | | ----- | |
| 2,321 | 2,405 | 2,437 | Total crude oil production | 2,421 | 2,331 |
| ===== | | | | ===== | |
| | | | Natural gas liquids (mb/d) (net of royalties) | | |
| 21 | 17 | 20 | UK | 18 | 20 |
| 5 | 5 | 4 | Rest of Europe | 5 | 5 |
| 140 | 135 | 127 | USA | 131 | 139 |
| 31 | 31 | 31 | Rest of World | 31 | 30 |
| ----- | | | | ----- | |
| 197 | 188 | 182 | Total natural gas liquids production | 185 | 194 |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-------|-------|---|-------|-------|
| ===== | | | ===== | | |
| | | | Liquids (a) (mb/d) (net of royalties) | | |
| 342 | 305 | 310 | UK | 307 | 353 |
| 85 | 81 | 77 | Rest of Europe | 79 | 81 |
| 681 | 695 | 673 | USA | 684 | 691 |
| 1,410 | 1,512 | 1,559 | Rest of World | 1,536 | 1,400 |
| ----- | | | ----- | | |
| 2,518 | 2,593 | 2,619 | Total liquids production | 2,606 | 2,525 |
| ===== | | | ===== | | |
| | | | Natural gas (mmcf/d) (net of royalties) | | |
| 1,213 | 1,242 | 1,136 | UK | 1,189 | 1,284 |
| 136 | 121 | 106 | Rest of Europe | 114 | 139 |
| 2,790 | 2,648 | 2,727 | USA | 2,688 | 2,829 |
| 4,286 | 4,734 | 4,692 | Rest of World | 4,712 | 4,260 |
| ----- | | | ----- | | |
| 8,425 | 8,745 | 8,661 | Total natural gas production | 8,703 | 8,512 |
| ===== | | | ===== | | |
| | | | Average realizations | | |
| | | | Crude oil (\$/bbl) | | |
| 33.99 | 45.54 | 48.76 | UK | 47.16 | 31.60 |
| 35.82 | 43.20 | 49.27 | USA | 46.21 | 34.22 |
| 32.64 | 41.49 | 44.57 | Rest of World | 43.08 | 31.69 |
| 34.47 | 43.37 | 47.79 | BP Average | 45.60 | 32.85 |
| ===== | | | ===== | | |
| | | | Natural gas liquids (\$/bbl) | | |
| 28.30 | 29.82 | 34.34 | UK | 32.30 | 27.04 |
| 23.13 | 26.98 | 28.04 | USA | 27.50 | 22.71 |
| 22.17 | 31.24 | 33.77 | Rest of World | 32.47 | 23.36 |
| 23.71 | 28.14 | 29.86 | BP Average | 28.99 | 23.43 |
| ===== | | | ===== | | |
| | | | Liquids (a) (\$/bbl) | | |
| 33.64 | 44.68 | 47.83 | UK | 46.27 | 31.33 |
| 33.67 | 40.56 | 45.92 | USA | 43.21 | 32.36 |
| 31.90 | 40.83 | 43.94 | Rest of World | 42.43 | 31.14 |
| 33.27 | 41.74 | 45.95 | BP Average | 43.85 | 31.85 |
| ===== | | | ===== | | |
| | | | Natural gas (\$/mcf) | | |
| 3.59 | 5.58 | 4.82 | UK | 5.21 | 4.18 |
| 5.11 | 5.31 | 5.83 | USA | 5.57 | 4.91 |
| 2.54 | 3.10 | 3.20 | Rest of World | 3.15 | 2.60 |
| 3.68 | 4.26 | 4.38 | BP Average | 4.32 | 3.74 |

=====
(a) Crude oil and natural gas liquids.

Notes

1. Transition to International Financial Reporting Standards

For all periods up to and including the year ended 31 December 2004, BP prepared its financial statements in accordance with UK generally accepted accounting practice (UK GAAP). From 1 January 2005 BP is required to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Commission ('EC'). Consequently, financial information for interim quarters of 2005 must be prepared on the basis of IFRS.

