



## Edgar Filing: BP PLC - Form 6-K

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 | \$ million                          | First Half |         | %  |
|---------------------------|--------------------------|---------------------------|-------------------------------------|------------|---------|----|
| 2005                      | 2006                     | 2006                      |                                     | 2006       | 2005    |    |
| 5,591                     | 5,623                    | 7,266                     | Profit for the period*              | 12,889     | 12,193  |    |
| (610)                     | (358)                    | (1,148)                   | Inventory holding<br>(gains) losses | (1,506)    | (1,721) |    |
| 4,981                     | 5,265                    | 6,118                     | Replacement cost profit             | 11,383     | 10,472  | 9  |
| 12.67                     | 14.66                    | 16.59                     | - per ordinary share (pence)        | 31.25      | 26.22   |    |
| 23.42                     | 25.66                    | 30.28                     | - per ordinary share (cents)        | 55.94      | 49.03   | 14 |
| 1.40                      | 1.54                     | 1.82                      | - per ADS (dollar)                  | 3.36       | 2.94    |    |

- o BP's second quarter replacement cost profit was \$6,118 million, compared with \$4,981 million a year ago, an increase of 23%. For the half year, replacement cost profit was \$11,383 million compared with \$10,472 million, up 9%.
- o The second quarter result included a net non-operating gain of \$6 million compared with a net non-operating charge of \$822 million in the second quarter of 2005. For the half year, the net non-operating charge was \$11 million compared with a net non-operating charge of \$280 million for the first half of 2005.
- o The second quarter trading environment was generally stronger than a year ago with higher oil and gas realizations and higher refining margins but with lower overall marketing margins.
- o Net cash provided by operating activities for the quarter and half year was \$9.1 billion and \$18.1 billion compared with \$6.7 billion and \$16.1 billion a year ago.
- o The ratio of net debt to net debt plus equity was 15%.
- o The quarterly dividend, to be paid in September, is 9.825 cents per share (\$0.5895 per ADS) compared with 8.925 cents per share a year ago. For the half year, the dividend showed an increase of 10%. In sterling terms, the quarterly dividend is 5.324 pence per share, compared with 5.119 pence per share a year ago; for the half year the increase was 11%. During the first half, the company repurchased 725 million of its own shares at a cost of \$8.5 billion.

BP Group Chief Executive, Lord Browne, said:

"BP's second quarter result reflected good overall operating performance and continuing strong upstream and refining margins. The Texas City refinery is now running at 200 mb/d and further units will be brought onstream across the balance of 2006. Our actions to control costs are on track. Results are being impacted by higher tax charges. Strong cash generation continues to support shareholder distributions through dividends and buybacks."

\* Profit attributable to BP shareholders.

### Summary Quarterly Results

Exploration and Production's second quarter result benefited from higher liquid

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realizations and marginally higher gas realizations. In addition, it included higher costs, reflecting the impact of sector-specific inflation, increased integrity spend, repairs and revenue investment.

The Refining and Marketing result showed an improvement over the same period last year despite the effects of reduced throughputs at the Texas City refinery. The second quarter's result reflects strong operating performance, higher refining margins, supply optimization benefits and a lower net charge for non-operating items, partially offset by lower overall marketing margins.

In Gas, Power and Renewables, the higher second quarter result benefited from a higher net gain from non-operating items, increased contributions from the gas trading and marketing business and better operational performance in the natural gas liquids business. This was partly offset by a negative impact from IFRS fair value accounting charges.

Finance costs and Other finance expense was \$107 million for the quarter compared with \$163 million in the second quarter of 2005. Increases in market interest rates were more than offset by increased capitalized interest and a higher expected return on pension and other post-retirement benefit plan assets.

The consolidation adjustment, which removes the margin on sales between segments in respect of inventory at the period end, was a charge of \$277 million in the second quarter.

The effective tax rate on replacement cost profit of continuing operations was 36% versus 32% a year earlier, reflecting the higher level of provision write-backs in 2005.

Capital expenditure was \$3.7 billion for the quarter; there were no significant acquisitions. Disposal proceeds were \$2 billion.

Net debt at the end of the quarter was \$14.4 billion. The ratio of net debt to net debt plus equity was 15%.

During the second quarter, the company repurchased 376 million of its own shares, at a cost of \$4.5 billion. These shares are held in treasury.

In July, BP purchased 9.6% of the shares released under Rosneft's IPO for a consideration of \$1 billion.

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

The financial information for 2005 has been restated to reflect the following, all with effect from 1 January 2006: (a) the transfer of three equity-accounted entities from Other businesses and corporate to Refining and Marketing following the sale of Innovene; (b) the transfer of certain mid-stream assets and activities from Refining and Marketing and Exploration and Production to Gas, Power and Renewables; (c) the transfer of Hydrogen for Transport activities from Gas, Power and Renewables to Refining and Marketing; and (d) the change in the basis of accounting for over-the-counter forward sale and purchase contracts for oil, natural gas, NGLs and power. See Note 2 for further details.

### Non-operating Items

| \$ million                 | Second<br>Quarter<br>2006<br>===== |
|----------------------------|------------------------------------|
| Exploration and Production | 479                                |
| Refining and Marketing     | (464)                              |

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|                                |       |       |
|--------------------------------|-------|-------|
| Gas, Power and Renewables      |       | 106   |
| Other businesses and corporate |       | 26    |
|                                |       | ----- |
|                                |       | 147   |
| Taxation                       |       | (53)  |
|                                |       | ----- |
| Continuing Operations          |       | 94    |
| Innovene Operations            | (88)  |       |
| Taxation                       | -     | (88)  |
|                                | ----- | ----- |
| Total for all operations       |       | 6     |
|                                |       | ===== |

Reconciliation of Replacement Cost Profit to Profit for the Period

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 | \$ million  | First Half<br>2006 | 2005    |
|---------------------------|--------------------------|---------------------------|---|--------------------|---------|
| =====                     |                          |                           |   | =====              |         |
| 5,901                     | 6,823                    | 7,826                     | Exploration and Production  | 14,649             | 12,385  |
| 1,273                     | 1,612                    | 1,856                     | Refining and Marketing  | 3,468              | 2,684   |
| 189                       | 301                      | 453                       | Gas, Power and Renewables   | 754                | 601     |
| (156)                     | (217)                    | (193)                     | Other businesses and<br>corporate   | (410)              | (327)   |
|                           |                          |                           | Consolidation adjustments   |                    |         |
| (4)                       | (8)                      | (277)                     | Unrealized profit in<br>inventory   | (285)              | (157)   |
|                           |                          |                           | Net profit on transactions<br>between continuing and<br>Innovene operations (a)           | -                  | 255     |
| 159                       | -                        | -                         |   |                    |         |
| -----                     |                          |                           |   | -----              |         |
| 7,362                     | 8,511                    | 9,665                     | RC profit before interest<br>and tax  | 18,176             | 15,441  |
| -----                     |                          |                           |   | -----              |         |
| (163)                     | (143)                    | (107)                     | Finance costs and other<br>finance expense  | (250)              | (365)   |
| (2,291)                   | (2,929)                  | (3,441)                   | Taxation  | (6,370)            | (4,770) |
| (69)                      | (71)                     | (77)                      | Minority interest   | (148)              | (130)   |
| -----                     |                          |                           |   | -----              |         |
| 4,839                     | 5,368                    | 6,040                     | RC profit from continuing<br>operations attributable<br>to BP shareholders (b)            | 11,408             | 10,176  |
| =====                     |                          |                           |   | =====              |         |
| 648                       | 358                      | 1,148                     | Inventory holding gains<br>(losses) for continuing<br>operations                          | 1,506              | 1,609   |
| -----                     |                          |                           |   | -----              |         |
| 5,487                     | 5,726                    | 7,188                     | Profit for the period<br>from continuing operations<br>attributable to BP<br>shareholders | 12,914             | 11,785  |
| 104                       | (103)                    | 78                        | Profit (loss) for the<br>period from Innovene<br>operations (c)                           | (25)               | 408     |
| -----                     |                          |                           |   | -----              |         |
| 5,591                     | 5,623                    | 7,266                     | Profit for the period<br>attributable to BP<br>shareholders                               | 12,889             | 12,193  |
| =====                     |                          |                           |   | =====              |         |
| 4,839                     | 5,368                    | 6,040                     | RC profit from continuing<br>operations attributable<br>to BP shareholders                | 11,408             | 10,176  |

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|       |       |       | RC profit (loss) for<br>Innovene operations |        |        |
|-------|-------|-------|---|--------|--------|
| 142   | (103) | 78    |   | (25)   | 296    |
|       |       |       |   |        |        |
| 4,981 | 5,265 | 6,118 | Replacement cost profit                     | 11,383 | 10,472 |
|       |       |       |   |        |        |

- (a) In the circumstances of discontinued operations, Accounting Standards require that the profits earned by the discontinued operations, in this case the Innovene operations, on sales to the continuing operations be eliminated on consolidation from the discontinued operations, and attributed to the continuing operations and vice versa. This adjustment has two offsetting elements: the net margin on crude refined by Innovene as substantially all crude for their refineries was supplied by BP and most of the refined products manufactured were taken by BP; and the margin on sales of feedstock from BP's US refineries to Innovene's manufacturing plants. The profits attributable to individual segments were not affected by this adjustment. Neither does this representation indicate the profits earned by continuing or Innovene operations, as if they were stand-alone entities, for past periods or likely to be earned in future periods.
- (b) 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.
- (c) See further detail in Note 3.

### Per Share Amounts

| Second<br>Quarter<br>2005                | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |                          | First Half<br>2006 | 2005       |
|--|--------------------------|---------------------------|--------------------------|--------------------|------------|
|  |                          |                           |                          |                    |            |
| Results for the period (\$m)             |                          |                           |                          |                    |            |
| 5,591                                    | 5,623                    | 7,266                     | Profit*                  | 12,889             | 12,193     |
| 4,981                                    | 5,265                    | 6,118                     | Replacement cost profit  | 11,383             | 10,472     |
|  |                          |                           |                          |                    |            |
| Shares in issue at period end (thousand) |                          |                           |                          |                    |            |
| 21,174,934                               | 20,341,135               | 19,993,613                | - ADS equivalent         | 19,993,613         | 21,174,934 |
| 3,529,156                                | 3,390,189                | 3,332,269                 | (thousand)               | 3,332,269          | 3,529,156  |
| Average number of shares outstanding     |                          |                           |                          |                    |            |
| 21,270,485                               | 20,521,872               | 20,171,546                | (thousand)               | 20,345,750         | 21,355,418 |
| 3,545,081                                | 3,420,312                | 3,361,924                 | - ADS equivalent         | 3,390,958          | 3,559,236  |
| Per ordinary share (cents)               |                          |                           |                          |                    |            |
| 26.30                                    | 27.40                    | 35.94                     | Profit for the period    | 63.34              | 57.09      |
| 23.42                                    | 25.66                    | 30.28                     | RC profit for the period | 55.94              | 49.03      |

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|        |        |        | Per ADS (cents)       |        |        |
|--------|--------|--------|-----------------------|--------|--------|
| 157.80 | 164.40 | 215.64 | Profit for the period | 380.04 | 342.54 |
|        |        |        | RC profit             |        |        |
| 140.52 | 153.96 | 181.68 | for the period        | 335.64 | 294.18 |

\* Profit attributable to BP shareholders.

### Exploration and Production

| Second<br>Quarter<br>2005         | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |  | First Half<br>2006 | 2005   |
|-----------------------------------|--------------------------|---------------------------|--|--------------------|--------|
| =====                             |                          |                           | \$ million   | =====              |        |
| 5,904                             | 6,816                    | 7,827                     | Profit before interest and tax(a)                                    | 14,643             | 12,393 |
| (3)                               | 7                        | (1)                       | Inventory holding (gains) losses                                     | 6                  | (8)    |
| -----                             |                          |                           |  | -----              |        |
| 5,901                             | 6,823                    | 7,826                     | Replacement cost profit<br>before interest and tax                   | 14,649             | 12,385 |
| =====                             |                          |                           |  | =====              |        |
| Results include:                  |                          |                           |  |                    |        |
| (3)                               | 9                        | 330                       | Impairment and gain (loss) on sale<br>of businesses and fixed assets | 339                | 937    |
| -                                 | -                        | -                         | Environmental and other provisions                                   | -                  | -      |
| -                                 | -                        | -                         | Restructuring, integration and<br>rationalization costs              | -                  | -      |
| (674)                             | (395)                    | 149                       | Fair value gain (loss) on<br>embedded derivatives                    | (246)              | (834)  |
| 25                                | -                        | -                         | Other  | -                  | 25     |
| -----                             |                          |                           |  | -----              |        |
| (652)                             | (386)                    | 479                       | Total non-operating items  | 93                 | 128    |
| =====                             |                          |                           |  | =====              |        |
| 139                               | 189                      | 97                        | Exploration expense  | 286                | 299    |
| Of which:                         |                          |                           |  |                    |        |
| 47                                | 114                      | 13                        | Exploration expenditure written off                                  | 127                | 131    |
| -----                             |                          |                           |  | -----              |        |
| Production (Net of Royalties) (b) |                          |                           |  |                    |        |
| 2,437                             | 2,360                    | 2,355                     | Crude oil (mb/d)   | 2,358              | 2,421  |
| 182                               | 173                      | 176                       | Natural gas liquids (mb/d)   | 174                | 185    |
| 2,619                             | 2,533                    | 2,531                     | Total liquids (mb/d) (c)   | 2,532              | 2,606  |
| 8,661                             | 8,713                    | 8,624                     | Natural gas (mmcf/d)   | 8,668              | 8,703  |
| 4,112                             | 4,035                    | 4,018                     | Total hydrocarbons (mboe/d) (d)                                      | 4,026              | 4,107  |
| =====                             |                          |                           |  | =====              |        |
| Average realizations(e)           |                          |                           |  |                    |        |
| 47.79                             | 58.25                    | 65.96                     | Crude oil (\$/bbl)   | 62.08              | 45.60  |
| 29.86                             | 35.47                    | 37.80                     | Natural gas liquids (\$/bbl)   | 36.66              | 28.99  |
| 45.95                             | 55.88                    | 62.86                     | Total liquids (\$/bbl)   | 59.36              | 43.85  |
| 4.38                              | 5.54                     | 4.44                      | Natural gas (\$/mcf)   | 4.99               | 4.32   |
| 36.11                             | 44.20                    | 44.58                     | Total hydrocarbons (\$/boe)  | 44.39              | 34.86  |
| =====                             |                          |                           |  | =====              |        |
| Average oil marker prices(\$/bbl) |                          |                           |  |                    |        |
| 51.63                             | 61.79                    | 69.59                     | Brent  | 65.71              | 49.64  |
| 53.08                             | 63.29                    | 70.46                     | West Texas Intermediate  | 66.89              | 51.52  |
| 50.10                             | 60.89                    | 68.84                     | Alaska North Slope US West Coast                                     | 64.89              | 47.64  |
| =====                             |                          |                           |  | =====              |        |

