

Edgar Filing: BP PLC - Form 6-K

BP PLC
Form 6-K
July 29, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K
Report of Foreign Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

for the period ended 29 July 2003

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

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

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

Form 20-F |X| Form 40-F

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

Yes |X|

BP p.l.c.

Group Results

Second Quarter and Half Year 2003

London 29 July 2003

Edgar Filing: BP PLC - Form 6-K

FOR IMMEDIATE RELEASE

RESULT UP 42%; CONTINUING STRONG CASH GENERATION

| Second Quarter 2002 | First Quarter 2003 | Second Quarter 2003 | \$ million | First Half 2003 | 2002 | % |
|---------------------------|--------------------------|---------------------------|------------------------------|--------------------|-------|----|
| Replacement cost profit | | | | | | |
| 1,311 | 3,128 | 2,454 | before exceptional items | 5,582 | 2,235 | |
| 351 | (27) | 32 | Special items(a) | 5 | 471 | |
| 537 | 628 | 629 | Acquisition amortization(b) | 1,257 | 1,075 | |
| Pro forma result adjusted | | | | | | |
| 2,199 | 3,729 | 3,115 | for special items | 6,844 | 3,781 | 81 |
| 6.77 | 10.44 | 8.67 | - per ordinary share (pence) | 19.11 | 11.71 | 63 |
| 9.80 | 16.70 | 14.06 | - per ordinary share (cents) | 30.76 | 16.86 | 82 |
| 0.58 | 1.00 | 0.85 | - per ADS (dollars) | 1.85 | 1.00 | |

- o BP's second quarter pro forma result, adjusted for special items, was \$3,115 million, compared with \$2,199 million a year ago, an increase of 42%. For the half year, the result was \$6,844 million compared with \$3,781 million, up 81%. Replacement cost profit, before exceptional items, for the second quarter and half year was \$2,454 million and \$5,582 million respectively, compared with \$1,311 million and \$2,235 million a year ago.

Edgar Filing: BP PLC - Form 6-K

- o The second quarter trading environment was more favourable than a year ago.
- o Improved operating performance generated additional income for the quarter and half year. Non-cash costs were higher in both periods.
- o Net cash inflow for the quarter and the first half was \$2,377 million and \$5,605 million respectively, compared with an inflow of \$1,891 million and an outflow of \$532 million a year ago. Net cash flow from operating activities for the quarter and half year was \$7,346 million and \$13,307 million respectively compared with \$5,133 million and \$8,769 million a year ago.
- o The pro forma ratio of net debt to net debt plus equity was 22% at the end of the quarter.
- o Return on average capital employed for the quarter, on a pro forma basis adjusted for special items, was 17%, compared with 13% a year ago.
- o The TNK-BP deal was signed in June. Subject to various consents, it is expected to complete later this summer.
- o The quarterly dividend increased from 6.25 cents to 6.50 cents per share (\$0.39 per ADS). This compares with 6.00 cents a year ago. For the half year the dividend showed an increase of 8.5%. In sterling terms, the quarterly dividend is 4.039 pence per share compared with 3.875 pence a year ago; for the half year the increase was 0.8%. The company repurchased for cancellation 144 million of its own shares during the quarter, at a cost of \$1 billion. During the first half,

Edgar Filing: BP PLC - Form 6-K

299 million shares have been repurchased and cancelled at a cost of \$2 billion.

BP Group Chief Executive, Lord Browne, said:

"This is another strong quarterly result. Strategy and performance delivery are on track. Cash flow was robust, which has provided the opportunity for a good shareholder return through dividends and share buybacks."

The pro forma result, adjusted for special items, has been derived from the group's reported UK GAAP accounting information but is not in itself a recognized UK or US GAAP measure. This financial performance information and measures derived therefrom, shown above and elsewhere in the document, are provided in order to enable investors to evaluate better both BP's current performance, in the context of past performance, and its performance against that of its competitors.

- (a) The special items refer to non-recurring charges and credits. The special items for the second quarter are restructuring costs in Exploration and Production, Veba integration costs in Refining and Marketing, and a reduction in the provision for costs associated with closure of polypropylene capacity in Petrochemicals.
- (b) Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.

Summary Quarterly Results

Exploration and Production's second quarter result was up 24% on a year ago, reflecting higher average realizations.

Edgar Filing: BP PLC - Form 6-K

In Gas, Power and Renewables, the result reflects the absence of a contribution from Ruhrgas following the sale of our interest last year, mostly offset by improved performance.

The Refining and Marketing result increased significantly compared with a year ago due to higher worldwide refining margins and improved retail margins, particularly in the USA and Europe, with some offset from utility costs.

The Petrochemicals result reflected higher margins from lower feedstock costs, with flat demand conditions prevailing.

Interest expense for the quarter was \$191 million compared with \$220 million for the prior quarter, primarily reflecting lower average debt levels.

The pro forma effective tax rate on replacement cost profit, before exceptional items, and adjusted for special items, was 34% compared with 36% a year ago.

Capital expenditure, excluding acquisitions, was \$3.2 billion for the quarter. Total capital expenditure and acquisitions was \$3.3 billion. Disposal proceeds were \$1.7 billion.

Net cash inflow was \$2,377 million compared with \$1,891 million a year ago; higher cash flow from operating activities was partly offset by higher tax payments and lower disposal proceeds.

Net debt at the end of the quarter was \$16.2 billion. The pro forma ratio of net debt to net debt plus equity was 22%.

The commentaries above and following are based on the pro forma replacement cost operating results, before exceptional items, adjusted for special items.

To reflect BP's increased focus on chemical products derived from oil and gas, the Chemicals segment has been renamed Petrochemicals.

Reconciliation of Reported Results to
Pro Forma Results Adjusted for Special Items

Edgar Filing: BP PLC - Form 6-K

| Pro Forma Result | | | | | | | Pro Forma Result | | |
|----------------------------------|---------|---------|---------|--------|----------|-------------------------------------|------------------|---------|--|
| adjusted for ----- 2Q 2003 ----- | | | | | | | adjusted for | | |
| special items | | | | | | | special items | | |
| ----- | | | | | | | | | |
| 2Q | 1Q | 2Q | 2Q | Acq. | Reported | | First Half | | |
| 2002 | 2003 | 2003 | Special | Amort+ | Earnings | \$ million | 2003 | 2002 | |
| ===== | | | | | | | ===== | | |
| | | | | | | Exploration and | | | |
| 2,889 | 4,888 | 3,589 | 12 | 424 | 3,153 | Production | 8,477 | 5,289 | |
| | | | | | | Gas, Power | | | |
| 114 | 194 | 103 | - | - | 103 | and Renewables | 297 | 225 | |
| | | | | | | Refining and | | | |
| 685 | 854 | 1,135 | 41 | 205 | 889 | Marketing | 1,989 | 972 | |
| 246 | 139 | 308 | (5) | - | 313 | Petrochemicals | 447 | 354 | |
| | | | | | | Other businesses | | | |
| (128) | (165) | (134) | - | - | (134) | and corporate | (299) | (253) | |
| ----- | | | | | | | ----- | | |
| | | | | | | RC operating | | | |
| 3,806 | 5,910 | 5,001 | 48 | 629 | 4,324 | profit | 10,911 | 6,587 | |
| ----- | | | | | | | ----- | | |
| (314) | (220) | (191) | - | - | (191) | Interest expense | (411) | (647) | |
| (1,243) | (1,935) | (1,635) | (16) | - | (1,619) | Taxation | (3,570) | (2,100) | |
| (50) | (26) | (60) | - | - | (60) | MSI | (86) | (59) | |
| ----- | | | | | | | ----- | | |
| | | | | | | RC profit before | | | |
| 2,199 | 3,729 | 3,115 | 32 | 629 | 2,454 | exceptional items | 6,844 | 3,781 | |
| ----- | | | | | | | ----- | | |
| | | | | | | 280 Exceptional items before tax | | | |
| | | | | | | (149) Taxation on exceptional items | | | |

Edgar Filing: BP PLC - Form 6-K

```

-----
2,585 RC profit after exceptional items
(951) Stock holding losses
-----
1,634 HC profit
=====

```

* The special items refer to non-recurring charges and credits. The special items for the second quarter are restructuring costs in Exploration and Production, Veba integration costs in Refining and Marketing, and a reduction in the provision for costs associated with closure of polypropylene capacity in Petrochemicals.

+ Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.

Operating Results

| Second Quarter | First Quarter | Second Quarter | | First Half | |
|-------------------|------------------|-------------------|--------------------------------|------------|-------|
| 2002 | 2003 | 2003 | | 2003 | 2002 |
| ===== | | | | ===== | |
| | | | Replacement cost | | |
| 3,250 | 5,125 | 4,324 | operating profit (\$m) | 9,449 | 5,308 |
| ----- | | | | ----- | |
| | | | Replacement cost profit | | |
| 1,311 | 3,128 | 2,454 | before exceptional items (\$m) | 5,582 | 2,235 |
| ----- | | | | ----- | |

Edgar Filing: BP PLC - Form 6-K

Profit after exceptional items (\$m)

| | | | | | |
|----------------------------|--------|-------|-----------------------------------|--------|--------|
| 1,527 | 3,468 | 2,585 | Replacement cost | 6,053 | 2,381 |
| 2,058 | 4,267 | 1,634 | Historical cost | 5,901 | 3,354 |
| ----- | | | | | |
| Per ordinary share (cents) | | | | | |
| Pro forma result | | | | | |
| 9.80 | 16.70 | 14.06 | adjusted for special items | 30.76 | 16.86 |
| RC profit before | | | | | |
| 5.85 | 14.01 | 11.08 | exceptional items | 25.09 | 9.97 |
| 9.18 | 19.11 | 7.41 | HC profit after exceptional items | 26.52 | 14.96 |
| Per ADS (cents) | | | | | |
| Pro forma result | | | | | |
| 58.80 | 100.20 | 84.36 | adjusted for special items | 184.56 | 101.16 |
| RC profit before | | | | | |
| 35.10 | 84.06 | 66.48 | exceptional items | 150.54 | 59.82 |
| 55.08 | 114.66 | 44.46 | HC profit after exceptional items | 159.12 | 89.76 |
| ----- | | | | | |