The general principle that should be applied on first-time adoption of IFRS is that standards in force at the first reporting date (that is, for BP, 31 December 2005) should be applied retrospectively. However, IFRS 1 'First-time Adoption of International Financial Reporting Standards' contains a number of exemptions which companies are permitted to apply. BP has elected:

- not to present comparative information in accordance with IAS 32 'Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement'.
- not to restate its financial information for acquisitions occurring before 1 January 2003.
- to deem cumulative translation differences to be zero at 1 January 2003.
- to recognize all actuarial gains and losses on pensions and other post-retirement benefits directly in shareholders' equity at 1 January 2003. This is consistent with the group's adoption of IAS 19 'Retirement Benefits' in 2004.
- to apply IFRS 2 'Share-based Payment' retrospectively to all share-based payments.

As a result of the above exemptions certain changes apply from 1 January 2003 (BP's Date of Transition) followed by further changes (due to IAS 32 and IAS 39) to apply from 1 January 2005.

The quarterly information for 2005 and the restatement of financial information for the year ended 31 December 2004 and the interim quarters of 2004 have been prepared on the basis of all International Financial Reporting Standards (IFRSs) (with the exception of IAS 32 and IAS 39 (as amended) for the 2004 information) and Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting

Edgar Filing: BP PLC - Form 6-K

Standards Board (IASB) expected to be in effect for the year ending 31 December 2005. It is possible that there will be changes to these standards and interpretations before the end of 2005, which might require further adjustments to this information before it is included in the 2005 Annual Report and Accounts. In addition, BP has decided to early adopt IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', IFRS 6 'Exploration for and Evaluation of Mineral Resources', the amendment to IAS 19 'Amendment to international accounting standard IAS 19 Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures', the amendment to IAS 39 'Financial Instruments: Recognition and Measurement - Cash Flow Hedge Accounting of Forecast Intra-group Transactions' and IFRIC 4 'Determining whether an Arrangement contains a Lease'.

In the restatement information for the year ended 31 December 2004 and the interim quarters of 2004 financial assets and financial liabilities are accounted for on the basis of UK GAAP.

Under UK GAAP, all derivatives used for trading purposes are recognized on the balance sheet at fair value. However, derivative financial instruments used for hedging purposes are recognized by applying either the accrual method or the deferral method. Under the accrual method, amounts payable or receivable in respect of derivatives are recognized rateably in earnings over the period of the contracts. Changes in the derivative's fair value are not recognized. On the deferral method, gains and losses from derivatives are deferred and recognized in earnings or as adjustments to carrying amounts as the underlying hedged transaction matures or occurs.

From 1 January 2005 for IFRS all financial assets and financial liabilities have to be recognized initially at fair value. In subsequent periods the measurement of these financial instruments depends on their classification into one of the following measurement categories: i) financial assets or financial liabilities at-fair-value-through-profit-and-loss (such as those used for trading purposes, and all derivatives which do not qualify for hedge accounting); ii) loans and receivables; iii) available-for-sale financial assets (including certain investments held for the long term) and iv) other liabilities.

The effect of adopting IAS 39 at 1 January 2005 is shown as a movement in BP shareholders' equity for 2005.

Notes

1. Transition to International Financial Reporting Standards (continued)

The principal differences for the group between reporting on the basis of UK GAAP and IFRS are as follows:

- ceasing to amortize goodwill.
- setting up deferred taxation on:
 - acquisitions;
 - inventory valuation differences;
 - unremitted earnings of subsidiaries, associates and jointly controlled entities.
- expensing a greater proportion of major maintenance costs.
- no longer recognizing dividends proposed but not declared as a

Edgar Filing: BP PLC - Form 6-K

liability at the balance sheet date.

- recognizing an expense for the fair value of employee share option schemes rather than the intrinsic value.
- recording asset swaps on the basis of fair value.
- embedded derivatives measured at fair value.

BP has produced an explanatory note setting out its accounting policies under IFRS, the major differences between UK GAAP and IFRS for BP, and reconciliations of UK GAAP to IFRS for its 2003 and 2004 Income and Cash Flow Statements, its Balance Sheets at 1 January 2003, 31 December 2003, 31 December 2004 and 1 January 2005. This information can be found at the Investor Centre www.bp.com. In addition, the reconciliations for 2004 interim periods included in this report are shown below.