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|                                   |       |       |                                    |       |       |
|-----------------------------------|-------|-------|------------------------------------|-------|-------|
| Average natural gas marker prices |       |       |                                    |       |       |
| 6.74                              | 9.01  | 6.80  | Henry Hub gas price (\$/mmbtu) (f) | 7.90  | 6.51  |
| UK Gas - National                 |       |       |                                    |       |       |
| 30.15                             | 70.00 | 34.55 | Balancing Point (p/therm)          | 52.70 | 34.02 |
| =====                             |       |       |                                    | ===== |       |

- (a) Profit from continuing operations and includes profit after interest and tax of equity-accounted entities.
- (b) Includes BP's share of production of equity-accounted entities.
- (c) Crude oil and natural gas liquids.
- (d) Natural gas is converted to oil equivalent at 5.8 billion cubic feet = 1 million barrels.
- (e) Based on sales of consolidated subsidiaries only - this excludes equity-accounted entities.
- (f) Henry Hub First of the Month Index.

### Exploration and Production

The replacement cost profit before interest and tax for the second quarter was \$7,826 million, an increase of 33% from the second quarter of 2005. This result benefited from higher liquid realizations and marginally higher gas realizations. In addition, it included higher costs, reflecting the impact of sector-specific inflation, increased integrity spend, repairs and revenue investment. Net non-operating gains for the second quarter were \$479 million, arising from net gains on sales of assets of \$330 million, primarily from interests in the North Sea and the Gulf of Mexico shelf assets in the USA, and fair value gains of \$149 million on embedded derivatives relating to North Sea gas contracts. The corresponding quarter in 2005 contained net non-operating losses of \$652 million principally in respect of fair value losses on embedded derivatives.

Production for the quarter at 4,018 mboe/d was broadly flat compared with the second quarter of 2005 after adjusting for the effect of disposals. Underlying production growth in the new profit centres and TNK-BP was offset by decline in existing profit centres.

The replacement cost profit before interest and tax of \$14,649 million for the half year represented an increase of 18% over the same period of the previous year. This result also benefited from higher realizations partially offset by lower volumes and higher costs, reflecting sector-specific inflation, increased integrity spend, repairs and revenue investment. The half year result included net gains on sales of assets of \$339 million and net fair value losses of \$246 million on embedded derivatives. The first half of 2005 contained net non-operating gains of \$128 million.

Production for the half year of 4,026 mboe/d was 2% lower than the first half of 2005. After adjusting for the effect of disposals, production was broadly flat. Underlying production growth from major projects in the new profit centres and TNK-BP was offset by decline in existing profit centres.

Three new projects started up in the quarter. In Azerbaijan, the BTC pipeline was successfully completed, with the first lifting from Ceyhan in Turkey in June. In Algeria, first gas was produced from our In Amenas project in June. In Egypt the Tamsah redevelopment project started production in April, ahead of schedule. Additionally, in June we signed a framework agreement for the development of a new LNG plant - Damietta 2.

Offshore repair work on Thunder Horse is proceeding and we anticipate having approval to introduce hydrocarbons to the facilities in the third quarter. Recent work has focused on testing of the subsea equipment in readiness for

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start-up. However, during a routine hydrotest we experienced two leaks in a subsea manifold. We are taking a precautionary approach and are fully investigating the events before starting up the platform. Subject to a satisfactory outcome of these investigations our current plan anticipates replacing just the damaged subsea equipment. Depending upon weather, this would enable a start-up of production in early 2007.

We had further exploration success in Angola with the Urano oil discovery in ultra-deepwater Block 31, bringing the number of successful discoveries that BP has drilled in the Block to ten.

During the quarter, we completed the sale of our Gulf of Mexico Shelf assets to Apache. Certain participants in these fields exercised their right of pre-emption, and completion of these transactions is expected in the third quarter of 2006. We also completed the sales of our 4.84% interest in the Statfjord oil and gas field and of our interest in the Luva gas discovery, both in the North Sea. In May, we announced our intention to sell our exploration and production and gas infrastructure business in the Netherlands. In June, TNK-BP announced that it had reached agreement to sell its Urdmurtneft assets to Sinopec. Since the end of the quarter we have announced the sale of our 28% interest in the Shenzi discovery in the Gulf of Mexico to Repsol for \$2,145 million.

|                           |                          |                           | Refining and Marketing   |            |         |
|---------------------------|--------------------------|---------------------------|--|------------|---------|
| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 | \$ million   | First Half |         |
|                           |                          |                           |  | 2006       | 2005    |
| =====                     |                          |                           |  | =====      |         |
| 1,932                     | 2,038                    | 2,992                     | Profit before interest and tax(a)                                    | 5,030      | 4,285   |
| (659)                     | (426)                    | (1,136)                   | Inventory holding (gains) losses                                     | (1,562)    | (1,601) |
| -----                     |                          |                           |  | -----      |         |
| 1,273                     | 1,612                    | 1,856                     | Replacement cost profit<br>before interest and tax                   | 3,468      | 2,684   |
| =====                     |                          |                           |  | =====      |         |
|                           |                          |                           | Results include:   |            |         |
| 75                        | 564                      | 112                       | Impairment and gain (loss) on sale<br>of businesses and fixed assets | 676        | 48      |
| -                         | -                        | -                         | Environmental and other provisions                                   | -          | -       |
| -                         | -                        | -                         | Restructuring, integration and<br>rationalization costs              | -          | -       |
| -                         | -                        | -                         | Fair value gain (loss) on<br>embedded derivatives                    | -          | -       |
| (733)                     | -                        | (576)                     | Other  | (576)      | (733)   |
| -----                     |                          |                           |  | -----      |         |
| (658)                     | 564                      | (464)                     | Total non-operating items  | 100        | (685)   |
| =====                     |                          |                           |  | =====      |         |
|                           |                          |                           | Refinery throughputs (mb/d)  |            |         |
| 210                       | 111                      | 162                       | UK   | 137        | 187     |
| 671                       | 639                      | 671                       | Rest of Europe   | 655        | 659     |
| 1,350                     | 976                      | 1,200                     | USA  | 1,088      | 1,375   |
| 305                       | 296                      | 256                       | Rest of World  | 276        | 302     |
| -----                     |                          |                           |  | -----      |         |
| 2,536                     | 2,022                    | 2,289                     | Total throughput   | 2,156      | 2,523   |
| =====                     |                          |                           |  | =====      |         |
| 93.1                      | 79.9                     | 86.4                      | Refining availability (%) (b)  | 83.1       | 94.1    |
| =====                     |                          |                           |  | =====      |         |
|                           |                          |                           | Oil sales volumes (mb/d)   |            |         |
|                           |                          |                           | Refined products   |            |         |
| 356                       | 345                      | 355                       | UK   | 350        | 347     |



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|  |       |       |                             |       |       |
|--|-------|-------|-----------------------------|-------|-------|
| 1,346  | 1,315 | 1,311 | Rest of Europe              | 1,313 | 1,335 |
| 1,656  | 1,599 | 1,631 | USA                         | 1,615 | 1,652 |
| 604  | 567   | 579   | Rest of World               | 573   | 612   |
| -----  |       |       |                             |       |       |
| 3,962  | 3,826 | 3,876 | Total marketing sales       | 3,851 | 3,946 |
| 2,129  | 2,204 | 1,682 | Trading/supply sales        | 1,943 | 2,163 |
| -----  |       |       |                             |       |       |
| 6,091  | 6,030 | 5,558 | Total refined product sales | 5,794 | 6,109 |
| 2,446  | 2,731 | 2,473 | Crude oil                   | 2,602 | 2,475 |
| -----  |       |       |                             |       |       |
| 8,537  | 8,761 | 8,031 | Total oil sales             | 8,396 | 8,584 |
| =====  |       |       |                             |       |       |
| Global Indicator Refining Margin<br>(\$/bbl) (c) |       |       |                             |       |       |
| 5.68   | 2.88  | 5.78  | NWE                         | 4.33  | 4.27  |
| 9.37   | 10.86 | 17.74 | USGC                        | 14.30 | 8.34  |
| 7.45   | 4.89  | 14.75 | Midwest                     | 9.82  | 5.65  |
| 14.53  | 11.22 | 21.27 | USWC                        | 16.25 | 13.71 |
| 6.30   | 3.54  | 6.83  | Singapore                   | 5.18  | 5.64  |
| 8.42   | 6.28  | 12.59 | BP Average                  | 9.44  | 7.19  |
| =====  |       |       |                             |       |       |
| Chemicals production (kte)                       |       |       |                             |       |       |
| 317  | 303   | 298   | UK                          | 601   | 634   |
| 735  | 842   | 741   | Rest of Europe              | 1,583 | 1,541 |
| 1,107  | 789   | 816   | USA                         | 1,605 | 2,325 |
| 1,443  | 1,687 | 1,728 | Rest of World               | 3,415 | 2,551 |
| -----  |       |       |                             |       |       |
| 3,602  | 3,621 | 3,583 | Total production            | 7,204 | 7,051 |
| =====  |       |       |                             |       |       |

- (a) Profit from continuing operations and includes profit after interest and tax of equity-accounted entities.
- (b) Refining availability is defined as the ratio of units which are available for processing, regardless of whether they are actually being used, to total capacity. Where there is planned maintenance, such capacity is not regarded as being available. During the first half of 2006, there was planned maintenance of a substantial part of the Texas City refinery.
- (c) The Global Indicator Refining Margin (GIM) is the average of 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.

### Refining and Marketing

The replacement cost profit before interest and tax for the second quarter and half year was \$1,856 million and \$3,468 million respectively. This compares with \$1,273 million and \$2,684 million respectively, for the equivalent periods in 2005.

The quarter's result included a net charge of \$464 million for non-operating items. Following a review during the second quarter of 2006, a further provision of \$500 million was made for fatality and personal injury compensation claims associated with the incident at the Texas City refinery in March 2005. This is in addition to the \$700 million provided last year. The non-operating items also include \$147 million in respect of net gains on disposals, an impairment charge of \$35 million and a charge of \$76 million in respect of a donation to the BP Foundation. The total net non-operating gain for the first half of 2006 amounted to \$100 million.

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The result showed an improvement over the same period last year despite the effects of reduced throughputs at the Texas City refinery. The reduction in the result in respect of Texas City, including the impact on associated businesses, was some \$460 million compared to the second quarter of 2005 and nearly \$1.1 billion compared with the first half of 2005. Both the second quarter and half year results reflect strong operating performance, higher refining margins, supply optimization benefits and a lower net charge for non-operating items, partially offset by lower overall marketing margins. The result for the first half of 2006 reflects a net non-operating gain compared with a significant net charge a year ago. IFRS accounting effects for both the quarter and the half year were not material when compared with the same periods last year.

Refining crude throughputs for the quarter were 2,289 mb/d compared with 2,536 mb/d for the same quarter last year. The reduction in throughputs was mainly due to the phased start-up of production at our Texas City refinery. Recommissioning of the site began at the end of March, with current throughput of 200 mb/d. Our focus is to continue re-commissioning the site safely and to bring it back onstream in a phased manner. The full financial potential of the site is not expected to be realized until 2007. Refining availability for the quarter, excluding the Texas City refinery, at 95.7%, was slightly ahead of the second quarter of 2005.

Marketing volumes for the quarter were 3,876 mb/d and 3,851 mb/d for the first half of the year, slightly lower than the comparative periods in the previous year mainly due to divestments.

BP announced plans to invest \$500 million over the next ten years to establish a dedicated bioscience research laboratory. The BP Energy Biosciences Institute (EBI) is planned to be the first of its kind in the world and to be attached to a major academic centre. During the quarter, BP and DuPont announced the creation of a partnership to develop, produce and market a next generation of biofuels. The companies' joint strategy is to deliver advanced biofuels that will provide improved options for expanding energy supplies and accelerate the move to renewable transportation fuels which lower overall greenhouse gas emissions. The first product to market is expected to be biobutanol, which will be introduced in the United Kingdom as a gasoline bio-component.

Also during the quarter, BP announced its intention to sell its Coryton Refinery in Essex, UK which processes 172,000 barrels of crude oil a day. BP is in initial discussions with a number of potential buyers.