Exploration and Production

| 2Q | 1Q | 2Q | | First Half | |
|-------|-------|-------|-----------------------------------|------------|-------|
| 2002 | 2003 | 2003 | \$ million | 2003 | 2002 |
| ===== | | | | | |
| 2,458 | 4,326 | 3,153 | Replacement cost operating profit | 7,479 | 4,386 |
| 90 | 139 | 12 | Special items | 151 | 217 |
| 341 | 423 | 424 | Acquisition amortization | 847 | 686 |
| ----- | | | | | |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-------|-------|----------------------------|-------|-------|
| | | | Pro forma operating result | | |
| 2,889 | 4,888 | 3,589 | adjusted for special items | 8,477 | 5,289 |
| ===== | | | | ===== | |

Results include:

| | | | | | |
|-----------|-----|-----|-------------------------------------|-------|-----|
| 222 | 112 | 101 | Exploration expense | 213 | 346 |
| ----- | | | | ----- | |
| Of which: | | | | | |
| 147 | 50 | 43 | Exploration expenditure written off | 93 | 206 |
| ----- | | | | ----- | |

Production (Net of Royalties)

| | | | | | |
|-------|-------|-------|----------------------------|-------|-------|
| 1,808 | 1,830 | 1,712 | Crude oil (mb/d) | 1,771 | 1,781 |
| 244 | 233 | 199 | Natural gas liquids (mb/d) | 216 | 239 |
| 2,052 | 2,063 | 1,911 | Total liquids (mb/d) (a) | 1,987 | 2,020 |
| 8,667 | 9,017 | 8,439 | Natural gas (mmcf/d) | 8,727 | 8,706 |
| 3,546 | 3,618 | 3,366 | Total hydrocarbons (b) | 3,492 | 3,521 |
| ===== | | | | ===== | |

Average realizations

| | | | | | |
|-------|-------|-------|------------------------------|-------|-------|
| 24.27 | 31.07 | 25.73 | Crude oil (\$/bbl) | 28.50 | 22.07 |
| 12.40 | 19.82 | 17.49 | Natural gas liquids (\$/bbl) | 18.76 | 11.77 |
| 22.81 | 29.82 | 24.90 | Total liquids (\$/bbl) | 27.47 | 20.81 |
| 2.45 | 3.87 | 3.39 | Natural gas (\$/mcf) | 3.64 | 2.36 |
| 19.01 | 26.39 | 22.43 | Total hydrocarbons | 24.49 | 17.63 |
| ===== | | | | ===== | |

Average oil marker prices

(\$/bbl)

| | | | | | |
|-------|-------|-------|-------|-------|-------|
| 25.07 | 31.47 | 26.03 | Brent | 28.77 | 23.12 |
|-------|-------|-------|-------|-------|-------|

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-------|-------|-----------------------------------|-------|-------|
| 26.30 | 34.00 | 29.02 | West Texas Intermediate | 31.53 | 23.94 |
| 25.04 | 33.16 | 27.04 | Alaska North Slope US West Coast | 30.13 | 22.42 |
| ===== | | | | ===== | |
| 3.38 | 6.53 | 5.40 | Henry Hub gas price(c) (\$/mmBtu) | 5.96 | 2.87 |
| | | | UK Gas - National | | |
| 12.10 | 21.28 | 17.44 | Balancing Point (p/therm) | 19.35 | 15.63 |
| ===== | | | | ===== | |

(a) Crude oil and natural gas liquids.

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

(c) Henry Hub First of the Month Index.

Exploration and Production

The pro forma result for the second quarter, adjusted for special items, was \$3,589 million, up 24% from the second quarter of 2002. Special charges were \$12 million in respect of our ongoing restructuring activities in the UK. The acquisition amortization charge included accelerated amortization of \$108 million as a result of the impairment of the Kepadong field in Indonesia.

The result for the quarter reflected higher realizations, with liquids up \$2.09/bbl and natural gas up \$0.94/mcf on a year ago. North American basin differentials to the Henry Hub marker price narrowed over the quarter following the opening of pipeline expansion routes. The result includes a credit of \$106 million, reflecting a reduction in the provision for Unrealized Profit in Stock (UPIS), which removes the upstream margin from downstream inventories, following a decrease in the Alaska North Slope oil price. This compares with a charge of \$83 million in the equivalent quarter last year.

The half year result also reflected the impact of higher realizations, with liquids up \$6.66/bbl and gas up \$1.28/mcf.

Edgar Filing: BP PLC - Form 6-K

During the quarter we had two exploration successes in Angola: Saturno in Block 31 and Clochas in Block 15; along with Saqqara in the Gulf of Suez in Egypt.

Atlantic LNG Train 3 started up ahead of schedule in April and the government of Trinidad and Tobago approved the Atlantic Train 4 project in June. Construction of the Baku-Tbilisi-Ceyhan pipeline began in May. Progress in Angola continued with the approval of the Dalia development by Sonangol in April.

Second quarter production was down 5% (2% after adjusting for divestments). The decrease, which follows an increase of over 3% in the first quarter, reflects the pattern of planned quarterly maintenance, the impact of higher prices on production sharing contract volumes and lower NGL production owing to strong US gas prices. For the half year, production was down 1% (up 1% after adjusting for divestments). Declines in existing profit centres were as expected and more than offset by growth from new profit centres, particularly Trinidad and Deepwater Gulf of Mexico.

We have continued our programme to improve returns and enhance value by high-grading our portfolio. We have completed the divestment of several US onshore and Gulf of Mexico shelf properties and agreed the sale of the Liuhua and QHD fields in China to the China National Offshore Oil Corporation. On 19 May, the sale of our interest in the Gyda field in Norway to Talisman was announced. We also announced an agreement in principle to sell 50% of the In Amenas gas condensate project and 49% of our interest in In Salah gas in Algeria to Statoil.

Progress continues in the establishment of our new joint venture TNK-BP with the signing of the agreement with the Alfa Group and Access-Renova on 26 June. The completion of the deal is subject to various consents.

Gas, Power and Renewables

| 2Q | 1Q | 2Q | | | | |
|-------|------|------|-----------------------------------|------------|------|--|
| 2002 | 2003 | 2003 | \$ million | | | |
| | | | | First Half | | |
| | | | | 2003 | 2002 | |
| ===== | | | | ===== | | |
| 114 | 194 | 103 | Replacement cost operating profit | 297 | 225 | |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|--------|--------|--------|----------------------------|--------|--------|
| - | - | - | Special items | - | - |
| - | - | - | Acquisition amortization | - | - |
| ----- | | | | ----- | |
| | | | Pro forma operating result | | |
| 114 | 194 | 103 | adjusted for special items | 297 | 225 |
| ===== | | | | ===== | |
| | | | Gas sales volumes (mmcf/d) | | |
| 2,349 | 3,215 | 2,581 | UK | 2,896 | 2,483 |
| 390 | 473 | 421 | Rest of Europe | 447 | 402 |
| 8,451 | 11,734 | 10,441 | USA | 11,084 | 8,591 |
| 8,618 | 11,553 | 10,839 | Rest of World | 11,194 | 8,952 |
| ----- | | | | ----- | |
| 19,808 | 26,975 | 24,282 | Total gas sales volumes | 25,621 | 20,428 |
| ===== | | | | ===== | |
| | | | NGL sales volumes (mb/d) | | |
| - | - | - | UK | - | - |
| - | - | - | Rest of Europe | - | - |
| 189 | 126 | 136 | USA | 131 | 171 |
| 196 | 232 | 124 | Rest of World | 178 | 214 |
| ----- | | | | ----- | |
| 385 | 358 | 260 | Total NGL sales volumes | 309 | 385 |
| ===== | | | | ===== | |

Gas, Power and Renewables

The pro forma result for the second quarter and half year was \$103 million and \$297 million, respectively, compared with \$114 million and \$225 million a year ago. The reduction in the second quarter result is due to the absence of a \$40 million contribution from Ruhrgas following the sale of our interest last year, mostly offset by improved performance. The half year result increased due to

Edgar Filing: BP PLC - Form 6-K

improved performance which more than offset the loss of the \$96 million Ruhrgas contribution.

The second quarter and half year results reflected an increase in gas sales volumes and strong performance from the global LNG business. Second quarter gas sales volumes were up 23%, and equity LNG sales up 58%. During the quarter, the first cargo of LNG was sold from the newly commissioned Train 3 of Atlantic LNG's facility in Trinidad and Tobago. On 1 July, BP took delivery of the LNG ship, the British Merchant, which is the third and final ship to be delivered under the initial phase of the global LNG strategy. Also during the quarter, BP and Oman LNG signed a memorandum of understanding for the supply of up to 4 million tonnes of LNG over a six-year period to strengthen BP's gas marketing position in Spain.

Higher gas prices relative to liquids prices in North America in the second quarter have led to lower production and sales volumes in the natural gas liquids business and a lower result compared with a year ago. The half year result was flat.