| | Second Quarter 2004 | First Half 2004 |
|---------------------------------------|---------------------------|-----------------------|
| | ===== | |
| | \$ million | |
| Profit for the period under UK GAAP | 3,948 | 8,810 |
| Adjustments | | |
| Goodwill amortization | 357 | 716 |
| Major maintenance expenditure | (56) | (88) |
| Share-based payments | (19) | (35) |
| Asset swaps | - | 2 |
| Recycling forex on disposal | - | 78 |
| Deferred tax | 159 | (154) |
| Other | (12) | (6) |
| | ----- | |
| Profit for the period under IFRS | 4,377 | 9,323 |
| | ===== | |
| | | 30 June 2004 |
| | | ===== |
| | | \$ million |
| BP shareholders' equity under UK GAAP | | 72,818 |
| Adjustments | | |
| Goodwill amortization | | 2,139 |

Edgar Filing: BP PLC - Form 6-K

| | |
|------------------------------------|---------|
| Major maintenance expenditure | (630) |
| Share-based payments | 254 |
| Asset swaps | (139) |
| Deferred tax | (4,077) |
| Dividend accrual | 1,542 |
| Other | (51) |
| | ----- |
| BP shareholders' equity under IFRS | 71,856 |
| | ===== |

Notes

2. Resegmentation

With effect from 1 January 2005 there have been the following changes to the business segments reported by the group.

- (a) Our petrochemicals operations have been divided between the Refining and Marketing segment and Other businesses and corporate. The Aromatics and Acetyls businesses and the petrochemicals assets that are integrated with our Gelsenkirchen refinery in Germany are now part of Refining and Marketing. The Olefins and Derivatives business is now reported within Other businesses and corporate. This segment has also been restated to include the legacy historical results of other petrochemicals assets that have been divested during 2004. We have also combined our Grangemouth and Lavera refineries into the Olefins and Derivatives business to maintain current operating synergies. These changes have been made in connection with the establishment of our Olefins and Derivatives business as a stand-alone entity within BP, with a view towards its divestment at a later date.
- (b) A small US operation, the Hobbs fractionator, which supplies petrochemicals feedstock, has been transferred from Gas, Power and Renewables to Olefins and Derivatives.
- (c) The Mardi Gras pipeline system in the Gulf of Mexico has been transferred from Exploration and Production to Refining and Marketing.

Comparative financial and operating information is shown after resegmentation and the adoption of International Financial Reporting Standards. Further information regarding these adjustments can be found at the BP investor centre www.bp.com.

3. Sales and other operating revenues

Second First Second

Edgar Filing: BP PLC - Form 6-K

| Quarter 2004 | Quarter 2005 | Quarter 2005 | | First Half 2005 | First Half 2004 |
|-----------------|-----------------|-----------------|----------------------------|--------------------|--------------------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| | | | By business | | |
| 8,083 | 10,186 | 10,934 | Exploration and Production | 21,120 | 16,269 |
| 48,514 | 49,869 | 61,022 | Refining and Marketing | 110,891 | 92,610 |
| 18,434 | 23,667 | 23,110 | Gas, Power and Renewables | 46,777 | 39,409 |
| | | | Other businesses | | |
| 3,911 | 5,515 | 6,125 | and corporate | 11,640 | 7,730 |
| ----- | | | | ----- | |
| 78,942 | 89,237 | 101,191 | | 190,428 | 156,018 |
| | | | Less: sales between | | |
| 8,628 | 10,239 | 14,374 | businesses | 24,613 | 17,243 |
| ----- | | | | ----- | |
| 70,314 | 78,998 | 86,817 | | 165,815 | 138,775 |
| ===== | | | | ===== | |
| | | | By geographical area | | |
| 18,008 | 26,911 | 30,791 | UK | 57,702 | 35,870 |
| 13,545 | 17,009 | 17,870 | Rest of Europe | 34,879 | 25,973 |
| 33,333 | 34,282 | 38,841 | USA | 73,123 | 64,929 |
| 15,638 | 18,706 | 20,208 | Rest of World | 38,914 | 31,460 |
| ----- | | | | ----- | |
| 80,524 | 96,908 | 107,710 | | 204,618 | 158,232 |
| 10,210 | 17,910 | 20,893 | Less: sales between areas | 38,803 | 19,457 |
| ----- | | | | ----- | |
| 70,314 | 78,998 | 86,817 | | 165,815 | 138,775 |
| ===== | | | | ===== | |

Notes

4. Operating profits are after charging:

| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | | First Half 2005 | First Half 2004 |
|---------------------------|--------------------------|---------------------------|--|--------------------|--------------------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |

Edgar Filing: BP PLC - Form 6-K

Exploration expense

| | | | | | |
|-------|-----|-----|----------------|-------|-----|
| 3 | 5 | 13 | UK | 18 | 5 |
| 6 | 1 | - | Rest of Europe | 1 | 8 |
| 63 | 103 | 85 | USA | 188 | 160 |
| 36 | 51 | 41 | Rest of World | 92 | 71 |
| ----- | | | | ----- | |
| 108 | 160 | 139 | | 299 | 244 |
| ===== | | | | ===== | |

Production and similar taxes (a)

| | | | | | |
|-------|-----|-----|----------|-------|-----|
| 46 | 114 | 153 | UK | 267 | 172 |
| 378 | 535 | 544 | Overseas | 1,079 | 777 |
| ----- | | | | ----- | |
| 424 | 649 | 697 | | 1,346 | 949 |
| ===== | | | | ===== | |

(a) Production taxes are charged against Exploration and Production's operating profit.

5. Interest payable

| | | | | | |
|-------|------|------|-----------------------------|-------|-------|
| 147 | 191 | 204 | Group interest payable | 395 | 295 |
| (52) | (76) | (76) | Capitalized | (152) | (102) |
| ----- | | | | ----- | |
| 95 | 115 | 128 | | 243 | 193 |
| | | | Early redemption of finance | | |
| - | 57 | - | leases | 57 | - |
| ----- | | | | ----- | |
| 95 | 172 | 128 | | 300 | 193 |
| ===== | | | | ===== | |

6. Other finance expense

Interest on pension and other

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-------|-------|--|---------|-------|
| 491 | 514 | 509 | post-retirement benefit plan liabilities | 1,023 | 991 |
| (491) | (547) | (542) | Expected return on pension and other post-retirement benefit plan assets | (1,089) | (989) |
| ----- | | | | ----- | |
| - | (33) | (33) | Interest net of expected return on plan assets | (66) | 2 |
| 50 | 45 | 50 | Unwinding of discount on provisions | 95 | 98 |
| 26 | 17 | 17 | Unwinding of discount on deferred consideration for acquisition of investment in TNK-BP | 34 | 52 |
| ----- | | | | ----- | |
| 76 | 29 | 34 | | 63 | 152 |
| ===== | | | | ===== | |

Notes

7. Dividends paid

| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | | First Half 2005 | Half 2004 |
|------------------------------|--------------------------|---------------------------|---------------------------|-----------------------|--------------|
| ===== | | | | ===== | |
| Dividends per ordinary share | | | | | |
| 6.75 | 8.50 | 8.50 | cents | 17.0 | 13.5 |
| 3.807 | 4.522 | 4.450 | pence | 8.972 | 7.481 |
| 40.5 | 51.0 | 51.0 | Dividends per ADS (cents) | 102.0 | 81.0 |
| ===== | | | | ===== | |

8. Analysis of changes in net debt

| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | | First Half 2005 | Half 2004 |
|---------------------------|--------------------------|---------------------------|--|-----------------------|--------------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |

Opening balance

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|--------|--------|--------|-----------------------------|--------|--------|
| 19,937 | 23,091 | 19,564 | Finance debt | 23,091 | 22,325 |
| | | | Less: Cash and cash | | |
| 2,231 | 1,359 | 1,521 | equivalents | 1,359 | 2,056 |
| ----- | | | | ----- | |
| 17,706 | 21,732 | 18,043 | Opening net debt | 21,732 | 20,269 |
| ----- | | | | ----- | |
| | | | Closing balance | | |
| 19,858 | 19,564 | 19,302 | Finance debt | 19,302 | 19,858 |
| | | | Less: Cash and cash | | |
| 1,590 | 1,521 | 1,360 | equivalents | 1,360 | 1,590 |
| ----- | | | | ----- | |
| 18,268 | 18,043 | 17,942 | Closing net debt | 17,942 | 18,268 |
| ----- | | | | ----- | |
| | | | Decrease (increase) | | |
| (562) | 3,689 | 101 | in net debt | 3,790 | 2,001 |
| ===== | | | | ===== | |
| | | | Movement in cash and cash | | |
| | | | equivalents (excluding | | |
| (630) | 171 | (161) | exchange adjustments) | 10 | (458) |
| | | | Net cash outflow (inflow) | | |
| | | | from financing(excluding | | |
| 199 | 3,547 | 380 | share capital) | 3,927 | 2,635 |
| - | (147) | - | Adoption of IAS 39 | (147) | - |
| - | 98 | 17 | Fair value hedge adjustment | 115 | - |
| 15 | 49 | 53 | Other movements | 102 | 53 |
| ----- | | | | ----- | |
| | | | Movement in net debt before | | |
| (416) | 3,718 | 289 | exchange effects | 4,007 | 2,230 |
| (146) | (29) | (188) | Exchange adjustments | (217) | (229) |
| ----- | | | | ----- | |
| | | | Decrease (increase) | | |
| (562) | 3,689 | 101 | in net debt | 3,790 | 2,001 |
| ===== | | | | ===== | |