### Gas, Power and Renewables

| Second<br>Quarter<br>2005                          | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 | \$ million                        | First Half |      |
|--|--------------------------|---------------------------|-----------------------------------|------------|------|
|  |                          |                           |                                   | 2006       | 2005 |
| 175  | 238                      | 463                       | Profit before interest and tax(a) | 701        | 601  |
| 14   | 63                       | (10)                      | Inventory holding (gains) losses  | 53         | -    |
| Replacement cost profit<br>before interest and tax |                          |                           |                                   | 754        | 601  |

| Results include: |   |     |  |                        |    |
|------------------|---|-----|--|------------------------|----|
| 20               | - | (1) | Impairment and gain (loss) on sale<br>of businesses and fixed assets | (1)                    | 83 |
| -                | - | -   | Environmental and other provisions                                   | -                      | -  |
| -                | - | -   | Restructuring, integration and<br>rationalization costs              | -                      | -  |
|                  |   |     |  | Fair value gain (loss) |    |

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|   |      |     |                           |    |     |
|---|------|-----|---------------------------|----|-----|
| 67  | (55) | 107 | on embedded derivatives   | 52 | 109 |
| -   | -    | -   | Other                     | -  | -   |
| <hr style="border-top: 1px dashed black;"/> |      |     |                           |    |     |
| 87  | (55) | 106 | Total non-operating items | 51 | 192 |
| <hr style="border-top: 3px double black;"/> |      |     |                           |    |     |

(a) Profit from continuing operations and 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 \$453 million and \$754 million respectively, compared with \$189 million and \$601 million a year ago. Included in the result for the quarter was a net non-operating gain of \$106 million primarily in respect of fair value gains on embedded derivatives. The corresponding quarter of 2005 contained fair value gains of \$67 million on embedded derivatives and net gains of \$20 million on the disposal of an NGL plant in the US.

The second quarter result was up 140% on the second quarter of 2005. This result benefited from a higher net gain from non-operating items, increased contributions from the gas trading and marketing business and better operational performance in the natural gas liquids business. This was partly offset by a negative impact from IFRS fair value accounting charges. The first half result was similarly higher than the same period in 2005 largely reflecting higher contributions from the operating businesses partially offset by a lower gain from non-operating items and higher IFRS fair value accounting charges.

In June, operations started at China's first liquefied natural gas (LNG) import and re-gasification terminal at Shengzhen, Guangdong province (BP share 30%) with an initial cargo of LNG from the North West Shelf Venture in Australia in which BP is also a partner. As part of BP Alternative Energy's strategy, we entered into a strategic alliance with Clipper Windpower plc and signed an agreement with GE to jointly develop and deploy hydrogen power projects.

### Other Businesses and Corporate

| Second Quarter<br>2005                      | First Quarter<br>2006 | Second Quarter<br>2006 | \$ million  | First Half<br>2006                          | 2005  |
|---|-----------------------|------------------------|---|---|-------|
| <hr style="border-top: 1px dashed black;"/> |                       |                        |   |   |       |
|   |                       |                        | Profit (loss) before interest and tax(a)                          | (407)                                       | (327) |
| (156)                                       | (215)                 | (192)                  | Inventory holding (gains) losses                                  | (3)   | -     |
| -   | (2)                   | (1)                    |   | <hr style="border-top: 1px dashed black;"/> |       |
|   |                       |                        | Replacement cost profit (loss) before interest and tax            | (410)                                       | (327) |
| (156)                                       | (217)                 | (193)                  |   | <hr style="border-top: 3px double black;"/> |       |
| Results include:                            |                       |                        |   |   |       |
|   |                       |                        | Impairment and gain (loss) on sale of businesses and fixed assets | 22  | 34    |
| 34  | 1                     | 21                     | Environmental and other provisions                                | -   | 22    |
| 22  | -                     | -                      | Restructuring, integration and rationalization costs              | -   | (71)  |
| (28)  | -                     | -                      | Fair value gain (loss) on embedded derivatives                    | 13  | (18)  |
| (14)  | 8                     | 5                      | Other   | -   | 3     |
| 3   | -                     | -                      |   | <hr style="border-top: 1px dashed black;"/> |       |
| 17  | 9                     | 26                     | Total non-operating items   | 35  | (30)  |
| <hr style="border-top: 3px double black;"/> |                       |                        |   |   |       |

(a) Profit from continuing operations and includes profit after interest and tax of equity-accounted entities.

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Other businesses and corporate comprises Finance, the group's aluminium asset, interest income and costs relating to corporate activities. The second quarter's result includes a net gain of \$26 million in respect of non-operating items, primarily relating to disposal gains.

### Dividends Payable

| September<br>2005 | June<br>2006 | September<br>2006 |                              | June and<br>2006 | September<br>2005 |
|-------------------|--------------|-------------------|------------------------------|------------------|-------------------|
| =====             |              |                   |                              | =====            |                   |
|                   |              |                   | Dividends per ordinary share |                  |                   |
| 8.925             | 9.375        | 9.825             | cents                        | 19.20            | 17.425            |
| 5.119             | 5.251        | 5.324             | pence                        | 10.575           | 9.569             |
| 53.55             | 56.25        | 58.95             | Dividends per ADS (cents)    | 115.20           | 104.55            |
| -----             |              |                   |                              | -----            |                   |

BP today announced a dividend of 9.825 cents per ordinary share to be paid in September. Holders of ordinary shares will receive 5.324 pence per share and holders of American Depositary Receipts (ADRs) \$0.5895 per ADS share. The dividend is payable on 5 September to shareholders on the register on 11 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 5 September.

### Outlook

BP Group Chief Executive, Lord Browne, concluded:

"World economic growth has been sustained. US economic growth appears to have slowed compared to the first quarter, but Europe appears to have grown faster; growth in other regions has been sustained. The near-term global outlook appears resilient.

"Crude oil prices averaged \$69.59 per barrel (Dated Brent) in the second quarter of 2006, an increase of nearly \$8 per barrel from the first quarter and \$18 per barrel above the same period last year. Prices rose in face of heightened geopolitical concerns. Demand is growing strongly in China and the Middle East, offsetting weakness in the US and Europe. Ample inventories and increased spare OPEC production capacity have failed to stem the increase. Oil prices are expected to remain strong.

"US natural gas prices averaged \$6.80/mmbtu (Henry Hub First of Month Index) in the second quarter, \$2.21/mmbtu below the first quarter. Gas prices traded below parity with residual fuel oil during the quarter. Onshore gas supplies and net imports have grown; recovery of hurricane-affected production has continued. Working gas inventories at the end of June were 29% above the five-year average. US gas prices have fallen further so far in the third quarter.

"UK gas prices (NBP day-ahead) fell in the second quarter to average 34.6 pence per therm, compared to 70 pence per therm in the first quarter, but 15% higher than in the second quarter of 2005. However, European long-term contract prices, which are indexed to oil prices, increased by more over the same period. As a result, UK spot prices traded at a discount to European contract prices in the second quarter 2006, compared to a small premium during the second quarter of 2005. The Rough storage facility has re-opened and inventories are expected to reach normal levels by October, but concerns over winter supply have led the NBP futures to exceed 80 pence per therm.

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"Global average refining margins rose sharply to \$12.59/bbl in the second quarter of 2006 compared with \$6.28/bbl in the first quarter. A heavy US refinery maintenance programme extended into the second quarter and coincided with the switch from MTBE to ethanol for reformulated gasolines. Margins increased strongly to encourage sufficient product imports from abroad. So far in July, margins have remained near the second quarter average as the US driving season approaches its peak and as the transition to ULSD gathers pace. Both of these developments are likely to support the refining environment over the near term.

"Although retail margins deteriorated in April they recovered in May and June on the back of movements in the cost of product. This has resulted in overall second quarter retail margins being slightly ahead of the first quarter. So far in July, a further rise in wholesale gasoline and crude prices is evident; marketing margins are therefore expected to remain volatile.

"The UK Government's announced increase in the North Sea supplemental tax rate has been enacted. This increase will have two effects; first to create a one-time deferred tax charge and second to increase current tax to reflect the 2006 impact of the proposed higher rate, which is retroactive to the start of the year. The full year aggregate effective tax rate is expected to be around 39%.

"We have 16 major projects currently under development scheduled to start up in the 2007-9 period, and a further 11 under appraisal. Beyond 2009 we now see a further 26 major projects which would be expected to develop around 8 billion boe. These projects support our expectation that we will move 11 billion boe from non-proven resources to proved reserves between now and 2010, underpinning our continued renewal beyond this decade.

"We continue to expect full year 2006 production to be consistent with the guidance of 4.1 to 4.2 mboe/d given in February, after adjusting for divestments and the impact of higher prices on entitlements under production sharing contracts. On the basis of divestments announced in 2006 to date, and assuming that oil prices remain at around \$70/barrel, these adjustments are expected to amount to around 65,000 boe/d and 45,000 boe/d respectively this year.

"Our strategy is unchanged. We continue to execute it with discipline and focus. Capital expenditure excluding acquisitions is expected to be between \$15.5 billion and \$16 billion for the year, greater than previously estimated as a result of higher sector-specific inflation, driven by high oil prices. Divestment proceeds are also expected to be significantly higher than previously estimated at more than \$6 billion."

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Cautionary Statement: The foregoing discussion, in particular the statements under "Outlook", contains forward looking statements particularly those regarding the receipt of approvals for and start-up of production from Thunder Horse; the timing of the completion of the sales of the remaining Gulf of Mexico assets; recommissioning of the Texas City refinery and the timing of the realization of its full financial potential; planned investments in biofuels research, development and marketing; world economic growth; oil and gas prices; UK gas inventories; refining margins; marketing margins; the effect of the increase in the North Sea supplemental tax rate; the aggregate effective tax rate; the timing and effect of major projects; production; divestments and resulting adjustments to production; capital expenditure; and divestment proceeds. By their nature, forward looking statements involve risks and uncertainties and actual results may differ from those expressed in such

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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; economic growth in relevant areas of the world; changes in governmental regulations; exchange rate fluctuations; development and use of new technology; 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 2005 and our 2005 Annual Report on Form 20-F filed with the US Securities and Exchange Commission.

Cautionary Note to US Investors: The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this announcement, such as "resources", that the SEC's guidelines strictly prohibit us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosure in our Form 20-F, SEC File No. 1-6262, available from us at 1 St James's Square, London SW1Y 4PD, United Kingdom. You can also obtain this form from the SEC by calling 1-800-SEC-0330.

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### BP p.l.c. and Subsidiaries Summarized Group Income Statement

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |  | First Half<br>2006 | 2005    |
|---------------------------|--------------------------|---------------------------|--|--------------------|---------|
| =====                     |                          |                           |  | =====              |         |
| \$ million                |                          |                           |  | \$ million         |         |
| 58,320                    | 65,057                   | 72,428                    | Sales and other operating revenues (Note 4)                        | 137,485            | 110,666 |
| 742                       | 573                      | 818                       | Earnings from jointly controlled entities - after interest and tax | 1,391              | 1,228   |
| 101                       | 115                      | 114                       | Earnings from associates - after interest and tax                  | 229                | 215     |
| 105                       | 198                      | 106                       | Interest and other revenues  | 304                | 271     |
| -----                     |                          |                           |  | -----              |         |
| 59,268                    | 65,943                   | 73,466                    | Total revenues   | 139,409            | 112,380 |
| 136                       | 597                      | 541                       | Gain on sale of businesses and fixed assets                        | 1,138              | 1,298   |
| -----                     |                          |                           |  | -----              |         |
| 59,404                    | 66,540                   | 74,007                    | Total revenues and other income                                    | 140,547            | 113,678 |
| 38,988                    | 45,588                   | 50,723                    | Purchases  | 96,311             | 73,032  |
| 5,682                     | 5,217                    | 5,876                     | Production and manufacturing expenses                              | 11,093             | 10,384  |
| 697                       | 932                      | 855                       | Production and similar taxes (Note 5)                              | 1,787              | 1,346   |
| 2,232                     | 2,184                    | 2,308                     | Depreciation, depletion and amortization                           | 4,492              | 4,379   |
|                           |                          |                           | Impairment and losses on sale                                      |                    |         |

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|   |       |        |  |        |        |
|---|-------|--------|--|--------|--------|
| 10  | 23    | 80     | of businesses and fixed assets                                 | 103    | 196    |
| 139   | 189   | 97     | Exploration expense (Note 5)                                   | 286    | 299    |
| 3,025   | 3,096 | 3,516  | Distribution and administration expenses                       | 6,612  | 6,249  |
| 621   | 442   | (261)  | Fair value (gain) loss on embedded derivatives                 | 181    | 743    |
| -----   |       |        |  |        |        |
| 8,010   | 8,869 | 10,813 | Profit before interest and taxation from continuing operations | 19,682 | 17,050 |
| 128   | 191   | 153    | Finance costs (Note 6)   | 344    | 300    |
| 35  | (48)  | (46)   | Other finance (income) expense (Note 7)                        | (94)   | 65     |
| -----   |       |        |  |        |        |
| 7,847   | 8,726 | 10,706 | Profit before taxation from continuing operations              | 19,432 | 16,685 |
| 2,291   | 2,929 | 3,441  | Taxation   | 6,370  | 4,770  |
| -----   |       |        |  |        |        |
| 5,556   | 5,797 | 7,265  | Profit from continuing operations                              | 13,062 | 11,915 |
| 104   | (103) | 78     | Profit (loss) from Innovene operations (Note 3)                | (25)   | 408    |
| -----   |       |        |  |        |        |
| 5,660   | 5,694 | 7,343  | Profit for the period  | 13,037 | 12,323 |
| =====   |       |        |  |        |        |
| Attributable to:  |       |        |  |        |        |
| 5,591   | 5,623 | 7,266  | BP shareholders  | 12,889 | 12,193 |
| 69  | 71    | 77     | Minority interest  | 148    | 130    |
| -----   |       |        |  |        |        |
| 5,660   | 5,694 | 7,343  |  | 13,037 | 12,323 |
| =====   |       |        |  |        |        |
| Earnings per share - cents  |       |        |  |        |        |
| Profit for the period attributable to BP shareholders             |       |        |  |        |        |
| 26.30   | 27.40 | 35.94  | Basic  | 63.34  | 57.09  |
| 25.94   | 27.13 | 35.59  | Diluted  | 62.72  | 56.30  |
| Profit from continuing operations attributable to BP shareholders |       |        |  |        |        |
| 25.81   | 27.90 | 35.57  | Basic  | 63.47  | 55.18  |
| 25.45   | 27.63 | 35.21  | Diluted  | 62.84  | 54.42  |