Refining and Marketing

| 2Q | 1Q | 2Q | | First Half | |
|-------|------|-------|-----------------------------------|------------|------|
| 2002 | 2003 | 2003 | \$ million | 2003 | 2002 |
| ===== | | | | ===== | |
| 603 | 631 | 889 | Replacement cost operating profit | 1,520 | 671 |
| (114) | 18 | 41 | Special items | 59 | (88) |
| 196 | 205 | 205 | Acquisition amortization | 410 | 389 |
| ----- | | | | ----- | |
| | | | Pro forma operating result | | |
| 685 | 854 | 1,135 | adjusted for special items | 1,989 | 972 |
| ===== | | | | ===== | |
| | | | Refinery throughputs (mb/d) | | |
| 376 | 377 | 416 | UK | 397 | 384 |
| 924 | 954 | 991 | Rest of Europe | 973 | 879 |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------------------------------------|--------|--------|------------------------------|--------|--------|
| 1,464 | 1,302 | 1,465 | USA | 1,384 | 1,429 |
| 339 | 391 | 393 | Rest of World | 392 | 357 |
| ----- | | | | | |
| 3,103 | 3,024 | 3,265 | Total throughput | 3,146 | 3,049 |
| ===== | | | | | |
| 95.8 | 94.2 | 96.7 | Refining availability(a) (%) | 95.4 | 95.8 |
| ===== | | | | | |
| Oil sales volumes (mb/d) | | | | | |
| Refined products | | | | | |
| 230 | 279 | 279 | UK | 279 | 243 |
| 1,444 | 1,318 | 1,358 | Rest of Europe | 1,338 | 1,360 |
| 1,941 | 1,751 | 1,822 | USA | 1,787 | 1,888 |
| 522 | 645 | 607 | Rest of World | 626 | 561 |
| ----- | | | | | |
| 4,137 | 3,993 | 4,066 | Total marketing sales | 4,030 | 4,052 |
| 2,342 | 2,811 | 2,957 | Trading/supply sales | 2,884 | 2,439 |
| ----- | | | | | |
| 6,479 | 6,804 | 7,023 | Total refined product sales | 6,914 | 6,491 |
| 4,915 | 4,529 | 5,679 | Crude oil | 5,104 | 4,862 |
| ----- | | | | | |
| 11,394 | 11,333 | 12,702 | Total oil sales | 12,018 | 11,353 |
| ===== | | | | | |
| Global Indicator Refining Margin(b) | | | | | |
| (\$/bbl) | | | | | |
| 0.59 | 3.70 | 2.15 | NWE | 2.92 | 0.34 |
| 2.62 | 6.14 | 3.59 | USGC | 4.86 | 2.33 |
| 3.76 | 4.14 | 4.73 | Midwest | 4.44 | 2.91 |
| 4.46 | 6.77 | 6.34 | USWC | 6.55 | 4.95 |
| 0.18 | 2.98 | 0.66 | Singapore | 1.81 | 0.20 |
| 2.06 | 4.52 | 3.27 | BP Average | 3.89 | 1.85 |
| ===== | | | | | |

Edgar Filing: BP PLC - Form 6-K

- (a) Refining availability is the weighted average percentage of the period that refinery units are available for processing, after accounting for downtime such as turnarounds.
- (b) The Global Indicator Refining Margin (GIM) is the average of six regional indicator margins weighted for BP's crude refining capacity in each region. Each regional indicator margin is based on a single representative crude with product yields characteristic of the typical level of upgrading complexity. The regional indicator margins may not be representative of the margins achieved by BP in any period because of BP's particular refinery configurations and crude and product slate.

Refining and Marketing

The pro forma result for the second quarter, adjusted for special items, was \$1,135 million, compared with \$685 million for the same period last year. The special charge of \$41 million for the quarter relates to ongoing Veba integration costs. The half year result is up \$1,017 million compared with the first half of last year.

The results for the quarter and half year reflect improved worldwide refining margins and higher marketing margins, particularly retail margins in the USA and Europe, with some offset from higher utility costs. Improved operating performance also contributed to the results in the marketing businesses.

Refining throughputs increased by 5%, compared with a year ago, with availability at 96.7%. Marketing volumes were 2% lower than a year ago.

An additional 760 sites were reimaged, bringing the total number of sites with the BP Helios to some 12,000 worldwide.

Edgar Filing: BP PLC - Form 6-K

Petrochemicals

| 2Q | 1Q | 2Q | | First Half | |
|---------------------------------|-------|-------|--|------------|--------|
| 2002 | 2003 | 2003 | \$ million | 2003 | 2002 |
| ===== | | | | | |
| 203 | 139 | 313 | Replacement cost operating profit | 452 | 279 |
| 43 | - | (5) | Special items | (5) | 75 |
| - | - | - | Acquisition amortization | - | - |
| ----- | | | | | |
| Pro forma operating result | | | | | |
| 246 | 139 | 308 | adjusted for special items | 447 | 354 |
| ===== | | | | | |
| 109 | 96 | 120 | (b) Chemicals Indicator Margin (a) (\$/te) | 108 (b) | 95 |
| ===== | | | | | |
| Petrochemicals production (kte) | | | | | |
| 837 | 869 | 714 | UK | 1,583 | 1,666 |
| 2,595 | 2,763 | 2,681 | Rest of Europe | 5,444 | 5,178 |
| 2,695 | 2,536 | 2,503 | USA | 5,039 | 5,184 |
| 762 | 812 | 872 | Rest of World | 1,684 | 1,472 |
| ----- | | | | | |
| 6,889 | 6,980 | 6,770 | Total production | 13,750 | 13,500 |
| ===== | | | | | |

(a) The Chemicals Indicator Margin (CIM) is a weighted average of externally-based product margins. It is based on market data collected by Nexant (formerly Chem Systems) in their quarterly market analyses,

Edgar Filing: BP PLC - Form 6-K

then weighted based on BP's product portfolio. It does not cover our entire portfolio of products, and consequently is only indicative rather than representative of the margins achieved by BP in any particular period. Amongst the products and businesses covered in the CIM are olefins and derivatives, the aromatics and derivatives, linear alpha-olefins (LAOs), acetic acid, vinyl acetate monomers and nitriles. Not included are fabrics and fibres, plastic fabrications, poly alpha-olefins (PAOs), anhydrides, speciality intermediates, and the remaining parts of the solvents and acetyls businesses.

(b) Provisional. The data for the second quarter is based on two months' actuals and one month of provisional data.

Petrochemicals

Petrochemicals' pro forma result for the second quarter, after adjusting for special items, was \$308 million, up from \$139 million in the first quarter, due primarily to lower feedstock costs and improved margins in several businesses. This was the highest quarterly result for the segment since the second quarter of 2000. Production of 6,770 thousand tonnes in the second quarter was 3% below the first quarter. Although demand in Europe showed continuing weakness, overall sales remained flat.

The first half result was 26% above that of a year ago, reflecting improved margins, cost management and improved reliability of operations. First half production was 250 thousand tonnes higher than a year ago due to core business sales growth from Asian PTA and acetic acid plant start-ups and an additional month of production from Veba.

During the quarter we completed the divestment of our interest in Petrokimia Nusantara Interindo, PT (PT Peni), our polyethylene joint venture in Indonesia.

The special item for the quarter is a reduction in the provision for costs associated with the closure of polypropylene capacity in the USA.

Edgar Filing: BP PLC - Form 6-K

Other Businesses and Corporate

| 2Q | 1Q | 2Q | | First Half | |
|----------------------------|-------|-------|---------------------------------|------------|-------|
| 2002 | 2003 | 2003 | \$ million | 2003 | 2002 |
| ===== | | | | ===== | |
| (128) | (165) | (134) | Replacement cost operating loss | (299) | (253) |
| - | - | - | Special items | - | - |
| - | - | - | Acquisition amortization | - | - |
| ----- | | | | ----- | |
| Pro forma operating result | | | | | |
| (128) | (165) | (134) | adjusted for special items | (299) | (253) |
| ===== | | | | ===== | |

Other businesses and corporate comprises Finance, the group's coal asset and aluminium asset, its investments in PetroChina and Sinopec, interest income and costs relating to corporate activities. In July, BP announced that it has agreed to sell its 50 per cent interest in the Indonesian coal mining company PT Kaltim Prima Coal to PT Bumi Resources, subject to the receipt of certain shareholder and other approvals.

Exceptional Items

| 2Q | 1Q | 2Q | | First Half | |
|---|------|------|---|------------|------|
| 2002 | 2003 | 2003 | \$ million | 2003 | 2002 |
| ===== | | | | ===== | |
| Profit (loss) on sale of fixed assets and | | | | | |
| 376 | 394 | 280 | businesses or termination of operations | 674 | 267 |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|------|-------|----------------------------------|-------|-------|
| (160) | (54) | (149) | Taxation charge | (203) | (121) |
| ----- | | | | ----- | |
| 216 | 340 | 131 | Exceptional items after taxation | 471 | 146 |
| ===== | | | | ===== | |

Exceptional items for the second quarter include a gain on the sale of our interest in the North Sea Forties oil field, partly offset by a provision for the loss on disposal of QHD in China.

2003 Dividends

| | 2Q | 1Q | 2Q | | First Half | |
|------------------------------|-------|-------|---------------------------|-------|------------|--|
| 2002 | 2003 | 2003 | \$ million | 2003 | 2002 | |
| ===== | | | | ===== | | |
| Dividends per ordinary share | | | | | | |
| 6.00 | 6.25 | 6.50 | cents | 12.75 | 11.75 | |
| 3.875 | 3.947 | 4.039 | pence | 7.986 | 7.926 | |
| 36.0 | 37.5 | 39.0 | Dividends per ADS (cents) | 76.5 | 70.5 | |
| ----- | | | | ----- | | |

BP today announced a second quarterly dividend for 2003 of 6.50 cents per ordinary share. Holders of ordinary shares will receive 4.039 pence per share and holders of American Depositary Receipts (ADRs) \$0.39 per ADS share. The dividend is payable on 8 September to shareholders on the register on 15 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 8 September. The third quarter 2003 results and dividend will be announced on 28 October.

Outlook

Edgar Filing: BP PLC - Form 6-K

BP Group Chief Executive, Lord Browne, concluded:

"World economic activity has continued to grow only slowly during the second quarter, with OECD industrial production weakening. US consumer confidence remains below the levels of last June, but with some signs of modest improvement compared with the first quarter of this year. The impact of SARS was discernible in lower economic activity in the second quarter in Asia, but there are already signs that the region is recovering into the second half of the year.

"Crude oil markets continue to be characterized by relative tightness. On the basis of preliminary estimates, OECD commercial inventories ended the quarter at the lowest seasonal level for over a decade. Crude oil prices have been well supported, averaging \$26.03 per barrel (Dated Brent) in the second quarter and over \$28 per barrel in July to date. The seasonal pick-up in oil demand in the second half of the year, OPEC's June production cuts and an anticipated slow recovery in Iraqi oil production point to continued price support in coming months.

"US natural gas prices fell back in the second quarter but remained high, with the Henry Hub first of the month index averaging \$5.40/mmbtu. Gas price differentials in the Rockies have narrowed significantly following the opening of the Kern River pipeline expansion. High prices have instigated a number of market reactions. These, together with mild weather, have led to a series of very high storage injections in recent weeks, despite falling domestic production. Prices look set to stay above residual fuel oil parity during the third quarter.