Notes

9. TNK-BP Operational and Financial Information

| | | | | |
|---------|---------|---------|--|------------|
| Second | First | Second | | |
| Quarter | Quarter | Quarter | | First Half |
| 2004 | 2005 | 2005 | | 2005 2004 |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|---------------------------|--------------------------|---------------------------|---|-------|---------|
| ===== | | | ===== | | |
| | | | Production (Net of royalties) (BP share) | | |
| 814 | 875 | 903 | Crude oil (mb/d) | 889 | 790 |
| 450 | 527 | 429 | Natural gas (mmcf/d) | 477 | 416 |
| 891 | 966 | 977 | Total hydrocarbons (mboe/d) (a) | 971 | 862 |
| ===== | | | ===== | | |
| \$ million | | | \$ million | | |
| | | | Income statement (BP share) | | |
| 581 | 615 | 920 | Profit before interest and tax | 1,535 | 955 |
| (26) | (29) | (32) | Interest expense * | (61) | (56) |
| (161) | (167) | (227) | Taxation | (394) | (269) |
| (10) | (8) | (20) | Minority interest | (28) | (20) |
| ----- | | | ----- | | |
| 384 | 411 | 641 | Net Income | 1,052 | 610 |
| ===== | | | ===== | | |
| | | | * Excludes unwinding of discount on deferred consideration | | |
| 26 | 17 | 17 | | 34 | 52 |
| ===== | | | ===== | | |
| | | | Cash Flow | | |
| | | | Additional investment in | | |
| - | - | - | TNK-BP joint venture | - | (1,416) |
| | | | Dividends related to period | | |
| - | - | - | prior to acquisition | - | 143 |
| ----- | | | ----- | | |
| | | | Net investment in TNK-BP | | |
| - | - | - | joint venture | - | (1,273) |
| ===== | | | ===== | | |
| - | 250 | 425 | Dividends received | 675 | 119 |
| ===== | | | ===== | | |
| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | First Half 2005 2004 | | |
| ===== | | | ===== | | |
| | | | Average oil marker prices (\$/bbl) | | |
| 32.32 | 42.54 | 48.08 | Urals (NWE - cif) | 45.31 | 30.67 |
| 32.60 | 43.21 | 48.49 | Urals (Med - cif) | 45.85 | 30.79 |
| 19.71 | 19.14 | 27.39 | Domestic Oil | 23.27 | 18.40 |
| ===== | | | ===== | | |

Edgar Filing: BP PLC - Form 6-K

| Balance Sheet | 30 June 2005 | 31 December 2004 |
|--|-----------------|---------------------|
| | ===== | |
| Investments in jointly controlled entities | 8,671 | 8,294 |
| | ===== | |
| Deferred consideration | | |
| Due within one year | 1,244 | 1,227 |
| Due after more than one year | 1,211 | 1,194 |
| | ----- | |
| | 2,455 | 2,421 |
| | ===== | |

- (a) Natural gas is converted to oil equivalent at 5.8 billion cubic feet = 1 million barrels.

TNK-BP operational and financial information has been estimated and includes adjustments to net income in respect of prior periods amounting to a credit of \$14 million in 2Q 2005 and a charge of \$14 million in first half 2005.

As reported at first quarter 2005, various TNK-BP group companies have received tax notifications totalling approximately \$1 billion in respect of 2001. Discussions between TNK-BP and the Russian Federal Tax Service (FTS) regarding these notifications are still ongoing. In addition, the FTS is currently conducting routine tax audits for 2002 and 2003, although it has not communicated any preliminary findings and any such findings are likely to be dependent on the resolution of the 2001 tax issues. In the agreements executed at the formation of TNK-BP, BP has extensive indemnities from its co-venturers in respect of pre-acquisition tax liabilities.