### Summarized Group Balance Sheet

|  | 30 June 2006 | 31 December 2005 |
|--|--------------|------------------|
| =====                                      |              |                  |
| \$ million                                 |              |                  |
| Non-current assets                         |              |                  |
| Property, plant and equipment              | 85,953       | 85,947           |
| Goodwill                                   | 10,413       | 10,371           |
| Other intangible assets                    | 5,251        | 4,772            |
| Investments in jointly controlled entities | 15,711       | 13,556           |
| Investments in associates                  | 5,736        | 6,217            |
| Other investments                          | 592          | 967              |
| -----                                      |              |                  |
| Fixed assets                               | 123,656      | 121,830          |
| Loans                                      | 854          | 821              |
| Other receivables                          | 842          | 770              |
| Derivative financial instruments           | 3,789        | 3,652            |
| Prepayments and accrued income             | 1,399        | 1,269            |
| Defined benefit pension plan surplus       | 3,757        | 3,282            |

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|   |         |         |
|---|---------|---------|
|   | -----   | -----   |
|   | 134,297 | 131,624 |
|   | -----   | -----   |
| Current assets  |         |         |
| Loans   | 118     | 132     |
| Inventories   | 20,727  | 19,760  |
| Trade and other receivables   | 38,639  | 40,902  |
| Derivative financial instruments  | 9,103   | 9,726   |
| Prepayments and accrued income  | 2,604   | 1,598   |
| Current tax receivable  | 218     | 212     |
| Cash and cash equivalents   | 4,852   | 2,960   |
|   | -----   | -----   |
|   | 76,261  | 75,290  |
|   | -----   | -----   |
| Assets classified as held for sale  | 1,409   | -       |
|   | -----   | -----   |
| Total assets  | 211,967 | 206,914 |
|   | =====   | =====   |
| Current liabilities   |         |         |
| Trade and other payables  | 43,323  | 42,136  |
| Derivative financial instruments  | 8,538   | 9,083   |
| Accruals and deferred income  | 6,149   | 5,970   |
| Finance debt  | 9,648   | 8,932   |
| Current tax payable   | 5,043   | 4,274   |
| Provisions  | 1,282   | 1,102   |
|   | -----   | -----   |
|   | 73,983  | 71,497  |
|   | -----   | -----   |
| Non-current liabilities   |         |         |
| Other payables  | 1,783   | 1,935   |
| Derivative financial instruments  | 3,634   | 3,696   |
| Accruals and deferred income  | 3,957   | 3,164   |
| Finance debt  | 9,638   | 10,230  |
| Deferred tax liabilities  | 16,703  | 16,443  |
| Provisions  | 10,395  | 9,954   |
| Defined benefit pension plan and other<br>post-retirement benefit plan deficits | 9,476   | 9,230   |
|   | -----   | -----   |
|   | 55,586  | 54,652  |
|   | -----   | -----   |
| Liabilities directly associated with the assets<br>classified as held for sale  | 42      | -       |
|   | -----   | -----   |
| Total liabilities   | 129,611 | 126,149 |
|   | -----   | -----   |
| Net assets  | 82,356  | 80,765  |
|   | =====   | =====   |
| Equity  |         |         |
| BP shareholders' equity   | 81,586  | 79,976  |
| Minority interest   | 770     | 789     |
|   | -----   | -----   |
|   | 82,356  | 80,765  |
|   | =====   | =====   |

Group Statement of Recognized Income and Expense

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 | First Half<br>2006      2005 |  |
|---------------------------|--------------------------|---------------------------|------------------------------|--|
| =====                     |                          |                           | =====                        |  |
| \$ million                |                          |                           | \$ million                   |  |



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|         |       |       |                                     |        |         |
|---------|-------|-------|-------------------------------------|--------|---------|
| (1,646) | 153   | 309   | Currency translation differences    | 462    | (2,398) |
|         |       |       | Available-for-sale investments      |        |         |
| 20      | 197   | (44)  | marked to market                    | 153    | 22      |
|         |       |       | Available-for-sale investments -    |        |         |
| -       | (346) | (79)  | recycled to the income statement    | (425)  | (43)    |
| (89)    | 57    | 230   | Cash flow hedges marked to market   | 287    | (149)   |
|         |       |       | Cash flow hedges - recycled to      |        |         |
| (4)     | 57    | 19    | the income statement                | 76     | (11)    |
| (3)     | 61    | (15)  | Taxation                            | 46     | 53      |
| -----   |       |       |                                     | -----  |         |
|         |       |       | Net income (expense) recognized     |        |         |
| (1,722) | 179   | 420   | directly in equity                  | 599    | (2,526) |
| 5,660   | 5,694 | 7,343 | Profit for the period               | 13,037 | 12,323  |
| -----   |       |       |                                     | -----  |         |
|         |       |       | Total recognized income and         |        |         |
| 3,938   | 5,873 | 7,763 | expense relating to the period      | 13,636 | 9,797   |
| =====   |       |       |                                     | =====  |         |
|         |       |       | Attributable to:                    |        |         |
| 3,869   | 5,802 | 7,686 | BP shareholders                     | 13,488 | 9,667   |
| 69      | 71    | 77    | Minority interest                   | 148    | 130     |
| -----   |       |       |                                     | -----  |         |
| 3,938   | 5,873 | 7,763 |                                     | 13,636 | 9,797   |
| =====   |       |       |                                     | =====  |         |
|         |       |       | Change in accounting policy -       |        |         |
|         |       |       | adoption of IAS 32 and 39 on        |        |         |
|         |       |       | 1 January 2005 (wholly attributable |        |         |
| -       | -     | -     | to BP shareholders)                 | -      | (243)   |
| =====   |       |       |                                     | =====  |         |

Movement in BP Shareholders' Equity

| Movement in BP shareholders' equity                        | \$ million |
|--|------------|
| At 31 December 2005  | 79,976     |
| Profit for the period                                      | 12,889     |
| Distribution to shareholders                               | (3,816)    |
| Currency translation differences (net of tax)              | 494        |
| Repurchase of ordinary share capital                       | (8,499)    |
| Issue of ordinary share capital for employee share schemes | 426        |
| Purchase of shares by ESOP trusts                          | (199)      |
| Share-based payments (net of tax)                          | 241        |
| Available-for-sale investments (net of tax)                | (205)      |
| Cash flow hedges (net of tax)                              | 279        |
|  | -----      |
| At 30 June 2006  | 81,586     |
|  | =====      |

Summarized Group Cash Flow Statement

| Second Quarter<br>2005 | First Quarter<br>2006 | Second Quarter<br>2006 |                             | First Half<br>2006 | 2005   |
|------------------------|-----------------------|------------------------|-----------------------------|--------------------|--------|
| =====                  |                       |                        |                             | =====              |        |
| \$ million             |                       |                        |                             | \$ million         |        |
|                        |                       |                        | Operating activities        |                    |        |
|                        |                       |                        | Profit before taxation from |                    |        |
| 7,847                  | 8,726                 | 10,706                 | continuing operations       | 19,432             | 16,685 |

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|         |         |         |  |          |          |
|---------|---------|---------|--|----------|----------|
|         |         |         | Adjustments to reconcile profits<br>before tax to net cash provided<br>by operating activities |          |          |
| 47      | 114     | 13      | Exploration expenditure written off  | 127      | 131      |
|         |         |         | Depreciation, depletion and<br>amortization  | 4,492    | 4,379    |
| 2,232   | 2,184   | 2,308   | Impairment and (gain) loss on sale<br>of businesses and fixed assets                           | (1,035)  | (1,102)  |
| (126)   | (574)   | (461)   | Earnings from jointly controlled<br>entities and associates                                    | (1,620)  | (1,443)  |
| (843)   | (688)   | (932)   | Dividends received from jointly<br>controlled entities and<br>associates                       | 1,279    | 1,096    |
| 741     | 1,011   | 268     | Working capital and other<br>movements   | (4,603)  | (3,577)  |
| (2,691) | (1,850) | (2,753) |  |          |          |
| -----   |         |         |  |          |          |
|         |         |         | Net cash provided by operating<br>activities of continuing<br>operations                       | 18,072   | 16,169   |
| 7,207   | 8,923   | 9,149   | Net cash used in operating<br>activities of Innovene<br>operations                             | -        | (58)     |
| (470)   | -       | -       |  |          |          |
| -----   |         |         |  |          |          |
|         |         |         | Net cash provided by operating<br>activities   | 18,072   | 16,111   |
| 6,737   | 8,923   | 9,149   |  |          |          |
| -----   |         |         |  |          |          |
|         |         |         | Investing activities   |          |          |
| (2,911) | (3,295) | (3,412) | Capital expenditure  | (6,707)  | (5,736)  |
|         |         |         | Investment in jointly controlled<br>entities   | (26)     | (51)     |
| (36)    | -       | (26)    | Investment in associates   | (308)    | (285)    |
| (186)   | (157)   | (151)   | Proceeds from disposal of<br>fixed assets  | 2,383    | 1,752    |
| 425     | 484     | 1,899   | Proceeds from disposal of<br>businesses  | 256      | -        |
| -       | 166     | 90      | Proceeds from loan repayments  | 130      | 80       |
| 48      | 72      | 58      |  |          |          |
| -----   |         |         |  |          |          |
|         |         |         | Net cash used in<br>investing activities   | (4,272)  | (4,240)  |
| (2,660) | (2,730) | (1,542) |  |          |          |
| -----   |         |         |  |          |          |
|         |         |         | Financing activities   |          |          |
| (2,034) | (3,861) | (4,411) | Net repurchase of shares   | (8,272)  | (3,967)  |
| 482     | 396     | 514     | Proceeds from long-term financing  | 910      | 1,293    |
| (1,011) | (65)    | (720)   | Repayments of long-term financing  | (785)    | (3,203)  |
|         |         |         | Net increase (decrease) in<br>short-term debt  | 231      | (2,017)  |
| 149     | (710)   | 941     | Dividends paid - BP shareholders   | (3,816)  | (3,632)  |
| (1,809) | (1,922) | (1,894) | - Minority interest  | (154)    | (335)    |
| (15)    | (66)    | (88)    |  |          |          |
| -----   |         |         |  |          |          |
|         |         |         | Net cash used in financing<br>activities   | (11,886) | (11,861) |
| (4,238) | (6,228) | (5,658) |  |          |          |
| -----   |         |         |  |          |          |
|         |         |         | Currency translation differences<br>relating to cash and cash<br>equivalents                   | (22)     | (9)      |
| -       | 14      | (36)    |  |          |          |
| -----   |         |         |  |          |          |
|         |         |         | Increase (decrease) in cash<br>and cash equivalents  | 1,892    | 1        |
| (161)   | (21)    | 1,913   | Cash and cash equivalents at<br>beginning of period  | 2,960    | 1,359    |
| 1,521   | 2,960   | 2,939   |  |          |          |
| -----   |         |         |  |          |          |
|         |         |         | Cash and cash equivalents at   |          |          |

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1,360 2,939 4,852 end of period 4,852 1,360  
 =====

Summarized Group Cash Flow Statement

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |  | First Half<br>2006 | First Half<br>2005 |
|---------------------------|--------------------------|---------------------------|--|--------------------|--------------------|
| =====                     |                          |                           |  | =====              |                    |
| \$ million                |                          |                           |  | \$ million         |                    |
|                           |                          |                           | Working capital and other movements  |                    |                    |
| (102)                     | (130)                    | (122)                     | Interest receivable  | (252)              | (165)              |
| 78                        | 146                      | 145                       | Interest received  | 291                | 112                |
| 128                       | 191                      | 153                       | Finance costs  | 344                | 300                |
| (119)                     | (310)                    | (351)                     | Interest paid  | (661)              | (451)              |
| 35                        | (48)                     | (46)                      | Other finance (income) expense   | (94)               | 65                 |
| 79                        | 83                       | 122                       | Share-based payments   | 205                | 156                |
|                           |                          |                           | Net operating charge for pensions<br>and other post-retirement benefits,<br>less contributions | (97)               | (16)               |
| (6)                       | (50)                     | (47)                      |  |                    |                    |
|                           |                          |                           | Net charge for provisions,<br>less payments  | 9                  | 444                |
| 507                       | (207)                    | 216                       |  |                    |                    |
| (1,786)                   | 1,008                    | (2,351)                   | (Increase) decrease in<br>inventories  | (1,343)            | (2,583)            |
| (4,608)                   | 335                      | 2,008                     | (Increase) decrease in other<br>current and non-current assets                                 | 2,343              | (5,925)            |
|                           |                          |                           | Increase (decrease) in other<br>current and non-current<br>liabilities                         | 28                 | 7,903              |
| 5,536                     | (107)                    | 135                       |  |                    |                    |
| (2,433)                   | (2,761)                  | (2,615)                   | Income taxes paid  | (5,376)            | (3,417)            |
| -----                     |                          |                           |  | -----              |                    |
| (2,691)                   | (1,850)                  | (2,753)                   |  | (4,603)            | (3,577)            |
| =====                     |                          |                           |  | =====              |                    |