"Refining margins have started the third quarter at similar levels to the second quarter (BP GIM \$3.27/bbl) and remain firm in most regions. OECD commercial product inventories are still at five-year lows and should

Edgar Filing: BP PLC - Form 6-K

continue to underpin refining fundamentals in the short term.

"The strong retail margins experienced in the second quarter have softened and are projected to revert to more typical levels in the third quarter.

"Petrochemical margins in the first half of 2003 were above those of last year, with higher product prices for the majority of petrochemical products. Recent increases in feedstock costs and flat demand are expected to result in a challenging environment in the third quarter.

"Consistent with our financial framework and plan for the year, we expect capital expenditure to be in the range of \$14 to 14.5 billion, excluding acquisitions. As previously indicated, 2003 is expected to be the peak year for our medium term capital spending programme. The \$14 to 14.5 billion range excludes the initial cash payment due on completion of the TNK-BP transaction, expected to complete later in the summer. In addition, subject to the trading environment, we expect to make payments of up to \$2 billion to a number of the group's pension funds in the second half of 2003, and, if additional funds are available, to pursue further share buybacks. We expect gearing to return to the lower half of our 25-35% target range following these events."

The foregoing discussion, in particular the statements under "Outlook", contains forward looking statements particularly those regarding future performance, prices, margins, returns, dividends, capital expenditure, investments, divestments, gearing, BP's asset portfolio and changes in it, timing of pending transactions, share repurchases, and other trend projections. Forward looking statements by their nature involve risks and uncertainties and actual results may differ from those expressed in

Edgar Filing: BP PLC - Form 6-K

such statements depending on a variety of factors including the following: the timing of bringing new fields on stream; industry product supply, demand and pricing; currency exchange rates; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in governmental regulations; exchange rate fluctuations; development and use of new technology and successful commercial relationships; the actions of competitors; natural disasters and other changes in business conditions; prolonged adverse weather conditions; and wars and acts of terrorism or sabotage. For more information you should refer to our Annual Report and Accounts 2002 and our Annual Report on Form 20-F filed with the US Securities and Exchange Commission.

BP p.l.c. and Subsidiaries

Summarized Group Results

| Second Quarter 2002 | First Quarter 2003 | Second Quarter 2003 | | First Half 2003 | 2002 |
|---------------------------|--------------------------|---------------------------|--------------------------------|--------------------|-------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| 2,458 | 4,326 | 3,153 | Exploration and Production | 7,479 | 4,386 |
| 114 | 194 | 103 | Gas, Power and Renewables | 297 | 225 |
| 603 | 631 | 889 | Refining and Marketing | 1,520 | 671 |
| 203 | 139 | 313 | Petrochemicals | 452 | 279 |
| (128) | (165) | (134) | Other businesses and corporate | (299) | (253) |
| ----- | | | | ----- | |

Total replacement cost

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-------|-------|---------------------------------------|--------|-------|
| 3,250 | 5,125 | 4,324 | operating profit | 9,449 | 5,308 |
| | | | Profit (loss) on sale of | | |
| | | | fixed assets and businesses or | | |
| 376 | 394 | 280 | termination of operations (Note 4) | 674 | 267 |
| ----- | | | | | |
| | | | Replacement cost profit before | | |
| 3,626 | 5,519 | 4,604 | interest and tax | 10,123 | 5,575 |
| 525 | 799 | (951) | Stock holding gains (losses) (Note 5) | (152) | 998 |
| ----- | | | | | |
| | | | Historical cost profit before | | |
| 4,151 | 6,318 | 3,653 | interest and tax | 9,971 | 6,573 |
| 314 | 220 | 191 | Interest expense (Note 6) | 411 | 647 |
| ----- | | | | | |
| 3,837 | 6,098 | 3,462 | Profit before taxation | 9,560 | 5,926 |
| 1,751 | 1,805 | 1,768 | Taxation (Note 7) | 3,573 | 2,504 |
| ----- | | | | | |
| 2,086 | 4,293 | 1,694 | Profit after taxation | 5,987 | 3,422 |
| 28 | 26 | 60 | Minority shareholders' interest | 86 | 68 |
| ----- | | | | | |
| 2,058 | 4,267 | 1,634 | Profit for the period | 5,901 | 3,354 |
| ----- | | | | | |
| 1,347 | 1,386 | 1,434 | Distribution to shareholders | 2,820 | 2,637 |
| ===== | | | | | |
| | | | Earnings per ordinary share - cents | | |
| 9.18 | 19.11 | 7.41 | Basic | 26.52 | 14.96 |
| 9.13 | 19.05 | 7.39 | Diluted | 26.44 | 14.88 |
| ===== | | | | | |

Replacement Cost Results

Historical cost profit

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-------|-------|-------------------------------------|-------|-------|
| 2,058 | 4,267 | 1,634 | for the period | 5,901 | 3,354 |
| | | | Stock holding (gains) losses | | |
| (531) | (799) | 951 | net of MSI | 152 | (973) |
| ----- | | | | | |
| | | | Replacement cost profit | | |
| 1,527 | 3,468 | 2,585 | for the period | 6,053 | 2,381 |
| (216) | (340) | (131) | Exceptional items, net of tax | (471) | (146) |
| ----- | | | | | |
| | | | Replacement cost profit before | | |
| 1,311 | 3,128 | 2,454 | exceptional items | 5,582 | 2,235 |
| ----- | | | | | |
| | | | Earnings per ordinary share - cents | | |
| | | | On replacement cost profit before | | |
| 5.85 | 14.01 | 11.08 | exceptional items | 25.09 | 9.97 |
| ===== | | | | | |

>

Summarized Group Balance Sheet

| | 30 June 2003 | 31 December 2002 |
|-------------------|-----------------|---------------------|
| ----- | | |
| \$ million | | |
| Fixed assets | | |
| Intangible assets | 13,896 | 15,566 |
| Tangible assets | 89,285 | 87,682 |
| Investments | 10,684 | 10,811 |

Edgar Filing: BP PLC - Form 6-K

| | | |
|---|---------|---------|
| | ----- | |
| | 113,865 | 114,059 |
| | ----- | |
| Current assets | | |
| Stocks | 9,759 | 10,181 |
| Debtors | 36,892 | 33,150 |
| Investments | 329 | 215 |
| Cash at bank and in hand | 2,115 | 1,520 |
| | ----- | |
| | 49,095 | 45,066 |
| Creditors - amounts falling due within one year | | |
| Finance debt | 5,885 | 10,086 |
| Other creditors | 39,337 | 36,215 |
| | ----- | |
| Net current assets (liabilities) | 3,873 | (1,235) |
| | ----- | |
| Total assets less current liabilities | 117,738 | 112,824 |
| Creditors - amounts falling due after more than one year | | |
| Finance debt | 12,709 | 11,922 |
| Other creditors | 3,509 | 3,455 |
| Provisions for liabilities and charges | | |
| Deferred taxation | 14,322 | 13,514 |
| Other provisions | 14,117 | 13,886 |
| | ----- | |
| Net assets | 73,081 | 70,047 |
| Minority shareholders' interest - equity | 1,016 | 638 |
| | ----- | |
| BP shareholders' interest | 72,065 | 69,409 |
| | ===== | |

Edgar Filing: BP PLC - Form 6-K

| Movement in BP shareholders' interest: | \$ million |
|--|------------|
| At 31 December 2002 | 69,409 |
| Profit for the period | 5,901 |
| Distribution to shareholders | (2,820) |
| Currency translation differences (net of tax) | 1,493 |
| Issue of ordinary share capital for employee share schemes | 81 |
| Repurchase of ordinary share capital | (1,999) |
| | ----- |
| At 30 June 2003 | 72,065 |
| | ===== |

Summarized Group Cash Flow Statement

| Second Quarter 2002 | First Quarter 2003 | Second Quarter 2003 | | First Half 2003 | 2002 |
|---------------------------|--------------------------|---------------------------|-------------------------------|--------------------|-------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| | | | Net cash inflow from | | |
| 5,133 | 5,961 | 7,346 | operating activities (a) | 13,307 | 8,769 |
| ----- | | | | ----- | |
| 16 | 13 | 28 | Dividends from joint ventures | 41 | 99 |
| ----- | | | | ----- | |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|---------|---------|---------|--|---------|---------|
| | | | Dividends from | | |
| 154 | 55 | 177 | associated undertakings | 232 | 207 |
| ----- | | | | | |
| | | | Servicing of finance and returns on investments | | |
| 57 | 31 | 52 | Interest received | 83 | 105 |
| (342) | (207) | (446) | Interest paid | (653) | (651) |
| 58 | 6 | 42 | Dividends received | 48 | 60 |
| | | | Dividends paid to | | |
| (3) | (2) | (11) | minority shareholders | (13) | (16) |
| ----- | | | | | |
| | | | Net cash outflow from servicing of | | |
| (230) | (172) | (363) | finance and returns on investments | (535) | (502) |
| ----- | | | | | |
| | | | Taxation | | |
| (167) | (312) | (280) | UK corporation tax | (592) | (354) |
| (760) | (320) | (1,573) | Overseas tax | (1,893) | (1,018) |
| ----- | | | | | |
| (927) | (632) | (1,853) | Tax paid | (2,485) | (1,372) |
| ----- | | | | | |
| | | | Capital expenditure and financial investment | | |
| (2,793) | (2,877) | (2,760) | Payments for fixed assets | (5,637) | (5,592) |
| | | | Proceeds from the sale | | |
| 939 | 2,317 | 1,652 | of fixed assets | 3,969 | 1,256 |
| ----- | | | | | |
| | | | Net cash outflow for | | |
| | | | capital expenditure and | | |
| (1,854) | (560) | (1,108) | financial investment | (1,668) | (4,336) |
| ----- | | | | | |
| | | | Acquisitions and disposals | | |