Notes

10. Olefins and Derivatives

| Second Quarter 2004 | First Quarter 2005 | Second Quarter 2005 | First Half 2005 | First Half 2004 |
|---------------------------|--------------------------|---------------------------|--------------------|--------------------|
| ===== | | | ===== | |

Refinery throughputs (mb/d)

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-----------------------------------|-------|-------|---|------------|-------|
| 198 | 193 | 165 | UK | 179 | 198 |
| 142 | 199 | 186 | Rest of Europe | 192 | 158 |
| ----- | | | | ----- | |
| 340 | 392 | 351 | Total throughput | 371 | 356 |
| ----- | | | | ----- | |
| Petrochemicals production (kte) | | | | | |
| 530 | 461 | 583 | UK | 1,044 | 1,067 |
| 1,912 | 2,132 | 2,126 | Rest of Europe | 4,258 | 3,843 |
| 1,370 | 1,301 | 1,340 | USA | 2,641 | 2,730 |
| 93 | 104 | 552 | Rest of World | 656 | 185 |
| ----- | | | | ----- | |
| 3,905 | 3,998 | 4,601 | Total production | 8,599 | 7,825 |
| ----- | | | | ----- | |
| \$ million | | | | \$ million | |
| Income Statement | | | | | |
| 52 | 506 | 247 | Profit before interest and tax | 753 | 44 |
| (63) | (150) | 43 | Inventory holding (gains) losses | (107) | (160) |
| ----- | | | | ----- | |
| (11) | 356 | 290 | Replacement cost profit before interest and tax | 646 | (116) |
| ===== | | | | ===== | |
| By geographical area: | | | | | |
| (21) | (30) | 125 | UK | 95 | (126) |
| 69 | 302 | 124 | Rest of Europe | 426 | 196 |
| (77) | 89 | 24 | USA | 113 | (212) |
| 18 | (5) | 17 | Rest of World | 12 | 26 |
| ----- | | | | ----- | |
| (11) | 356 | 290 | | 646 | (116) |
| ===== | | | | ===== | |
| Replacement cost result includes: | | | | | |
| (67) | (24) | - | Impairment and gain (loss) on sale of businesses and fixed assets | (24) | (201) |
| ----- | | | | ----- | |
| (67) | (24) | - | Total non-operating items | (24) | (201) |
| ===== | | | | ===== | |
| Other Financial Information | | | | | |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-----|-----|---|-------|-----|
| 122 | 144 | 155 | Capital expenditure and acquisitions | 299 | 277 |
| ===== | | | | ===== | |

Olefins and Derivatives includes the Olefins and Derivatives businesses previously reported in the former Petrochemicals segment, the Grangemouth and Lavera refineries previously reported within the Refining and Marketing segment, the Hobbs fractionator previously included in Gas, Power and Renewables and costs associated with the former Petrochemicals segment.

Notes

11. Equity-accounted entities

The group's profit for the period includes the following in respect of equity-accounted entities.

| | RC Profit before interest and tax | Inventory holding gains (losses) | Profit before interest and tax |
|--------------------------------|--|---|---|
| ----- | | | |
| \$ million | | | |
| Second Quarter 2005 | | | |
| Exploration and Production | 1,163 | - | 1,163 |
| Refining and Marketing | 72 | (10) | 62 |
| Gas, Power and Renewables | 9 | - | 9 |
| Other businesses and corporate | 5 | (5) | - |
| ----- | | | |
| | 1,249 | (15) | 1,234 |
| ===== | | | |
| First Quarter 2005 | | | |
| Exploration and Production | 841 | - | 841 |
| Refining and Marketing | 76 | (4) | 72 |
| Gas, Power and Renewables | 5 | - | 5 |
| Other businesses and corporate | (1) | - | (1) |
| ----- | | | |
| | 921 | (4) | 917 |

Edgar Filing: BP PLC - Form 6-K

Second Quarter 2004

| | | | |
|--------------------------------|-----|-----|-----|
| Exploration and Production | 814 | - | 814 |
| Refining and Marketing | 72 | (1) | 71 |
| Gas, Power and Renewables | 2 | - | 2 |
| Other businesses and corporate | 9 | (2) | 7 |