Capital Expenditure and Acquisitions

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |                            | First Half<br>2006 | First Half<br>2005 |
|---------------------------|--------------------------|---------------------------|----------------------------|--------------------|--------------------|
| =====                     |                          |                           |                            | =====              |                    |
| \$ million                |                          |                           |                            | \$ million         |                    |
|                           |                          |                           | By business                |                    |                    |
|                           |                          |                           | Exploration and Production |                    |                    |
| 213                       | 182                      | 244                       | UK                         | 426                | 389                |
| 37                        | 69                       | 74                        | Rest of Europe             | 143                | 68                 |
| 942                       | 1,021                    | 1,190                     | USA                        | 2,211              | 1,939              |
| 1,289                     | 1,428                    | 1,476                     | Rest of World              | 2,904              | 2,386              |
| -----                     |                          |                           |                            | -----              |                    |
| 2,481                     | 2,700                    | 2,984                     |                            | 5,684              | 4,782              |
| -----                     |                          |                           |                            | -----              |                    |
|                           |                          |                           | Refining and Marketing     |                    |                    |
| 97                        | 61                       | 83                        | UK                         | 144                | 140                |
| 111                       | 65                       | 101                       | Rest of Europe             | 166                | 178                |
| 219                       | 258                      | 252                       | USA                        | 510                | 409                |
| 118                       | 107                      | 109                       | Rest of World              | 216                | 164                |
| -----                     |                          |                           |                            | -----              |                    |
| 545                       | 491                      | 545                       |                            | 1,036              | 891                |
| -----                     |                          |                           |                            | -----              |                    |
|                           |                          |                           | Gas, Power and Renewables  |                    |                    |

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|       |       |       |                                    |       |       |
|-------|-------|-------|------------------------------------|-------|-------|
| 16    | 1     | 6     | UK                                 | 7     | 17    |
| 6     | 5     | 7     | Rest of Europe                     | 12    | 7     |
| 19    | 20    | 32    | USA                                | 52    | 32    |
| 10    | 14    | 19    | Rest of World                      | 33    | 16    |
| ----- |       |       |                                    | ----- |       |
| 51    | 40    | 64    |                                    | 104   | 72    |
| ----- |       |       |                                    | ----- |       |
|       |       |       | Other businesses and corporate     |       |       |
| 82    | 19    | 39    | UK                                 | 58    | 157   |
| 58    | -     | -     | Rest of Europe                     | -     | 78    |
| 53    | 8     | 80    | USA                                | 88    | 117   |
| 4     | -     | -     | Rest of World                      | -     | 5     |
| ----- |       |       |                                    | ----- |       |
| 197   | 27    | 119   |                                    | 146   | 357   |
| ----- |       |       |                                    | ----- |       |
| 3,274 | 3,258 | 3,712 |                                    | 6,970 | 6,102 |
| ===== |       |       |                                    | ===== |       |
|       |       |       | By geographical area               |       |       |
| 408   | 263   | 372   | UK                                 | 635   | 703   |
| 212   | 139   | 182   | Rest of Europe                     | 321   | 331   |
| 1,233 | 1,307 | 1,554 | USA                                | 2,861 | 2,497 |
| 1,421 | 1,549 | 1,604 | Rest of World                      | 3,153 | 2,571 |
| ----- |       |       |                                    | ----- |       |
| 3,274 | 3,258 | 3,712 |                                    | 6,970 | 6,102 |
| ===== |       |       |                                    | ===== |       |
|       |       |       | Included above:                    |       |       |
| 66    | 10    | -     | Acquisitions and asset exchanges   | 10    | 151   |
| 125   | -     | -     | Innovene operations                | -     | 254   |
| ===== |       |       |                                    | ===== |       |
|       |       |       | Exchange rates                     |       |       |
|       |       |       | US dollar/sterling average rate    |       |       |
| 1.86  | 1.75  | 1.83  | for the period                     | 1.79  | 1.87  |
| 1.80  | 1.75  | 1.81  | US dollar/sterling period-end rate | 1.81  | 1.80  |
|       |       |       | US dollar/euro average rate for    |       |       |
| 1.26  | 1.20  | 1.26  | the period                         | 1.23  | 1.28  |
| 1.21  | 1.21  | 1.25  | US dollar/euro period-end rate     | 1.25  | 1.21  |
| ----- |       |       |                                    | ----- |       |

Analysis of Profit Before Interest and Tax

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |                            | First Half<br>2006 | First Half<br>2005 |
|---------------------------|--------------------------|---------------------------|----------------------------|--------------------|--------------------|
| =====                     |                          |                           |                            | =====              |                    |
| \$ million                |                          |                           |                            | \$ million         |                    |
|                           |                          |                           | By business                |                    |                    |
|                           |                          |                           | Exploration and Production |                    |                    |
| 574                       | 1,165                    | 1,834                     | UK                         | 2,999              | 1,485              |
| 294                       | 303                      | 393                       | Rest of Europe             | 696                | 1,622              |
| 2,441                     | 2,304                    | 2,255                     | USA                        | 4,559              | 4,449              |
| 2,595                     | 3,044                    | 3,345                     | Rest of World              | 6,389              | 4,837              |
| -----                     |                          |                           |                            | -----              |                    |
| 5,904                     | 6,816                    | 7,827                     |                            | 14,643             | 12,393             |
| -----                     |                          |                           |                            | -----              |                    |
|                           |                          |                           | Refining and Marketing     |                    |                    |
| (74)                      | (155)                    | 166                       | UK                         | 11                 | (325)              |
| 982                       | 686                      | 785                       | Rest of Europe             | 1,471              | 1,817              |
| 679                       | 828                      | 1,526                     | USA                        | 2,354              | 2,104              |
| 345                       | 679                      | 515                       | Rest of World              | 1,194              | 689                |
| -----                     |                          |                           |                            | -----              |                    |
| 1,932                     | 2,038                    | 2,992                     |                            | 5,030              | 4,285              |

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|       |       |        |                                    |        |        |
|-------|-------|--------|------------------------------------|--------|--------|
| ----- |       |        | -----                              |        |        |
|       |       |        | Gas, Power and Renewables          |        |        |
| 125   | (72)  | 188    | UK                                 | 116    | 243    |
| (8)   | 7     | (2)    | Rest of Europe                     | 5      | (2)    |
| 51    | 168   | 257    | USA                                | 425    | 227    |
| 7     | 135   | 20     | Rest of World                      | 155    | 133    |
| ----- |       |        | -----                              |        |        |
| 175   | 238   | 463    |                                    | 701    | 601    |
| ----- |       |        | -----                              |        |        |
|       |       |        | Other businesses and corporate     |        |        |
| (209) | (141) | (80)   | UK                                 | (221)  | (388)  |
| 30    | (1)   | (45)   | Rest of Europe                     | (46)   | 34     |
| (13)  | (104) | (37)   | USA                                | (141)  | (22)   |
| 36    | 31    | (30)   | Rest of World                      | 1      | 49     |
| ----- |       |        | -----                              |        |        |
| (156) | (215) | (192)  |                                    | (407)  | (327)  |
| ----- |       |        | -----                              |        |        |
| 7,855 | 8,877 | 11,090 |                                    | 19,967 | 16,952 |
| (4)   | (8)   | (277)  | Unrealized profit in inventory     | (285)  | (157)  |
|       |       |        | Net profit on transactions between |        |        |
| 159   | -     | -      | continuing and Innovene operations | -      | 255    |
| ----- |       |        | -----                              |        |        |
| 8,010 | 8,869 | 10,813 | Total for continuing operations    | 19,682 | 17,050 |
| ----- |       |        | -----                              |        |        |
|       |       |        | Innovene operations                |        |        |
| 164   | (55)  | (90)   | UK                                 | (145)  | 222    |
| 129   | (21)  | (40)   | Rest of Europe                     | (61)   | 495    |
| (16)  | 7     | (6)    | USA                                | 1      | 96     |
| 16    | (27)  | 48     | Rest of World                      | 21     | 12     |
| ----- |       |        | -----                              |        |        |
| 293   | (96)  | (88)   |                                    | (184)  | 825    |
|       |       |        | Net profit on transactions between |        |        |
| (159) | -     | -      | continuing and Innovene operations | -      | (255)  |
| ----- |       |        | -----                              |        |        |
| 134   | (96)  | (88)   | Total for Innovene operations      | (184)  | 570    |
| ----- |       |        | -----                              |        |        |
| 8,144 | 8,773 | 10,725 | Total for period                   | 19,498 | 17,620 |
| ===== |       |        | =====                              |        |        |
|       |       |        | By geographical area               |        |        |
| 463   | 772   | 2,148  | UK                                 | 2,920  | 1,068  |
| 1,406 | 995   | 1,059  | Rest of Europe                     | 2,054  | 3,652  |
| 3,158 | 3,245 | 3,717  | USA                                | 6,962  | 6,622  |
| 2,983 | 3,857 | 3,889  | Rest of World                      | 7,746  | 5,708  |
| ----- |       |        | -----                              |        |        |
| 8,010 | 8,869 | 10,813 | Total for continuing operations    | 19,682 | 17,050 |
| ===== |       |        | =====                              |        |        |

Analysis of Replacement Cost Profit  
Before Interest and Tax

| Second<br>Quarter<br>2005  | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |                | First Half<br>2006 | First Half<br>2005 |
|----------------------------|--------------------------|---------------------------|----------------|--------------------|--------------------|
| =====                      |                          |                           |                | =====              |                    |
| \$ million                 |                          |                           |                | \$ million         |                    |
| By business                |                          |                           |                |                    |                    |
| Exploration and Production |                          |                           |                |                    |                    |
| 574                        | 1,165                    | 1,834                     | UK             | 2,999              | 1,485              |
| 294                        | 303                      | 393                       | Rest of Europe | 696                | 1,622              |
| 2,438                      | 2,311                    | 2,254                     | USA            | 4,565              | 4,441              |

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|                                |       |       |   |        |        |
|--------------------------------|-------|-------|---|--------|--------|
| 2,595                          | 3,044 | 3,345 | Rest of World   | 6,389  | 4,837  |
| -----                          |       |       |   |        |        |
| 5,901                          | 6,823 | 7,826 |   | 14,649 | 12,385 |
| -----                          |       |       |   |        |        |
| Refining and Marketing         |       |       |   |        |        |
| (60)                           | (148) | 171   | UK  | 23     | (332)  |
| 658                            | 564   | 584   | Rest of Europe  | 1,148  | 1,081  |
| 361                            | 637   | 749   | USA   | 1,386  | 1,360  |
| 314                            | 559   | 352   | Rest of World   | 911    | 575    |
| -----                          |       |       |   |        |        |
| 1,273                          | 1,612 | 1,856 |   | 3,468  | 2,684  |
| -----                          |       |       |   |        |        |
| Gas, Power and Renewables      |       |       |   |        |        |
| 125                            | (72)  | 188   | UK  | 116    | 243    |
| (1)                            | 1     | (4)   | Rest of Europe  | (3)    | 5      |
| 55                             | 178   | 250   | USA   | 428    | 222    |
| 10                             | 194   | 19    | Rest of World   | 213    | 131    |
| -----                          |       |       |   |        |        |
| 189                            | 301   | 453   |   | 754    | 601    |
| -----                          |       |       |   |        |        |
| Other businesses and corporate |       |       |   |        |        |
| (209)                          | (141) | (80)  | UK  | (221)  | (388)  |
| 30                             | (3)   | (46)  | Rest of Europe  | (49)   | 34     |
| (13)                           | (104) | (37)  | USA   | (141)  | (22)   |
| 36                             | 31    | (30)  | Rest of World   | 1      | 49     |
| -----                          |       |       |   |        |        |
| (156)                          | (217) | (193) |   | (410)  | (327)  |
| -----                          |       |       |   |        |        |
| 7,207                          | 8,519 | 9,942 |   | 18,461 | 15,343 |
| (4)                            | (8)   | (277) | Unrealized profit in inventory  | (285)  | (157)  |
| 159                            | -     | -     | Net profit on transactions between continuing and Innovene operations | -      | 255    |
| -----                          |       |       |   |        |        |
| 7,362                          | 8,511 | 9,665 | Total for continuing operations                                       | 18,176 | 15,441 |
| -----                          |       |       |   |        |        |
| Innovene operations            |       |       |   |        |        |
| 152                            | (55)  | (90)  | UK  | (145)  | 139    |
| 120                            | (21)  | (40)  | Rest of Europe  | (61)   | 425    |
| 42                             | 7     | (6)   | USA   | 1      | 132    |
| 17                             | (27)  | 48    | Rest of World   | 21     | 17     |
| -----                          |       |       |   |        |        |
| 331                            | (96)  | (88)  |   | (184)  | 713    |
| (159)                          | -     | -     | Net profit on transactions between continuing and Innovene operations | -      | (255)  |
| -----                          |       |       |   |        |        |
| 172                            | (96)  | (88)  | Total for Innovene operations   | (184)  | 458    |
| -----                          |       |       |   |        |        |
| 7,534                          | 8,415 | 9,577 | Total for period  | 17,992 | 15,899 |
| =====                          |       |       |   |        |        |
| By geographical area           |       |       |   |        |        |
| 477                            | 779   | 2,153 | UK  | 2,932  | 1,062  |
| 1,089                          | 865   | 855   | Rest of Europe  | 1,720  | 2,923  |
| 2,841                          | 3,071 | 2,932 | USA   | 6,003  | 5,869  |
| 2,955                          | 3,796 | 3,725 | Rest of World   | 7,521  | 5,587  |
| -----                          |       |       |   |        |        |
| 7,362                          | 8,511 | 9,665 | Total for continuing operations                                       | 18,176 | 15,441 |
| =====                          |       |       |   |        |        |