Edgar Filing: BP PLC - Form 6-K

| | | | Investments in associated | | |
|---------|---------|---------|------------------------------------|---------|---------|
| (488) | (186) | (331) | undertakings | (517) | (631) |
| (139) | - | (150) | Acquisitions, net of cash acquired | (150) | (1,689) |
| (68) | (14) | (2) | Net investment in joint ventures | (16) | (114) |
| | | | Proceeds from the sale | | |
| 1,584 | 160 | 19 | of businesses | 179 | 1,615 |
| ----- | | | | | |
| | | | Net cash (outflow) inflow for | | |
| 889 | (40) | (464) | acquisitions and disposals | (504) | (819) |
| ----- | | | | | |
| (1,290) | (1,397) | (1,386) | Equity dividends paid | (2,783) | (2,578) |
| ----- | | | | | |
| 1,891 | 3,228 | 2,377 | Net cash inflow (outflow) | 5,605 | (532) |
| ===== | | | | | |
| 2,017 | 3,593 | 1,355 | Financing (b) | 4,948 | (266) |
| 33 | 13 | 93 | Management of liquid resources | 106 | (132) |
| (159) | (378) | 929 | Increase (decrease) in cash | 551 | (134) |
| ----- | | | | | |
| 1,891 | 3,228 | 2,377 | | 5,605 | (532) |
| ===== | | | | | |

Analysis of Cash Flow

| Second Quarter 2002 | First Quarter 2003 | Second Quarter 2003 | First Half 2003 2002 | |
|---------------------------|--------------------------|---------------------------|------------------------------|--|
| ===== | | | | |
| \$ million | | | \$ million | |

(a) Reconciliation of historical

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|---------|---------|---------|--|---------|---------|
| | | | cost profit before interest and tax to net cash inflow from operating activities | | |
| | | | Historical cost profit before | | |
| 4,151 | 6,318 | 3,653 | interest and tax | 9,971 | 6,573 |
| 2,227 | 2,709 | 2,653 | Depreciation and amounts provided | 5,362 | 4,380 |
| | | | Exploration expenditure | | |
| 147 | 50 | 43 | written off | 93 | 206 |
| | | | Share of profits of joint ventures | | |
| (288) | (304) | (207) | and associated undertakings | (511) | (544) |
| (118) | (48) | (100) | Interest and other income | (148) | (181) |
| | | | (Profit) loss on sale of fixed | | |
| (374) | (394) | (280) | assets and businesses | (674) | (265) |
| 325 | 202 | 204 | Charge for provisions | 406 | 494 |
| (373) | (228) | (316) | Utilization of provisions | (544) | (611) |
| (807) | 376 | 193 | Decrease (increase) in stocks | 569 | (1,303) |
| (1,614) | (6,935) | 3,252 | (Increase) decrease in debtors | (3,683) | (2,024) |
| 1,857 | 4,215 | (1,749) | Increase (decrease) in creditors | 2,466 | 2,044 |
| ----- | | | | ----- | |
| | | | Net cash inflow from | | |
| 5,133 | 5,961 | 7,346 | operating activities | 13,307 | 8,769 |
| ===== | | | | ===== | |

(b) Financing

| | | | | | |
|-------|---------|-------|-----------------------------------|---------|---------|
| (752) | (1,015) | (208) | Long-term borrowing | (1,223) | (2,498) |
| 663 | 403 | 607 | Repayments of long-term borrowing | 1,010 | 897 |
| (753) | (626) | (418) | Short-term borrowing | (1,044) | (4,252) |
| | | | Repayments of short-term | | |
| 2,891 | 3,899 | 388 | borrowing | 4,287 | 5,710 |

Edgar Filing: BP PLC - Form 6-K

| | | | | |
|-------|-------|-------|---------------------------------|-------------|
| ----- | | | | ----- |
| 2,049 | 2,661 | 369 | | 3,030 (143) |
| (32) | (67) | (14) | Issue of ordinary share capital | (81) (123) |
| | | | Repurchase of ordinary | |
| - | 999 | 1,000 | share capital | 1,999 - |
| ----- | | | | ----- |
| | | | Net cash outflow | |
| 2,017 | 3,593 | 1,355 | (inflow)from financing | 4,948 (266) |
| ===== | | | | ===== |

Capital Expenditure and Acquisitions

| | | | | |
|---------|---------|---------|------------|------------|
| Second | First | Second | | |
| Quarter | Quarter | Quarter | | First Half |
| 2002 | 2003 | 2003 | | 2003 2002 |
| ===== | | | | ===== |
| | | | \$ million | \$ million |

By business

| | | | | |
|-------|-------|-------|----------------------------|-------------|
| | | | Exploration and Production | |
| 247 | 196 | 220 | UK | 416 508 |
| 57 | 51 | 73 | Rest of Europe | 124 128 |
| 1,077 | 966 | 1,009 | USA | 1,975 2,244 |
| 1,192 | 924 | 1,160 | Rest of World(a) | 2,084 2,006 |
| ----- | | | | ----- |
| 2,573 | 2,137 | 2,462 | | 4,599 4,886 |
| ----- | | | | ----- |

Gas, Power and Renewables

| | | | | |
|----|----|----|--------------------|-------|
| 5 | 8 | 24 | UK | 32 21 |
| 87 | 15 | 9 | Rest of Europe (b) | 24 91 |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|------------------------|-------|-------|------------------------------------|-------|--------|
| 32 | 38 | 48 | USA | 86 | 48 |
| 8 | 7 | 17 | Rest of World | 24 | 18 |
| ----- | | | | | |
| 132 | 68 | 98 | | 166 | 178 |
| ----- | | | | | |
| Refining and Marketing | | | | | |
| 100 | 73 | 66 | UK | 139 | 176 |
| 2,556 | 104 | 64 | Rest of Europe (c) | 168 | 5,288 |
| 260 | 336 | 228 | USA | 564 | 563 |
| 49 | 24 | 27 | Rest of World | 51 | 75 |
| ----- | | | | | |
| 2,965 | 537 | 385 | | 922 | 6,102 |
| ----- | | | | | |
| Petrochemicals | | | | | |
| 17 | - | 30 | UK | 30 | 25 |
| 60 | 31 | 21 | Rest of Europe | 52 | 105 |
| 55 | 46 | 95 | USA | 141 | 97 |
| 38 | 19 | 52 | Rest of World | 71 | 131 |
| ----- | | | | | |
| 170 | 96 | 198 | | 294 | 358 |
| ----- | | | | | |
| 267 | 36 | 183 | Other businesses and corporate (d) | 219 | 319 |
| ----- | | | | | |
| 6,107 | 2,874 | 3,326 | | 6,200 | 11,843 |
| ===== | | | | | |
| By geographical area | | | | | |
| 400 | 301 | 361 | UK | 662 | 809 |
| 2,953 | 202 | 167 | Rest of Europe | 369 | 5,805 |
| 1,467 | 1,396 | 1,542 | USA | 2,938 | 2,998 |
| 1,287 | 975 | 1,256 | Rest of World | 2,231 | 2,231 |

Edgar Filing: BP PLC - Form 6-K

| | |
|-------------------------|-----------------|
| ----- | ----- |
| 6,107 2,874 3,326 | 6,200 11,843 |
| ===== | ===== |

- (a) 2Q and first half 2002 included the acquisition of an additional interest in Sidanco.
- (b) 2Q and first half 2002 included the acquisition of a 5% stake in Enagas.
- (c) 1Q 2002 and 2Q 2002 included the acquisition of 51% and 49% of Veba respectively.
- (d) 2Q and first half 2002 included the acquisition of the minority interest in Veba's upstream oil and gas assets.

US dollar/Sterling exchange rates

| | | | | | |
|-------|-------|-------|-----------------------------|-------|-------|
| 1.46 | 1.60 | 1.62 | Average rate for the period | 1.61 | 1.44 |
| 1.52 | 1.57 | 1.65 | Period-end rate | 1.65 | 1.52 |
| ===== | ===== | ===== | | ===== | ===== |

Analysis of Replacement Cost Operating Profit

Second First Second

Edgar Filing: BP PLC - Form 6-K

| Quarter | Quarter | Quarter | | First Half | |
|----------------------------|---------|---------|----------------|------------|-------|
| 2002 | 2003 | 2003 | | 2003 | 2002 |
| ===== | | | | | |
| \$ million | | | | \$ million | |
| By business | | | | | |
| Exploration and Production | | | | | |
| 649 | 1,134 | 473 | UK | 1,607 | 1,376 |
| 172 | 193 | 141 | Rest of Europe | 334 | 324 |
| 771 | 1,805 | 1,441 | USA | 3,246 | 1,093 |
| 866 | 1,194 | 1,098 | Rest of World | 2,292 | 1,593 |
| ----- | | | | | |
| 2,458 | 4,326 | 3,153 | | 7,479 | 4,386 |
| ----- | | | | | |
| Gas, Power and Renewables | | | | | |
| 1 | 3 | 18 | UK | 21 | 3 |
| 35 | (9) | (5) | Rest of Europe | (14) | 82 |
| 13 | 36 | 85 | USA | 121 | (12) |
| 65 | 164 | 5 | Rest of World | 169 | 152 |
| ----- | | | | | |
| 114 | 194 | 103 | | 297 | 225 |
| ----- | | | | | |
| Refining and Marketing | | | | | |
| (61) | 26 | (31) | UK | (5) | (185) |
| 249 | 337 | 423 | Rest of Europe | 760 | 388 |
| 279 | 97 | 323 | USA | 420 | 200 |
| 136 | 171 | 174 | Rest of World | 345 | 268 |
| ----- | | | | | |
| 603 | 631 | 889 | | 1,520 | 671 |
| ----- | | | | | |

Edgar Filing: BP PLC - Form 6-K

Petrochemicals

| | | | | | |
|-------|-------|-------|--------------------------------|-------|-------|
| (10) | (34) | 25 | UK | (9) | (41) |
| 64 | 88 | 199 | Rest of Europe | 287 | 111 |
| 84 | 42 | 65 | USA | 107 | 107 |
| 65 | 43 | 24 | Rest of World | 67 | 102 |
| ----- | | | | | |
| 203 | 139 | 313 | | 452 | 279 |
| ----- | | | | | |
| (128) | (165) | (134) | Other businesses and corporate | (299) | (253) |
| ----- | | | | | |
| 3,250 | 5,125 | 4,324 | | 9,449 | 5,308 |
| ===== | | | | | |