897 (3) 894

Half Year 2005

| | | | |
|--------------------------------|-------|------|-------|
| Exploration and Production | 2,004 | - | 2,004 |
| Refining and Marketing | 148 | (14) | 134 |
| Gas, Power and Renewables | 14 | - | 14 |
| Other businesses and corporate | 4 | (5) | (1) |

2,170 (19) 2,151

Half Year 2004

| | | | |
|--------------------------------|-------|------|-------|
| Exploration and Production | 1,377 | - | 1,377 |
| Refining and Marketing | 170 | (7) | 163 |
| Gas, Power and Renewables | 2 | - | 2 |
| Other businesses and corporate | 26 | (11) | 15 |

1,575 (18) 1,557

Notes

11. Equity-accounted entities (continued)

| Interest | Tax | Minority interest | Profit for the period |
|----------|-----|-------------------|-----------------------|
|----------|-----|-------------------|-----------------------|

\$ million

Second Quarter 2005

Edgar Filing: BP PLC - Form 6-K

| | | | | |
|--------------------------------|------|-------|------|-----|
| Exploration and Production | (56) | (289) | (20) | 798 |
| Refining and Marketing | (5) | (13) | – | 44 |
| Gas, Power and Renewables | (3) | (1) | – | 5 |
| Other businesses and corporate | (1) | – | – | (1) |

| | | | | |
|--|------|-------|------|-----|
| | (65) | (303) | (20) | 846 |
|--|------|-------|------|-----|

=====

First Quarter 2005

| | | | | |
|--------------------------------|------|-------|-----|-----|
| Exploration and Production | (52) | (227) | (8) | 554 |
| Refining and Marketing | (5) | (18) | – | 49 |
| Gas, Power and Renewables | (2) | (2) | – | 1 |
| Other businesses and corporate | (3) | – | – | (4) |

| | | | | |
|--|------|-------|-----|-----|
| | (62) | (247) | (8) | 600 |
|--|------|-------|-----|-----|

=====

Second Quarter 2004

| | | | | |
|--------------------------------|------|-------|------|-----|
| Exploration and Production | (46) | (222) | (10) | 536 |
| Refining and Marketing | (4) | (17) | – | 50 |
| Gas, Power and Renewables | (1) | – | – | 1 |
| Other businesses and corporate | (1) | – | – | 6 |

| | | | | |
|--|------|-------|------|-----|
| | (52) | (239) | (10) | 593 |
|--|------|-------|------|-----|

=====

Half Year 2005

| | | | | |
|--------------------------------|-------|-------|------|-------|
| Exploration and Production | (108) | (516) | (28) | 1,352 |
| Refining and Marketing | (10) | (31) | – | 93 |
| Gas, Power and Renewables | (5) | (3) | – | 6 |
| Other businesses and corporate | (4) | – | – | (5) |

| | | | | |
|--|-------|-------|------|-------|
| | (127) | (550) | (28) | 1,446 |
|--|-------|-------|------|-------|

=====

Half Year 2004

| | | | | |
|--------------------------------|------|-------|------|-----|
| Exploration and Production | (96) | (380) | (20) | 881 |
| Refining and Marketing | (8) | (36) | – | 119 |
| Gas, Power and Renewables | (3) | – | – | (1) |
| Other businesses and corporate | (2) | – | – | 13 |

Edgar Filing: BP PLC - Form 6-K

(109) (416) (20) 1,012

=====

Notes

12. Third quarter results

BP's third quarter results will be announced on 25 October 2005.

13. Statutory accounts

The financial information shown in this publication is unaudited and does not constitute statutory accounts. The 2004 Annual Report and Accounts have been delivered to the UK Registrar of Companies; the report of the auditors on those accounts was unqualified.

Contacts

London

United States

Press Office

Roddy Kennedy
+44 (0)20 7496 4624

Ronnie Chappell
+1 281 366 5174

Investor Relations

Fergus MacLeod
+44 (0)20 7496 4717

Rachael MacLean
+1 212 451 8072

<http://www.bp.com/investors>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Edgar Filing: BP PLC - Form 6-K

BP p.l.c.
(Registrant)

Dated: 26 July 2005

/s/ D. J. PEARL
.....
D. J. PEARL
Deputy Company Secretary