Analysis of Non-operating Items

Second First Second  
Quarter Quarter Quarter

First Half

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| 2005  | 2006  | 2006  |  | 2006       | 2005  |
|---|-------|-------|--|------------|-------|
| =====   |       |       |  | =====      |       |
| \$ million  |       |       |  | \$ million |       |
| By business                                       |       |       |  |            |       |
| Exploration and Production                        |       |       |  |            |       |
| (678)   | (394) | 386   | UK   | (8)        | (968) |
| 3   | -     | 83    | Rest of Europe                                 | 83         | 1,030 |
| (3)   | 2     | 9     | USA  | 11         | (4)   |
| 26  | 6     | 1     | Rest of World                                  | 7          | 70    |
| -----   |       |       |  | -----      |       |
| (652)   | (386) | 479   |  | 93         | 128   |
| -----   |       |       |  | -----      |       |
| Refining and Marketing                            |       |       |  |            |       |
| (23)  | 20    | (1)   | UK   | 19         | (15)  |
| (12)  | 229   | (29)  | Rest of Europe                                 | 200        | (11)  |
| (634)   | 96    | (446) | USA  | (350)      | (629) |
| 11  | 219   | 12    | Rest of World                                  | 231        | (30)  |
| -----   |       |       |  | -----      |       |
| (658)   | 564   | (464) |  | 100        | (685) |
| -----   |       |       |  | -----      |       |
| Gas, Power and Renewables                         |       |       |  |            |       |
| 66  | (55)  | 107   | UK   | 52         | 171   |
| -   | -     | -     | Rest of Europe                                 | -          | -     |
| 21  | -     | (1)   | USA  | (1)        | 21    |
| -   | -     | -     | Rest of World                                  | -          | -     |
| -----   |       |       |  | -----      |       |
| 87  | (55)  | 106   |  | 51         | 192   |
| -----   |       |       |  | -----      |       |
| Other businesses and corporate                    |       |       |  |            |       |
| (6)   | -     | -     | UK   | -          | (48)  |
| 12  | -     | (1)   | Rest of Europe                                 | (1)        | 11    |
| 11  | 9     | 10    | USA  | 19         | 7     |
| -   | -     | 17    | Rest of World                                  | 17         | -     |
| -----   |       |       |  | -----      |       |
| 17  | 9     | 26    |  | 35         | (30)  |
| -----   |       |       |  | -----      |       |
| Total before taxation for continuing operations   |       |       |  |            |       |
| (1,206)   | 132   | 147   |  | 279        | (395) |
| 384   | (46)  | (53)  | Taxation credit (charge)                       | (99)       | 129   |
| -----   |       |       |  | -----      |       |
| (822)   | 86    | 94    | Total after taxation for continuing operations | 180        | (266) |
| -----   |       |       |  | -----      |       |
| Innovene operations                               |       |       |  |            |       |
| -   | (55)  | (90)  | UK   | (145)      | (24)  |
| -   | (21)  | (40)  | Rest of Europe                                 | (61)       | -     |
| -   | 7     | (6)   | USA  | 1          | -     |
| -   | (27)  | 48    | Rest of World                                  | 21         | -     |
| -----   |       |       |  | -----      |       |
| Total before taxation for Innovene operations (a) |       |       |  |            |       |
| -   | (96)  | (88)  |  | (184)      | (24)  |
| -   | (7)   | -     | Taxation credit (charge)                       | (7)        | 10    |
| -----   |       |       |  | -----      |       |
| Total after taxation for Innovene operations      |       |       |  |            |       |
| -   | (103) | (88)  |  | (191)      | (14)  |
| -----   |       |       |  | -----      |       |
| (822)   | (17)  | 6     | Total after taxation for period                | (11)       | (280) |
| =====   |       |       |  | =====      |       |

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- (a) Includes the loss on re-measurement to fair value of \$88 million in the second quarter of 2006 and \$96 million in the first quarter of 2006 and impairment charges of \$24 million in the first quarter of 2005.

### Depreciation of Fixed Asset Revaluation Adjustment

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |   | First Half<br>2006 | First Half<br>2005 |
|---------------------------|--------------------------|---------------------------|---|--------------------|--------------------|
| \$ million                |                          |                           |   | \$ million         |                    |
|                           |                          |                           | Exploration and Production                              |                    |                    |
| 12                        | 8                        | 7                         | UK  | 15                 | 20                 |
| 70                        | 55                       | 48                        | USA   | 103                | 146                |
| 3                         | 5                        | 4                         | Rest of World   | 9                  | 8                  |
| -----                     | -----                    | -----                     |   | -----              | -----              |
| 85                        | 68                       | 59                        |   | 127                | 174                |
| -----                     | -----                    | -----                     |   | -----              | -----              |
|                           |                          |                           | Refining and Marketing                                  |                    |                    |
| 26                        | 25                       | 25                        | USA   | 50                 | 51                 |
| -----                     | -----                    | -----                     |   | -----              | -----              |
| 26                        | 25                       | 25                        |   | 50                 | 51                 |
| -----                     | -----                    | -----                     |   | -----              | -----              |
|                           |                          |                           | Gas, Power and Renewables                               |                    |                    |
| 5                         | 6                        | 5                         | USA   | 11                 | 11                 |
| -----                     | -----                    | -----                     |   | -----              | -----              |
| 5                         | 6                        | 5                         |   | 11                 | 11                 |
| -----                     | -----                    | -----                     |   | -----              | -----              |
| 116                       | 99                       | 89                        | Total depreciation of revaluation<br>adjustment (a) (b) | 188                | 236                |
| =====                     | =====                    | =====                     |   | =====              | =====              |

- (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

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |                           | First Half<br>2006 | First Half<br>2005 |
|---------------------------|--------------------------|---------------------------|---------------------------|--------------------|--------------------|
| \$ million                |                          |                           |                           | \$ million         |                    |
| 19,302                    | 18,679                   | 19,286                    | Gross debt                | 19,286             | 19,302             |
| 1,360                     | 2,939                    | 4,852                     | Cash and cash equivalents | 4,852              | 1,360              |
| -----                     | -----                    | -----                     |                           | -----              | -----              |
| 17,942                    | 15,740                   | 14,434                    | Net debt                  | 14,434             | 17,942             |
| -----                     | -----                    | -----                     |                           | -----              | -----              |
| 80,097                    | 80,881                   | 82,356                    | Equity                    | 82,356             | 80,097             |
| 18%                       | 16%                      | 15%                       | Net debt ratio            | 15%                | 18%                |
| =====                     | =====                    | =====                     |                           | =====              | =====              |

### Production and Realizations

Second    First    Second



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| Quarter<br>2005                                  | Quarter<br>2006 | Quarter<br>2006 |                                      | First Half<br>2006 | 2005  |
|--|-----------------|-----------------|--------------------------------------|--------------------|-------|
| =====  |                 |                 |                                      | =====              |       |
| Production (a) (d)                               |                 |                 |                                      |                    |       |
| Crude oil (mb/d) (net of royalties)              |                 |                 |                                      |                    |       |
| 290  | 268             | 264             | UK                                   | 266                | 289   |
| 73   | 64              | 60              | Rest of Europe                       | 62                 | 74    |
| 546  | 444             | 444             | USA                                  | 444                | 553   |
| 1,528  | 1,584           | 1,587           | Rest of World                        | 1,586              | 1,505 |
| -----  |                 |                 |                                      | -----              |       |
| 2,437  | 2,360           | 2,355           | Total crude oil production           | 2,358              | 2,421 |
| =====  |                 |                 |                                      | =====              |       |
| Natural gas liquids (mb/d)<br>(net of royalties) |                 |                 |                                      |                    |       |
| 20   | 13              | 16              | UK                                   | 14                 | 18    |
| 4  | 4               | 3               | Rest of Europe                       | 4                  | 5     |
| 127  | 122             | 121             | USA                                  | 122                | 131   |
| 31   | 34              | 35              | Rest of World                        | 35                 | 31    |
| -----  |                 |                 |                                      | -----              |       |
| 182  | 173             | 176             | Total natural gas liquids production | 174                | 185   |
| =====  |                 |                 |                                      | =====              |       |
| Liquids (b) (mb/d) (net of royalties)            |                 |                 |                                      |                    |       |
| 310  | 281             | 280             | UK                                   | 280                | 307   |
| 77   | 68              | 64              | Rest of Europe                       | 65                 | 79    |
| 673  | 566             | 565             | USA                                  | 566                | 684   |
| 1,559  | 1,618           | 1,622           | Rest of World                        | 1,620              | 1,536 |
| -----  |                 |                 |                                      | -----              |       |
| 2,619  | 2,533           | 2,531           | Total liquids production             | 2,532              | 2,606 |
| =====  |                 |                 |                                      | =====              |       |
| Natural gas (mmcf/d) (net of royalties)          |                 |                 |                                      |                    |       |
| 1,136  | 1,196           | 911             | UK                                   | 1,053              | 1,189 |
| 106  | 94              | 83              | Rest of Europe                       | 88                 | 114   |
| 2,727  | 2,485           | 2,493           | USA                                  | 2,489              | 2,688 |
| 4,692  | 4,938           | 5,138           | Rest of World                        | 5,038              | 4,712 |
| -----  |                 |                 |                                      | -----              |       |
| 8,661  | 8,713           | 8,624           | Total natural gas production         | 8,668              | 8,703 |
| =====  |                 |                 |                                      | =====              |       |
| Average realizations (c)                         |                 |                 |                                      |                    |       |
| Crude oil (\$/bbl)                               |                 |                 |                                      |                    |       |
| 48.76  | 60.57           | 67.82           | UK                                   | 64.19              | 47.16 |
| 49.27  | 58.27           | 65.37           | USA                                  | 61.84              | 46.21 |
| 44.57  | 56.18           | 64.90           | Rest of World                        | 60.46              | 43.08 |
| 47.79  | 58.25           | 65.96           | BP Average                           | 62.08              | 45.60 |
| =====  |                 |                 |                                      | =====              |       |
| Natural gas liquids (\$/bbl)                     |                 |                 |                                      |                    |       |
| 34.34  | 48.19           | 46.33           | UK                                   | 47.16              | 32.30 |
| 28.04  | 33.25           | 37.32           | USA                                  | 35.33              | 27.50 |
| 33.77  | 37.05           | 35.18           | Rest of World                        | 36.10              | 32.47 |
| 29.86  | 35.47           | 37.80           | BP Average                           | 36.66              | 28.99 |
| =====  |                 |                 |                                      | =====              |       |
| Liquids (\$/bbl) (b)                             |                 |                 |                                      |                    |       |
| 47.83  | 60.00           | 66.61           | UK                                   | 63.32              | 46.27 |
| 45.92  | 53.79           | 60.21           | USA                                  | 57.03              | 43.21 |
| 43.94  | 55.02           | 63.00           | Rest of World                        | 58.95              | 42.43 |
| 45.95  | 55.88           | 62.86           | BP Average                           | 59.36              | 43.85 |
| =====  |                 |                 |                                      | =====              |       |
| Natural gas (\$/mcf)                             |                 |                 |                                      |                    |       |
| 4.82   | 7.87            | 5.67            | UK                                   | 6.92               | 5.21  |
| 5.83   | 6.91            | 5.44            | USA                                  | 6.17               | 5.57  |
| 3.20   | 3.94            | 3.54            | Rest of World                        | 3.73               | 3.15  |
| 4.38   | 5.54            | 4.44            | BP Average                           | 4.99               | 4.32  |
| =====  |                 |                 |                                      | =====              |       |

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- =====
- (a) Includes BP's share of production of equity-accounted entities.
  - (b) Crude oil and natural gas liquids.
  - (c) Based on sales of consolidated subsidiaries only - this excludes equity-accounted entities.
  - (d) Because of rounding, some totals may not agree exactly with the sum of their component parts.

### Notes

#### 1. Basis of preparation

BP prepares its Annual Report and Accounts on the basis of International Financial Reporting Standards (IFRS) as adopted for use by the European Union (EU). The financial information presented herein has been prepared in accordance with the accounting policies expected to be used in preparing Annual Report and Accounts 2006, which do not differ significantly from those used for Annual Report and Accounts 2005.

#### 2. Resegmentation and other changes to comparatives

With effect from 1 January 2006 the following changes to the business segment boundaries have been implemented:

- (a) Following the sale of Innovene to INEOS in December 2005, the transfer of three equity-accounted entities (Shanghai SECCO Petrochemical Company Limited in China and Polyethylene Malaysia Sdn Bhd (PEMSB) and Ethylene Malaysia Sdn Bhd (EMSB), both in Malaysia), previously reported in Other businesses and corporate, to Refining and Marketing.
- (b) The formation of BP Alternative Energy in November 2005 has resulted in the transfer of certain mid-stream assets and activities to Gas, Power and Renewables:
  - South Houston Green Power (SHGP) co-generation facility (in Texas City refinery) from Refining and Marketing.
  - Watson Cogeneration (in Carson City refinery) from Refining and Marketing.
  - Phu My Phase 3 CCGT plant in Vietnam from Exploration and Production.
- (c) The transfer of Hydrogen for Transport activities from Gas, Power and Renewables to Refining and Marketing.