By geographical area

| | | | | | |
|-------|-------|-------|----------------|-------|-------|
| 504 | 1,053 | 363 | UK | 1,416 | 1,034 |
| 526 | 602 | 756 | Rest of Europe | 1,358 | 912 |
| 1,103 | 1,882 | 1,863 | USA | 3,745 | 1,261 |
| 1,117 | 1,588 | 1,342 | Rest of World | 2,930 | 2,101 |
| ----- | | | | | |
| 3,250 | 5,125 | 4,324 | | 9,449 | 5,308 |
| ===== | | | | | |

Included above

| | | | | | |
|-------|-----|-----|------------------------------------|-----|-----|
| 89 | 117 | 101 | Share of profits of joint ventures | 218 | 159 |
| | | | Share of profits of | | |
| 196 | 180 | 110 | associated undertakings | 290 | 384 |
| ----- | | | | | |
| 285 | 297 | 211 | | 508 | 543 |
| ===== | | | | | |

Edgar Filing: BP PLC - Form 6-K

Notes

1. Turnover

| Second Quarter 2002 | First Quarter 2003 | Second Quarter 2003 | | First Half 2003 2002 | |
|---------------------------|--------------------------|---------------------------|----------------------------|-------------------------|--------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| By business | | | | | |
| 6,539 | 9,068 | 7,433 | Exploration and Production | 16,501 | 12,177 |
| 8,235 | 17,998 | 14,875 | Gas, Power and Renewables | 32,873 | 16,003 |
| 31,870 | 41,435 | 36,949 | Refining and Marketing | 78,384 | 56,759 |
| 3,584 | 3,938 | 4,003 | Petrochemicals | 7,941 | 6,226 |
| Other businesses | | | | | |
| 136 | 111 | 129 | and corporate | 240 | 271 |
| ----- | | | | | |
| 50,364 | 72,550 | 63,389 | | 135,939 | 91,436 |
| Less: sales between | | | | | |
| 6,709 | 8,762 | 7,082 | businesses | 15,844 | 11,491 |
| ----- | | | | | |
| 43,655 | 63,788 | 56,307 | Group excluding JVs | 120,095 | 79,945 |
| 404 | 398 | 364 | Sales of joint ventures | 762 | 683 |
| ----- | | | | | |
| 44,059 | 64,186 | 56,671 | | 120,857 | 80,628 |
| ===== | | | | ===== | |
| By geographical area | | | | | |
| Group excluding JVs | | | | | |
| 12,509 | 15,427 | 13,456 | UK | 28,883 | 23,504 |
| 12,219 | 13,022 | 12,206 | Rest of Europe | 25,228 | 21,338 |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|---------------------|--------|--------|---------------|---------|--------|
| 19,663 | 31,098 | 25,984 | USA | 57,082 | 34,928 |
| 8,035 | 13,736 | 12,102 | Rest of World | 25,838 | 15,019 |
| ----- | | | | | |
| 52,426 | 73,283 | 63,748 | | 137,031 | 94,789 |
| Less: sales between | | | | | |
| 8,771 | 9,495 | 7,441 | areas | 16,936 | 14,844 |
| ----- | | | | | |
| 43,655 | 63,788 | 56,307 | | 120,095 | 79,945 |
| ===== | | | | | |

2. Replacement cost profit

Replacement cost profits reflect the current cost of supplies. The replacement cost profit for the period is arrived at by excluding from the historical cost profit stock holding gains and losses.

Notes

3. Operating profits are after charging:

| | | | | |
|------------|---------|---------|------------|------------|
| Second | First | Second | | |
| Quarter | Quarter | Quarter | | First Half |
| 2002 | 2003 | 2003 | | 2003 |
| | | | | 2002 |
| ===== | | | | |
| \$ million | | | \$ million | |

Exploration expense

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|----------------------|-----|-----|---------------------------|-----|-----|
| 4 | 3 | 2 | UK | 5 | 10 |
| 13 | 4 | 5 | Rest of Europe | 9 | 36 |
| 133 | 37 | 47 | USA | 84 | 175 |
| 72 | 68 | 47 | Rest of World | 115 | 125 |
| ----- | | | | | |
| 222 | 112 | 101 | | 213 | 346 |
| ===== | | | | | |
| Production taxes (a) | | | | | |
| 90 | 133 | 58 | UK petroleum revenue tax | 191 | 153 |
| 225 | 371 | 324 | Overseas production taxes | 695 | 409 |
| ----- | | | | | |
| 315 | 504 | 382 | | 886 | 562 |
| ===== | | | | | |

(a) Production taxes are charged against Exploration and Production's operating profit and are not included in the charge for taxation in Note 7.

4. Analysis of exceptional items

| | | | | | |
|--|------|------|--------------------------------|-------|-------|
| 427 | 433 | 333 | Exploration and Production | 766 | 432 |
| (1) | - | 6 | Gas, Power and Renewables | 6 | (1) |
| 31 | (52) | (49) | Refining and Marketing | (101) | (14) |
| (85) | 7 | 2 | Petrochemicals | 9 | (145) |
| 4 | 6 | (12) | Other businesses and corporate | (6) | (5) |
| ----- | | | | | |
| Profit (loss) on sale of fixed assets and businesses or | | | | | |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|------|-------|---------------------------|-------|-------|
| 376 | 394 | 280 | termination of operations | 674 | 267 |
| (160) | (54) | (149) | Taxation charge | (203) | (121) |
| ----- | | | | ----- | |
| | | | Exceptional items | | |
| 216 | 340 | 131 | after taxation | 471 | 146 |
| ===== | | | | ===== | |

Notes

5. Stock holding gains (losses)

| Second Quarter | First Quarter | Second Quarter | | First Half | |
|-------------------|------------------|-------------------|---------------------------------|------------|------|
| 2002 | 2003 | 2003 | | 2003 | 2002 |
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| (1) | 6 | (3) | Exploration and Production | 3 | 2 |
| 4 | 27 | (72) | Gas, Power and Renewables | (45) | 8 |
| 444 | 620 | (773) | Refining and Marketing | (153) | 939 |
| 78 | 146 | (103) | Petrochemicals | 43 | 49 |
| ----- | | | | ----- | |
| 525 | 799 | (951) | | (152) | 998 |
| (6) | - | - | Minority shareholders' interest | - | 25 |
| ----- | | | | ----- | |
| 531 | 799 | (951) | | (152) | 973 |
| ===== | | | | ===== | |

6. Interest expense

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|------|------|-------------------------|------|------|
| 261 | 187 | 163 | Group interest payable | 350 | 528 |
| (25) | (34) | (43) | Capitalized | (77) | (40) |
| ----- | | | | | |
| 236 | 153 | 120 | | 273 | 488 |
| 15 | 13 | 17 | Joint ventures | 30 | 29 |
| 21 | 10 | 12 | Associated undertakings | 22 | 45 |
| | | | Unwinding of discount | | |
| 42 | 44 | 42 | on provisions | 86 | 85 |
| ----- | | | | | |
| 314 | 220 | 191 | | 411 | 647 |
| ===== | | | | | |

7. Charge for taxation

| | | | | | |
|-------|-------|-------|-------------|-------|-------|
| 1,040 | 1,581 | 1,406 | Current | 2,987 | 1,573 |
| 711 | 224 | 362 | Deferred(a) | 586 | 931 |
| ----- | | | | | |
| 1,751 | 1,805 | 1,768 | | 3,573 | 2,504 |
| ===== | | | | | |
| 646 | 485 | 413 | UK(a) | 898 | 835 |
| 1,105 | 1,320 | 1,355 | Overseas | 2,675 | 1,669 |
| ----- | | | | | |
| 1,751 | 1,805 | 1,768 | | 3,573 | 2,504 |
| ===== | | | | | |

(a) Includes the adjustment
to the North Sea deferred
tax balance for the
supplementary

| | | | | | |
|-----|---|---|---------------------------|---|-----|
| 355 | - | - | UK corporation tax of 10% | - | 355 |
|-----|---|---|---------------------------|---|-----|

Edgar Filing: BP PLC - Form 6-K

Notes

8. Analysis of changes in net debt

| Second Quarter 2002 | First Quarter 2003 | Second Quarter 2003 | | First Half 2003 | 2002 |
|---------------------------|--------------------------|---------------------------|---------------------------|--------------------|--------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| | | | Opening balance | | |
| 24,531 | 22,008 | 19,042 | Finance debt | 22,008 | 21,417 |
| 1,379 | 1,520 | 1,151 | Less: Cash | 1,520 | 1,358 |
| 286 | 215 | 228 | Current asset investments | 215 | 450 |
| ----- | | | | ----- | |
| 22,866 | 20,273 | 17,663 | Opening net debt | 20,273 | 19,609 |
| ----- | | | | ----- | |
| | | | Closing balance | | |
| 21,409 | 19,042 | 18,594 | Finance debt | 18,594 | 21,409 |
| 1,284 | 1,151 | 2,115 | Less: Cash | 2,115 | 1,284 |
| 285 | 228 | 329 | Current asset investments | 329 | 285 |
| ----- | | | | ----- | |
| 19,840 | 17,663 | 16,150 | Closing net debt | 16,150 | 19,840 |
| ----- | | | | ----- | |
| | | | Decrease (increase) | | |
| 3,026 | 2,610 | 1,513 | in net debt | 4,123 | (231) |
| ===== | | | | ===== | |
| | | | Movement in cash/ | | |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-------|-------|--------------------------------|-------|-------|
| (159) | (378) | 929 | bank overdrafts | 551 | (134) |
| | | | Increase (decrease) in | | |
| 33 | 13 | 93 | current asset investments | 106 | (132) |
| | | | Net cash outflow (inflow) | | |
| | | | from financing(excluding | | |
| 2,049 | 2,661 | 369 | share capital) | 3,030 | (143) |
| | | | Partnership interests | | |
| 1,135 | - | - | exchanged for BP loan notes | - | 1,135 |
| | | | Exchange of Exchangeable Bonds | | |
| | | | for Lukoil American | | |
| - | 420 | - | Depository Shares | 420 | - |
| 19 | 64 | 106 | Other movements | 170 | 44 |
| - | - | - | Debt acquired | - | (999) |
| ----- | | | | ----- | |
| | | | Movement in net debt before | | |
| 3,077 | 2,780 | 1,497 | exchange effects | 4,277 | (229) |
| (51) | (170) | 16 | Exchange adjustments | (154) | (2) |
| ----- | | | | ----- | |
| | | | Decrease (increase) | | |
| 3,026 | 2,610 | 1,513 | in net debt | 4,123 | (231) |
| ===== | | | | ===== | |