Comparative financial data is shown after these changes.

|                                   | Restated                  |                       | Reported                  |                       |
|-----------------------------------|---------------------------|-----------------------|---------------------------|-----------------------|
|                                   | Second<br>Quarter<br>2005 | First<br>Half<br>2005 | Second<br>Quarter<br>2005 | First<br>Half<br>2005 |
|                                   | \$ million                |                       |                           |                       |
| Profit before interest<br>and tax |                           |                       |                           |                       |
| Exploration and<br>Production     | 5,904                     | 12,393                | 5,906                     | 12,397                |

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|   |       |        |       |        |
|---|-------|--------|-------|--------|
| Refining and Marketing  | 1,932 | 4,285  | 1,950 | 4,313  |
| Gas, Power and Renewables   | 175   | 601    | 160   | 578    |
| Other businesses and corporate  | (156) | (327)  | (161) | (336)  |
| -----   |       |        |       |        |
| Profit before interest and tax  | 7,855 | 16,952 | 7,855 | 16,952 |
| Unrealized profit in inventory  | (4)   | (157)  | (4)   | (157)  |
| Net profit on transactions between continuing and Innovene operations | 159   | 255    | 159   | 255    |
| -----   |       |        |       |        |
|   | 8,010 | 17,050 | 8,010 | 17,050 |
| =====   |       |        |       |        |

In 2005 the basis of accounting for over-the-counter forward sale and purchase contracts for oil, natural gas, NGLs and power was changed. These transactions are now reported on a net basis in sales and other operating revenues, whereas previously they had been reported gross in sales and purchases. This change, while reducing sales and other operating revenues and purchases, had no impact on reported profit, profit per ordinary share, cash flow or the balance sheet.

During 2006, as part of a continuous process to review how individual contracts are accounted for, certain other minor adjustments have been identified that should have been reflected in the restatement from gross to net presentation. Though these adjustments are not significant to the group income statement, the amendment has been made to bring the comparatives onto a consistent basis. The comparative figures have been amended to reflect these items as set out below.

Notes

2. Resegmentation and other changes to comparatives (concluded)

|   | Amended            |                     | Reported        |                    |                     |                 |
|---|--------------------|---------------------|-----------------|--------------------|---------------------|-----------------|
|   | First Quarter 2006 | Second Quarter 2005 | First Half 2005 | First Quarter 2006 | Second Quarter 2005 | First Half 2005 |
| -----   |                    |                     |                 |                    |                     |                 |
| \$ million  |                    |                     |                 |                    |                     |                 |
| Sales and other operating revenues                            |                    |                     |                 |                    |                     |                 |
| Exploration and Production                                    | 13,918             | 10,934              | 21,120          | 13,918             | 10,934              | 21,120          |
| Refining and Marketing  | 55,880             | 53,164              | 99,173          | 56,605             | 55,115              | 102,877         |
| Gas, Power and Renewables                                     | 6,979              | 5,817               | 12,278          | 8,279              | 6,250               | 13,355          |
| Other businesses and corporate                                | 206                | 174                 | 346             | 206                | 174                 | 346             |
| -----   |                    |                     |                 |                    |                     |                 |
| Sales by continuing operations                                | 76,983             | 70,089              | 132,917         | 79,008             | 72,473              | 137,698         |
| Less: sales between businesses sales to continuing operations | 11,926             | 7,843               | 16,212          | 11,926             | 7,843               | 16,212          |
|   | -                  | 3,926               | 6,039           | -                  | 3,926               | 6,039           |
| -----   |                    |                     |                 |                    |                     |                 |
| Third party sales of continuing operations                    | 65,057             | 58,320              | 110,666         | 67,082             | 60,704              | 115,447         |

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|           |  |
|-----------|--|
|           | =====  |
| Purchases | 45,588    38,988    73,032    47,613    41,372    77,813 |
|           | =====  |

### Notes

#### 3. Sale of Olefins and Derivatives business

The sale of Innovene, BP's olefins, derivatives and refining group, to INEOS, was completed on 16 December 2005.

The Innovene operations represented a separate major line of business for BP. As a result of the sale, these operations were treated as discontinued operations for the year ended 31 December 2005. A single amount was shown on the face of the income statement comprising the post-tax result of discontinued operations and the post-tax loss recognized on the remeasurement to fair value less costs to sell of the discontinued operation. That is, the income and expenses of Innovene were reported separately from the continuing operations of the BP group. The table below provides further detail of the amount shown on the income statement.

In the cash flow statement the cash provided by the operating activities of Innovene in 2005 has been separated from that of the rest of the group and reported as a single line item.

Second quarter 2006 includes a loss before tax of \$88 million related to post-closing adjustments. There was a similar adjustment of \$96 million in the first quarter of 2006. We anticipate further adjustments during the second half of 2006.

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |   | First Half<br>2006 | First Half<br>2005 |
|---------------------------|--------------------------|---------------------------|---|--------------------|--------------------|
| =====                     |                          |                           |   | =====              |                    |
| \$ million                |                          |                           |   | \$ million         |                    |
| 293                       | -                        | -                         | Profit before tax from<br>Innovene operations                               | -                  | 825                |
| (159)                     | -                        | -                         | Net profit on transactions<br>between continuing and<br>Innovene operations | -                  | (255)              |
| -----                     |                          |                           |   | -----              |                    |
| 134                       | -                        | -                         | Profit before interest and<br>taxation                                      | -                  | 570                |
| 1                         | -                        | -                         | Other finance income (expense)  | -                  | 2                  |
| -                         | (96)                     | (88)                      | (Loss) gain recognized on the<br>remeasurement to fair value                | (184)              | -                  |
| -----                     |                          |                           |   | -----              |                    |
| 135                       | (96)                     | (88)                      | Taxation  | (184)              | 572                |
| (31)                      | -                        | 166                       | Related to profit before tax  | 166                | (164)              |
| -                         | (7)                      | -                         | Related to remeasurement to<br>fair value                                   | (7)                | -                  |
| -----                     |                          |                           |   | -----              |                    |
| 104                       | (103)                    | 78                        | Profit (loss) from Innovene<br>operations                                   | (25)               | 408                |
| =====                     |                          |                           |   | =====              |                    |
|                           |                          |                           | Earnings (loss) per share from<br>Innovene operations - cents               |                    |                    |

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|   |        |      |   |        |       |
|---|--------|------|---|--------|-------|
| 0.49  | (0.50) | 0.37 | Basic                                     | (0.13) | 1.91  |
| 0.49  | (0.50) | 0.38 | Diluted                                   | (0.12) | 1.88  |
| =====   |        |      |   |        |       |
| The net cash flows of Innovene operations are presented below |        |      |   |        |       |
| (470)   | -      | -    | Net cash used in operating activities     | -      | (58)  |
| (105)   | -      | -    | Net cash used in investing activities     | -      | (264) |
| -----   |        |      |   |        |       |
| 575   | -      | -    | Net cash provided by financing activities | -      | 322   |
| =====   |        |      |   |        |       |

Notes

4. Sales and other operating revenues

| Second Quarter 2005  | First Quarter 2006 | Second Quarter 2006 |   | First Half 2006 | First Half 2005 |
|----------------------|--------------------|---------------------|---|-----------------|-----------------|
| =====                |                    |                     |   | =====           |                 |
| \$ million           |                    |                     |   | \$ million      |                 |
| By business          |                    |                     |   |                 |                 |
| 10,934               | 13,918             | 13,495              | Exploration and Production                                  | 27,413          | 21,120          |
| 53,164               | 55,880             | 64,025              | Refining and Marketing                                      | 119,905         | 99,173          |
| 5,817                | 6,979              | 5,735               | Gas, Power and Renewables                                   | 12,714          | 12,278          |
| 174                  | 206                | 252                 | Other businesses and corporate                              | 458             | 346             |
| -----                |                    |                     |   |                 |                 |
| 70,089               | 76,983             | 83,507              | Sales by continuing operations                              | 160,490         | 132,917         |
| 7,843                | 11,926             | 11,079              | Less: sales between businesses sales to Innovene operations | 23,005          | 16,212          |
| 3,926                | -                  | -                   |   | -               | 6,039           |
| -----                |                    |                     |   |                 |                 |
| 58,320               | 65,057             | 72,428              | Third party sales of continuing operations                  | 137,485         | 110,666         |
| 5,951                | -                  | -                   | Innovene sales  | -               | 11,294          |
| 2,605                | -                  | -                   | Less: sales to continuing operations                        | -               | 4,139           |
| -----                |                    |                     |   |                 |                 |
| 3,346                | -                  | -                   | Third party sales of Innovene operations                    | -               | 7,155           |
| -----                |                    |                     |   |                 |                 |
| 61,666               | 65,057             | 72,428              | Total third party sales                                     | 137,485         | 117,821         |
| =====                |                    |                     |   |                 |                 |
| By geographical area |                    |                     |   |                 |                 |
| 24,340               | 27,865             | 26,288              | UK  | 54,153          | 43,148          |
| 16,916               | 18,374             | 19,406              | Rest of Europe  | 37,780          | 32,740          |
| 24,403               | 23,703             | 27,962              | USA   | 51,665          | 46,414          |
| 14,247               | 18,375             | 18,467              | Rest of World   | 36,842          | 26,972          |
| -----                |                    |                     |   |                 |                 |
| 79,906               | 88,317             | 92,123              | Sales by continuing operations                              | 180,440         | 149,274         |
| 17,660               | 23,260             | 19,695              | Less: sales between areas sales to Innovene operations      | 42,955          | 32,569          |
| 3,926                | -                  | -                   |   | -               | 6,039           |
| -----                |                    |                     |   |                 |                 |
| 58,320               | 65,057             | 72,428              |   | 137,485         | 110,666         |
| =====                |                    |                     |   |                 |                 |

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5. Profit before interest and taxation is after charging:

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |                              | First Half<br>2006 | First Half<br>2005 |
|---------------------------|--------------------------|---------------------------|------------------------------|--------------------|--------------------|
| \$ million                |                          |                           |                              | \$ million         |                    |
|                           |                          |                           | Exploration expense          |                    |                    |
| 13                        | 7                        | -                         | UK                           | 7                  | 18                 |
| -                         | -                        | -                         | Rest of Europe               | -                  | 1                  |
| 85                        | 66                       | 55                        | USA                          | 121                | 188                |
| 41                        | 116                      | 42                        | Rest of World                | 158                | 92                 |
| -----                     | -----                    | -----                     |                              | -----              | -----              |
| 139                       | 189                      | 97                        |                              | 286                | 299                |
| =====                     |                          |                           |                              | =====              |                    |
|                           |                          |                           | Production and similar taxes |                    |                    |
| 153                       | 235                      | 72                        | UK                           | 307                | 267                |
| 544                       | 697                      | 783                       | Overseas                     | 1,480              | 1,079              |
| -----                     | -----                    | -----                     |                              | -----              | -----              |
| 697                       | 932                      | 855                       |                              | 1,787              | 1,346              |
| =====                     |                          |                           |                              | =====              |                    |

Notes

6. Finance costs

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |                                    | First Half<br>2006 | First Half<br>2005 |
|---------------------------|--------------------------|---------------------------|------------------------------------|--------------------|--------------------|
| \$ million                |                          |                           |                                    | \$ million         |                    |
| 204                       | 293                      | 285                       | Interest payable                   | 578                | 395                |
| (76)                      | (102)                    | (132)                     | Capitalized                        | (234)              | (152)              |
| -----                     | -----                    | -----                     |                                    | -----              | -----              |
| 128                       | 191                      | 153                       |                                    | 344                | 243                |
| -                         | -                        | -                         | Early redemption of finance leases | -                  | 57                 |
| -----                     | -----                    | -----                     |                                    | -----              | -----              |
| 128                       | 191                      | 153                       |                                    | 344                | 300                |
| =====                     |                          |                           |                                    | =====              |                    |

7. Other finance (income) expense

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |  | First Half<br>2006 | First Half<br>2005 |
|---------------------------|--------------------------|---------------------------|--|--------------------|--------------------|
| \$ million                |                          |                           |  | \$ million         |                    |
| 509                       | 471                      | 484                       | Interest on pension and other post-retirement benefit plan liabilities   | 955                | 1,023              |
| (542)                     | (582)                    | (599)                     | Expected return on pension and other post-retirement benefit plan assets | (1,181)            | (1,089)            |
| -----                     | -----                    | -----                     |  | -----              | -----              |
| (33)                      | (111)                    | (115)                     | Interest net of expected return on plan assets                           | (226)              | (66)               |
| 50                        | 54                       | 61                        | Unwinding of discount on provisions                                      | 115                | 95                 |
|                           |                          |                           | Unwinding of discount on deferred consideration for acquisition          |                    |                    |

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|       |       |       |                         |       |       |
|-------|-------|-------|-------------------------|-------|-------|
| 17    | 9     | 8     | of investment in TNK-BP | 17    | 34    |
| ----- | ----- | ----- |                         | ----- | ----- |
| 34    | (48)  | (46)  |                         | (94)  | 63    |
| 1     | -     | -     | Innovene operations     | -     | 2     |
| ----- | ----- | ----- |                         | ----- | ----- |
| 35    | (48)  | (46)  | Continuing operations   | (94)  | 65    |
| ===== | ===== | ===== |                         | ===== | ===== |

8. Dividends paid

|                           |                          |                           |                              |                    |                    |
|---------------------------|--------------------------|---------------------------|------------------------------|--------------------|--------------------|
| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |                              | First Half<br>2006 | First Half<br>2005 |
| =====                     | =====                    | =====                     |                              | =====              | =====              |
| \$ million                |                          |                           |                              | \$ million         |                    |
|                           |                          |                           | Dividends per ordinary share |                    |                    |
| 8.50                      | 9.375                    | 9.375                     | Cents                        | 18.75              | 17.0               |
| 4.450                     | 5.288                    | 5.251                     | Pence                        | 10.539             | 8.972              |
| 51.0                      | 56.25                    | 56.25                     | Dividends per ADS (cents)    | 112.50             | 102.0              |
| =====                     | =====                    | =====                     |                              | =====              | =====              |

Notes

9. Analysis of changes in net debt

|                           |                          |                           |  |                    |                    |
|---------------------------|--------------------------|---------------------------|--|--------------------|--------------------|
| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |  | First Half<br>2006 | First Half<br>2005 |
| =====                     | =====                    | =====                     |  | =====              | =====              |
| \$ million                |                          |                           |  | \$ million         |                    |
|                           |                          |                           | Opening balance  |                    |                    |
| 19,564                    | 19,162                   | 18,679                    | Finance debt   | 19,162             | 23,091             |
| 1,521                     | 2,960                    | 2,939                     | Less: Cash and cash equivalents  | 2,960              | 1,359              |
| -----                     | -----                    | -----                     |  | -----              | -----              |
| 18,043                    | 16,202                   | 15,740                    | Opening net debt   | 16,202             | 21,732             |
| -----                     | -----                    | -----                     |  | -----              | -----              |
|                           |                          |                           | Closing balance  |                    |                    |
| 19,302                    | 18,679                   | 19,286                    | Finance debt   | 19,286             | 19,302             |
| 1,360                     | 2,939                    | 4,852                     | Less: Cash and cash equivalents  | 4,852              | 1,360              |
| -----                     | -----                    | -----                     |  | -----              | -----              |
| 17,942                    | 15,740                   | 14,434                    | Closing net debt   | 14,434             | 17,942             |
| -----                     | -----                    | -----                     |  | -----              | -----              |
| 101                       | 462                      | 1,306                     | Decrease (increase) in net debt  | 1,768              | 3,790              |
| =====                     | =====                    | =====                     |  | =====              | =====              |
|                           |                          |                           | Movement in cash and cash<br>equivalents (excluding<br>exchange adjustments) | 1,914              | 10                 |
| (161)                     | (35)                     | 1,949                     | Net cash outflow (inflow)<br>from financing (excluding<br>share capital)     | (355)              | 3,927              |
| 380                       | 379                      | (734)                     | Adoption of IAS 39   | -                  | (147)              |
| -                         | -                        | -                         | Fair value hedge adjustment  | 142                | 115                |
| 17                        | 82                       | 60                        | Other movements  | 58                 | 102                |
| 53                        | 32                       | 26                        |  | -----              | -----              |
| -----                     | -----                    | -----                     |  | -----              | -----              |
|                           |                          |                           | Movement in net debt before<br>exchange effects                              | 1,759              | 4,007              |
| 289                       | 458                      | 1,301                     | Exchange adjustments   | 9                  | (217)              |
| (188)                     | 4                        | 5                         |  | -----              | -----              |
| -----                     | -----                    | -----                     |  | -----              | -----              |
| 101                       | 462                      | 1,306                     | Decrease (increase) in net debt  | 1,768              | 3,790              |
| =====                     | =====                    | =====                     |  | =====              | =====              |

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## Notes

### 10. TNK-BP Operational and Financial Information

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |  | First Half<br>2006 | First Half<br>2005 |
|---------------------------|--------------------------|---------------------------|--|--------------------|--------------------|
| =====                     |                          |                           |  | =====              |                    |
|                           |                          |                           | Production (Net of royalties)<br>(BP share)                      |                    |                    |
| 903                       | 896                      | 907                       | Crude oil (mb/d)   | 901                | 889                |
| 429                       | 567                      | 538                       | Natural gas (mmcf/d)   | 552                | 477                |
| 977                       | 994                      | 999                       | Total hydrocarbons (mboe/d) (a)                                  | 997                | 971                |
| =====                     |                          |                           |  | =====              |                    |
| \$ million                |                          |                           |  | \$ million         |                    |
|                           |                          |                           | Income statement (BP share)                                      |                    |                    |
| 920                       | 852                      | 1,084                     | Profit before interest and tax                                   | 1,936              | 1,535              |
| (32)                      | (43)                     | (45)                      | Interest expense *   | (88)               | (61)               |
| (227)                     | (350)                    | (348)                     | Taxation   | (698)              | (394)              |
| (20)                      | (41)                     | (46)                      | Minority interest  | (87)               | (28)               |
| -----                     |                          |                           |  | -----              |                    |
| 641                       | 418                      | 645                       | Net Income   | 1,063              | 1,052              |
| =====                     |                          |                           |  | =====              |                    |
|                           |                          |                           | * Excludes unwinding of<br>discount on deferred<br>consideration |                    |                    |
| 17                        | 9                        | 8                         |  | 17                 | 34                 |
| =====                     |                          |                           |  | =====              |                    |
|                           |                          |                           | Cash Flow  |                    |                    |
| 425                       | 771                      | -                         | Dividends received   | 771                | 675                |
| =====                     |                          |                           |  | =====              |                    |

| Second<br>Quarter<br>2005 | First<br>Quarter<br>2006 | Second<br>Quarter<br>2006 |                                    | First Half<br>2006 | First Half<br>2005 |
|---------------------------|--------------------------|---------------------------|------------------------------------|--------------------|--------------------|
| =====                     |                          |                           |                                    | =====              |                    |
|                           |                          |                           | Average oil marker prices (\$/bbl) |                    |                    |
| 48.08                     | 58.15                    | 64.73                     | Urals (NWE - cif)                  | 61.42              | 45.31              |
| 48.49                     | 58.26                    | 64.84                     | Urals (Med - cif)                  | 61.52              | 45.85              |
| 27.39                     | 35.27                    | 36.18                     | Domestic Oil                       | 35.73              | 23.27              |
| =====                     |                          |                           |                                    | =====              |                    |

| Balance sheet                              | 30 June<br>2006 | 31 December<br>2005 |
|--|-----------------|---------------------|
|  | =====           | =====               |
| Investments in jointly controlled entities | 9,151           | 8,089               |
| Deferred consideration                     |                 |                     |
| Due within one year                        | 1,244           | 1,227               |
| Due after more than one year               | -               | -                   |
|  | -----           | -----               |
|  | 1,244           | 1,227               |
|  | =====           | =====               |

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

As reported in previous quarters, various TNK-BP companies have received tax notifications. Upon entering into the joint venture arrangement, each party received indemnities from its co-venturers in respect of historical tax liabilities related to assets contributed to the joint venture. BP believes its



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provisions are adequate for its share of any liabilities arising from tax claims not covered by these indemnities.

### Notes

#### 11. Equity-accounted entities

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

|                                | RC profit<br>(loss)<br>before<br>interest<br>and tax | Inventory<br>holding<br>gains<br>(losses) | Profit<br>(loss)<br>before<br>interest<br>and tax |
|--------------------------------|--|---|---|
| -----                          |  |   |   |
| \$ million                     |  |   |   |
| Second Quarter 2006            |  |   |   |
| Exploration and Production     | 1,369  | -   | 1,369   |
| Refining and Marketing         | 106  | 3   | 109   |
| Gas, Power and Renewables      | 55   | -   | 55  |
| Other businesses and corporate | 1  | -   | 1   |
| -----                          |  |   |   |
| Continuing operations          | 1,531  | 3   | 1,534   |
| Innovene operations            | -  | -   | -   |
| -----                          |  |   |   |
|                                | 1,531  | 3   | 1,534   |
| =====                          |  |   |   |
| First Quarter 2006             |  |   |   |
| Exploration and Production     | 1,149  | -   | 1,149   |
| Refining and Marketing         | 95   | 6   | 101   |
| Gas, Power and Renewables      | 29   | -   | 29  |
| Other businesses and corporate | (2)  | -   | (2)   |
| -----                          |  |   |   |
| Continuing operations          | 1,271  | 6   | 1,277   |
| Innovene operations            | -  | -   | -   |
| -----                          |  |   |   |
|                                | 1,271  | 6   | 1,277   |
| =====                          |  |   |   |
| Second Quarter 2005            |  |   |   |
| Exploration and Production     | 1,161  | -   | 1,161   |
| Refining and Marketing         | 67   | (15)                                      | 52  |
| Gas, Power and Renewables      | 18   | -   | 18  |
| Other businesses and corporate | -  | -   | -   |
| -----                          |  |   |   |
| Continuing operations          | 1,246  | (15)                                      | 1,231   |
| Innovene operations            | 3  | -   | 3   |
| -----                          |  |   |   |
|                                | 1,249  | (15)                                      | 1,234   |
| =====                          |  |   |   |
| Half Year 2006                 |  |   |   |
| Exploration and Production     | 2,518  | -   | 2,518   |
| Refining and Marketing         | 201  | 9   | 210   |
| Gas, Power and Renewables      | 84   | -   | 84  |
| Other businesses and corporate | (1)  | -   | (1)   |
| -----                          |  |   |   |
| Continuing operations          | 2,802  | 9   | 2,811   |
| Innovene operations            | -  | -   | -   |

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|                                |       |      |       |
|--------------------------------|-------|------|-------|
|                                | 2,802 | 9    | 2,811 |
| -----                          |       |      |       |
| Half Year 2005                 |       |      |       |
| Exploration and Production     | 2,000 | -    | 2,000 |
| Refining and Marketing         | 142   | (19) | 123   |
| Gas, Power and Renewables      | 25    | -    | 25    |
| Other businesses and corporate | -     | -    | -     |
| -----                          |       |      |       |
| Continuing operations          | 2,167 | (19) | 2,148 |
| Innovene operations            | 3     | -    | 3     |
| -----                          |       |      |       |
|                                | 2,170 | (19) | 2,151 |
| =====                          |       |      |       |

Notes

11. Equity-accounted entities (continued)

|                                | Interest | Tax   | Minority<br>interest | Profit<br>(loss)<br>for the<br>period |
|--------------------------------|----------|-------|----------------------|---------------------------------------|
| -----                          |          |       |                      |                                       |
| \$ million                     |          |       |                      |                                       |
| Second Quarter 2006            |          |       |                      |                                       |
| Exploration and Production     | (78)     | (436) | (46)                 | 809                                   |
| Refining and Marketing         | (19)     | (13)  | -                    | 77                                    |
| Gas, Power and Renewables      | (6)      | (4)   | -                    | 45                                    |
| Other businesses and corporate | -        | -     | -                    | 1                                     |
| -----                          |          |       |                      |                                       |
| Continuing operations          | (103)    | (453) | (46)                 | 932                                   |
| Innovene operations            | -        | -     | -                    | -                                     |
| -----                          |          |       |                      |                                       |
|                                | (103)    | (453) | (46)                 | 932                                   |
| =====                          |          |       |                      |                                       |
| First Quarter 2006             |          |       |                      |                                       |
| Exploration and Production     | (72)     | (439) | (41)                 | 597                                   |
| Refining and Marketing         | (19)     | (10)  | -                    | 72                                    |
| Gas, Power and Renewables      | (4)      | (4)   | -                    | 21                                    |
| Other businesses and corporate | -        | -     | -                    | (2)                                   |
| -----                          |          |       |                      |                                       |
| Continuing operations          | (95)     | (453) | (41)                 | 688                                   |
| Innovene operations            | -        | -     | -                    | -                                     |
| -----                          |          |       |                      |                                       |
|                                | (95)     | (453) | (41)                 | 688                                   |
| =====                          |          |       |                      |                                       |
| Second Quarter 2005            |          |       |                      |                                       |
| Exploration and Production     | (56)     | (289) | (20)                 | 796                                   |
| Refining and Marketing         | (6)      | (13)  | -                    | 33                                    |
| Gas, Power and Renewables      | (3)      | (1)   | -                    | 14                                    |
| Other businesses and corporate | -        | -     | -                    | -                                     |
| -----                          |          |       |                      |                                       |
| Continuing operations          | (65)     | (303) | (20)                 | 843                                   |
| Innovene operations            | -        | -     | -                    | 3                                     |
| -----                          |          |       |                      |                                       |
|                                | (65)     | (303) | (20)                 | 846                                   |
| =====                          |          |       |                      |                                       |

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|                                |       |       |      |       |
|--------------------------------|-------|-------|------|-------|
| Half Year 2006                 |       |       |      |       |
| Exploration and Production     | (150) | (875) | (87) | 1,406 |
| Refining and Marketing         | (38)  | (23)  | -    | 149   |
| Gas, Power and Renewables      | (10)  | (8)   | -    | 66    |
| Other businesses and corporate | -     | -     | -    | (1)   |
| -----                          |       |       |      |       |
| Continuing operations          | (198) | (906) | (87) | 1,620 |
| Innovene operations            | -     | -     | -    | -     |
| -----                          |       |       |      |       |
|                                | (198) | (906) | (87) | 1,620 |
| =====                          |       |       |      |       |
| Half Year 2005                 |       |       |      |       |
| Exploration and Production     | (108) | (516) | (28) | 1,348 |
| Refining and Marketing         | (14)  | (31)  | -    | 78    |
| Gas, Power and Renewables      | (5)   | (3)   | -    | 17    |
| Other businesses and corporate | -     | -     | -    | -     |
| -----                          |       |       |      |       |
| Continuing operations          | (127) | (550) | (28) | 1,443 |
| Innovene operations            | -     | -     | -    | 3     |
| -----                          |       |       |      |       |
|                                | (127) | (550) | (28) | 1,446 |
| =====                          |       |       |      |       |

### Notes

#### 12. Third quarter results

BP's third quarter results will be announced on 24 October 2006.

#### 13. Statutory accounts

The financial information shown in this publication is unaudited and does not constitute statutory accounts. The 2005 Annual Report and Accounts have been delivered to the UK Registrar of Companies; the report of the auditors on those accounts (in accordance with section 235 of the Companies Act 2005) was unqualified.

#### Contacts

|                    | London                                | United States                      |
|--------------------|---------------------------------------|------------------------------------|
| Press Office       | Roddy Kennedy<br>+44 (0)20 7496 4624  | Ronnie Chappell<br>+1 281 366 5174 |
| Investor Relations | Fergus MacLeod<br>+44 (0)20 7496 4717 | Rachael MacLean<br>+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.

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BP p.l.c.  
(Registrant)

Dated: 25 July 2006

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