Notes

9. Consolidated statement of cash flows presented on a US GAAP format

| Second Quarter | First Quarter | Second Quarter | First Half | |
|-------------------|------------------|-------------------|------------|------|
| 2002 | 2003 | 2003 | 2003 | 2002 |
| ===== | | | ===== | |
| \$ million | | | \$ million | |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|---------|---------|---------|--|---------|---------|
| | | | Operating activities | | |
| 2,086 | 4,293 | 1,694 | Profit after taxation | 5,987 | 3,422 |
| | | | Adjustments to reconcile profits after tax to net cash provided by operating activities | | |
| | | | Depreciation and | | |
| 2,227 | 2,709 | 2,653 | amounts provided | 5,362 | 4,380 |
| | | | Exploration expenditure | | |
| 147 | 50 | 43 | written off | 93 | 206 |
| | | | Share of (profit) loss of joint ventures and associates | | |
| (23) | (148) | 30 | less dividends received | (118) | (40) |
| | | | (Profit) loss on sale of businesses and fixed assets | | |
| (374) | (394) | (280) | fixed assets | (674) | (265) |
| | | | Working capital movement (see analysis below) | | |
| (652) | (1,475) | 1,107 | (see analysis below) | (368) | (1,321) |
| 711 | 224 | 362 | Deferred taxation | 586 | 931 |
| 52 | 2 | (220) | Other | (218) | (56) |
| | | | | | |
| | | | Net cash provided by operating activities | | |
| 4,174 | 5,261 | 5,389 | operating activities | 10,650 | 7,257 |
| | | | | | |
| | | | Investing activities | | |
| (2,818) | (2,911) | (2,803) | Capital expenditures | (5,714) | (5,632) |
| | | | Acquisitions, net of cash acquired | | |
| (139) | - | (150) | cash acquired | (150) | (1,689) |
| | | | Investment in associated undertakings | | |
| (488) | (186) | (331) | associated undertakings | (517) | (631) |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-------|---------|----------------------|---------|---------|
| | | | Net investment in | | |
| (68) | (14) | (2) | joint ventures | (16) | (114) |
| | | | Proceeds from | | |
| 2,523 | 2,477 | 1,671 | disposal of assets | 4,148 | 2,871 |
| ----- | | | | ----- | |
| | | | Net cash used in | | |
| (990) | (634) | (1,615) | investing activities | (2,249) | (5,195) |
| ----- | | | | ----- | |

Notes

9. Consolidated statement of cash flows presented on a US GAAP format
(continued)

| Second Quarter 2002 | First Quarter 2003 | Second Quarter 2003 | | |
|---------------------------|--------------------------|---------------------------|----------------------|-----------------|
| | | | First Half 2003 | 2002 |
| ===== | | | ===== | |
| \$ million | | | \$ million | |
| Financing activities | | | | |
| Net proceeds from shares | | | | |
| 32 | (932) | (986) | issued (repurchased) | (1,918) 123 |
| Proceeds from | | | | |
| 752 | 1,015 | 208 | long-term financing | 1,223 2,498 |
| Repayments of | | | | |
| (663) | (403) | (607) | long-term financing | (1,010) (897) |
| Net (decrease) increase | | | | |
| (2,138) | (3,273) | 30 | in short-term debt | (3,243) (1,458) |
| Dividends paid | | | | |
| (1,290) | (1,397) | (1,386) | - BP shareholders | (2,783) (2,578) |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|---------------------------|---------|---------|---------------------------|---------|---------|
| (3) | (2) | (11) | - Minority shareholders | (13) | (16) |
| ----- | | | | | |
| Net cash used in | | | | | |
| (3,310) | (4,992) | (2,752) | financing activities | (7,744) | (2,328) |
| ----- | | | | | |
| Currency translation | | | | | |
| differences relating to | | | | | |
| 30 | 9 | 43 | cash and cash equivalents | 52 | 27 |
| ----- | | | | | |
| Increase (decrease) in | | | | | |
| (96) | (356) | 1,065 | cash and cash equivalents | 709 | (239) |
| Cash and cash equivalents | | | | | |
| 1,665 | 1,735 | 1,379 | at beginning of period | 1,735 | 1,808 |
| ----- | | | | | |
| Cash and cash equivalents | | | | | |
| 1,569 | 1,379 | 2,444 | at end of period | 2,444 | 1,569 |
| ----- | | | | | |
| Analysis of working | | | | | |
| capital movement | | | | | |
| Decrease (increase) | | | | | |
| (807) | 376 | 193 | in stocks | 569 | (1,303) |
| (Increase) decrease | | | | | |
| (1,691) | (6,946) | 3,234 | in debtors | (3,712) | (2,134) |
| Increase (decrease) | | | | | |
| 1,846 | 5,095 | (2,320) | in creditors | 2,775 | 2,116 |
| ----- | | | | | |
| Total working | | | | | |
| (652) | (1,475) | 1,107 | capital movement | (368) | (1,321) |

Edgar Filing: BP PLC - Form 6-K

=====

=====

Notes

10. Ordinary shares

| Second Quarter 2002 | First Quarter 2003 | Second Quarter 2003 | | First Half | |
|---------------------------|--------------------------|---------------------------|-----------------|-------------------|------------|
| | | | | 2003 | 2002 |
| ===== | | | | ===== | |
| (shares thousand) | | | | (Shares thousand) | |
| | | | Shares in | | |
| | | | issue at period | | |
| 22,463,182 | 22,241,895 | 22,101,622 | end (a) | 22,101,622 | 22,463,182 |
| | | | Average number | | |
| | | | of shares | | |
| | | | outstanding | | |
| 22,426,830 | 22,326,486 | 22,164,026 | (b) | 22,244,797 | 22,414,904 |
| ----- | | | | ----- | |

(a) Each BP ADS represents six BP Ordinary Shares.

(b) Excludes shares held by the Employee Share Ownership Plans.

11. Statutory accounts

The financial information shown in this publication is unaudited and does not constitute statutory accounts. The 2002 group accounts have been delivered to the UK Registrar of Companies; the report of the auditors on those accounts was unqualified.

Edgar Filing: BP PLC - Form 6-K

Contacts

London

New York

Press
Office

Roddy Kennedy
+44 (0)20 7496 4624

Ian Fowler
+1 212 451 8008

Investor
Relations

Fergus McLeod
+44 (0)20 7496 4717

Terry LaMore
+1 212 451 8034

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

BP p.l.c.

Group Results

Second Quarter and Half Year 2003

London 29 July 2003

INVESTOR RELATIONS SUPPLEMENT

REPLACEMENT COST OPERATING PROFIT ADJUSTED FOR SPECIAL ITEMS (a) AND ACQUISITION
AMORTIZATION (b)

Second First Second
Quarter Quarter Quarter

First Half

Edgar Filing: BP PLC - Form 6-K

| 2002 | 2003 | 2003 | | 2003 | 2002 |
|----------------------------|-------|-------|----------------|-------|-------|
| | | | | | |
| \$ million | | | | | |
| Exploration and Production | | | | | |
| 768 | 1,220 | 519 | UK | 1,739 | 1,577 |
| 172 | 193 | 141 | Rest of Europe | 334 | 324 |
| 1,047 | 2,145 | 1,698 | USA | 3,843 | 1,712 |
| 902 | 1,330 | 1,231 | Rest of World | 2,561 | 1,676 |
| | | | | | |
| 2,889 | 4,888 | 3,589 | | 8,477 | 5,289 |
| | | | | | |
| Gas, Power and Renewables | | | | | |
| 1 | 3 | 18 | UK | 21 | 3 |
| 35 | (9) | (5) | Rest of Europe | (14) | 82 |
| 13 | 36 | 85 | USA | 121 | (12) |
| 65 | 164 | 5 | Rest of World | 169 | 152 |
| | | | | | |
| 114 | 194 | 103 | | 297 | 225 |
| | | | | | |
| Refining and Marketing | | | | | |
| 39 | 136 | 79 | UK | 215 | 12 |
| 272 | 355 | 464 | Rest of Europe | 819 | 437 |
| 238 | 192 | 418 | USA | 610 | 255 |
| 136 | 171 | 174 | Rest of World | 345 | 268 |
| | | | | | |
| 685 | 854 | 1,135 | | 1,989 | 972 |
| | | | | | |
| Petrochemicals | | | | | |
| 12 | (34) | 25 | UK | (9) | (19) |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|--------------------------------|-------|-------|----------------|--------|-------|
| 80 | 88 | 199 | Rest of Europe | 287 | 129 |
| 89 | 42 | 60 | USA | 102 | 142 |
| 65 | 43 | 24 | Rest of World | 67 | 102 |
| ----- | | | | | |
| 246 | 139 | 308 | | 447 | 354 |
| ----- | | | | | |
| Other businesses and corporate | | | | | |
| (75) | (76) | (122) | UK | (198) | (119) |
| 6 | (7) | (2) | Rest of Europe | (9) | 7 |
| (44) | (98) | (51) | USA | (149) | (127) |
| (15) | 16 | 41 | Rest of World | 57 | (14) |
| ----- | | | | | |
| (128) | (165) | (134) | | (299) | (253) |
| ----- | | | | | |
| 3,806 | 5,910 | 5,001 | | 10,911 | 6,587 |
| ===== | | | | | |

- (a) The special items refer to non-recurring charges and credits. The special items for the second quarter are restructuring costs in Exploration and Production, Veba integration costs in Refining and Marketing, and a reduction in the provision for costs associated with closure of polypropylene capacity in Petrochemicals.
- (b) Acquisition amortization is depreciation and amortization relating to the fixed asset revaluation adjustments and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.

PER SHARE AMOUNTS

Edgar Filing: BP PLC - Form 6-K

| Second Quarter 2002 | First Quarter 2003 | Second Quarter 2003 | | First Half 2003 | 2002 |
|---------------------------|--------------------------|---------------------------|---|--------------------|------------|
| ===== | | | | | |
| | | | Shares in issue at period end (thousand) | 22,101,622 | 22,463,182 |
| 22,463,182 | 22,241,895 | 22,101,622 | - ADS equivalent (thousand) | 3,683,604 | 3,743,864 |
| 3,743,864 | 3,706,983 | 3,683,604 | Average number of shares outstanding (thousand)* | 22,244,797 | 22,414,904 |
| 22,426,830 | 22,326,486 | 22,164,026 | - ADS equivalent (thousand) | 3,707,466 | 3,735,817 |
| 3,737,805 | 3,721,081 | 3,694,004 | | | |
| ----- | | | | | |
| | | | Replacement cost profit after exceptional items (\$m) | 6,053 | 2,381 |
| 1,527 | 3,468 | 2,585 | cents/ordinary share | 27.21 | 10.62 |
| 6.81 | 15.53 | 11.68 | dollars/ADS | 1.63 | 0.64 |
| 0.41 | 0.93 | 0.70 | | | |
| ----- | | | | | |
| | | | Replacement cost profit before exceptional items (\$m) | 5,582 | 2,235 |
| 1,311 | 3,128 | 2,454 | cents/ordinary share | 25.09 | 9.97 |
| 5.85 | 14.01 | 11.08 | | | |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|----------------------|-------|-------|----------------------|-------|-------|
| 0.35 | 0.84 | 0.67 | dollars/ADS | 1.51 | 0.60 |
| ----- | | | | | |
| Pro forma result | | | | | |
| adjusted for special | | | | | |
| 2,199 | 3,729 | 3,115 | items (\$m) | 6,844 | 3,781 |
| 9.80 | 16.70 | 14.06 | cents/ordinary share | 30.76 | 16.86 |
| 0.59 | 1.00 | 0.85 | dollars/ADS | 1.85 | 1.01 |
| ----- | | | | | |

* Excludes shares held by the Employee Share Ownership Plans.

ACQUISITION AMORTIZATION BY BUSINESS

| Second Quarter 2002 | First Quarter 2003 | Second Quarter 2003 | | First Half 2003 | 2002 |
|----------------------------|--------------------------|---------------------------|---------------|--------------------|------|
| ===== | | | | | |
| \$ million | | | | | |
| Exploration and Production | | | | | |
| 37 | 33 | 34 | UK | 67 | 69 |
| 268 | 259 | 257 | USA | 516 | 549 |
| 36 | 131 | 133 | Rest of World | 264 | 68 |
| ----- | | | | | |
| 341 | 423 | 424 | | 847 | 686 |
| ----- | | | | | |
| Refining and Marketing | | | | | |
| 100 | 110 | 110 | UK | 220 | 197 |
| 96 | 95 | 95 | USA | 190 | 192 |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-----|-----|-----|--------------------------------|-------|-------|
| 196 | 205 | 205 | | 410 | 389 |
| 537 | 628 | 629 | Total acquisition amortization | 1,257 | 1,075 |

SPECIAL ITEMS BY BUSINESS (PRE-TAX)

| Second Quarter 2002 | First Quarter 2003 | Second Quarter 2003 | | First Half 2003 | 2002 |
|---------------------------|--------------------------|---------------------------|--|--------------------|------|
|---------------------------|--------------------------|---------------------------|--|--------------------|------|

\$ million

Exploration and Production

| | | | | | |
|----|-----|----|----------------|-----|-----|
| 82 | 53 | 12 | UK | 65 | 132 |
| - | - | - | Rest of Europe | - | - |
| 8 | 81 | - | USA | 81 | 70 |
| - | 5 | - | Rest of World | 5 | 15 |
| 90 | 139 | 12 | | 151 | 217 |

Gas, Power and Renewables

| | | | | | |
|---|---|---|----------------|---|---|
| - | - | - | UK | - | - |
| - | - | - | Rest of Europe | - | - |
| - | - | - | USA | - | - |
| - | - | - | Rest of World | - | - |
| - | - | - | | - | - |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|-------|-----|-----|--------------------------------|-------|-------|
| ----- | | | | ----- | |
| | | | Refining and Marketing | | |
| - | - | - | UK | - | - |
| 23 | 18 | 41 | Rest of Europe | 59 | 49 |
| (137) | - | - | USA | - | (137) |
| - | - | - | Rest of World | - | - |
| ----- | | | | ----- | |
| (114) | 18 | 41 | | 59 | (88) |
| ----- | | | | ----- | |
| | | | Petrochemicals | | |
| 22 | - | - | UK | - | 22 |
| 16 | - | - | Rest of Europe | - | 18 |
| 5 | - | (5) | USA | (5) | 35 |
| - | - | - | Rest of World | - | - |
| ----- | | | | ----- | |
| 43 | - | (5) | | (5) | 75 |
| ----- | | | | ----- | |
| | | | Other businesses and corporate | | |
| - | - | - | UK | - | - |
| - | - | - | Rest of Europe | - | - |
| - | - | - | USA | - | - |
| - | - | - | Rest of World | - | - |
| ----- | | | | ----- | |
| - | - | - | | - | - |
| ----- | | | | ----- | |
| 19 | 157 | 48 | Total | 205 | 204 |
| ===== | | | | ===== | |

PRODUCTION AND REALIZATIONS

Edgar Filing: BP PLC - Form 6-K

| Second Quarter 2002 | First Quarter 2003 | Second Quarter 2003 | | First Half | |
|---|--------------------------|---------------------------|---|------------|-------|
| | | | | 2003 | 2002 |
| ===== | | | | | |
| Production | | | | | |
| Crude oil (mb/d) (net of royalties) | | | | | |
| 457 | 442 | 325 | UK | 383 | 457 |
| 102 | 90 | 80 | Rest of Europe | 85 | 100 |
| 605 | 606 | 569 | USA | 588 | 594 |
| 644 | 692 | 738 | Rest of World | 715 | 630 |
| ----- | | | | | |
| 1,808 | 1,830 | 1,712 | Total crude oil production | 1,771 | 1,781 |
| ===== | | | | | |
| Natural gas liquids (mb/d) (net of royalties) | | | | | |
| 24 | 29 | 18 | UK | 24 | 24 |
| 6 | 5 | 5 | Rest of Europe | 5 | 6 |
| 186 | 167 | 144 | USA | 155 | 181 |
| 28 | 32 | 32 | Rest of World | 32 | 28 |
| ----- | | | | | |
| 244 | 233 | 199 | Total natural gas liquids production | 216 | 239 |
| ===== | | | | | |
| Liquids (b) (mb/d) (net of royalties) | | | | | |
| 481 | 471 | 343 | UK | 407 | 481 |
| 108 | 95 | 85 | Rest of Europe | 90 | 106 |
| 791 | 773 | 713 | USA | 743 | 775 |
| 672 | 724 | 770 | Rest of World | 747 | 658 |
| ----- | | | | | |
| 2,052 | 2,063 | 1,911 | Total liquids production | 1,987 | 2,020 |
| ===== | | | | | |
| Natural gas (a) (mmcf/d) (net of royalties) | | | | | |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|------------------------------|-------|-------|------------------------------|-------|-------|
| 1,602 | 1,798 | 1,407 | UK | 1,602 | 1,615 |
| 157 | 131 | 103 | Rest of Europe | 117 | 159 |
| 3,565 | 3,437 | 3,145 | USA | 3,290 | 3,563 |
| 3,343 | 3,651 | 3,784 | Rest of World | 3,718 | 3,369 |
| ----- | | | | | |
| 8,667 | 9,017 | 8,439 | Total natural gas production | 8,727 | 8,706 |
| ===== | | | | | |
| Average realizations | | | | | |
| Crude oil (\$/bbl) | | | | | |
| 25.15 | 31.16 | 25.16 | UK | 28.60 | 23.09 |
| 24.53 | 31.74 | 27.09 | USA | 29.48 | 21.86 |
| 22.75 | 29.91 | 24.16 | Rest of World | 26.90 | 20.92 |
| 24.27 | 31.07 | 25.73 | BP Average | 28.50 | 22.07 |
| ===== | | | | | |
| Natural gas liquids (\$/bbl) | | | | | |
| 13.95 | 23.28 | 11.97 | UK | 18.86 | 14.08 |
| 11.91 | 18.26 | 17.80 | USA | 18.05 | 11.12 |
| 13.63 | 23.05 | 20.16 | Rest of World | 21.63 | 12.73 |
| 12.40 | 19.82 | 17.49 | BP Average | 18.76 | 11.77 |
| ===== | | | | | |
| Liquids (b) (\$/bbl) | | | | | |
| 24.59 | 30.67 | 24.45 | UK | 28.04 | 22.59 |
| 21.81 | 29.36 | 25.61 | USA | 27.55 | 19.61 |
| 22.20 | 29.48 | 23.93 | Rest of World | 26.58 | 20.43 |
| 22.81 | 29.82 | 24.90 | BP Average | 27.47 | 20.81 |
| ===== | | | | | |
| Natural gas (\$/mcf) | | | | | |
| 2.50 | 3.32 | 2.84 | UK | 3.11 | 2.81 |
| 2.76 | 5.27 | 4.52 | USA | 4.91 | 2.44 |
| 2.04 | 2.70 | 2.53 | Rest of World | 2.63 | 1.98 |
| 2.45 | 3.87 | 3.39 | BP Average | 3.64 | 2.36 |

Edgar Filing: BP PLC - Form 6-K

=====

=====

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

(b) Crude oil and natural gas liquids.

RECONCILIATION OF HISTORICAL COST PROFIT (LOSS)
TO PRO FORMA RESULT ADJUSTED FOR SPECIAL ITEMS

| \$ million | Reported Earnings | Acquisition Amortization | pro forma result adjusted for | |
|------------------------------|----------------------|-----------------------------|----------------------------------|------------------|
| | | | Special Items (a) | special items |
| ===== | | | | |
| 1Q 2003 | | | | |
| Exploration and Production | 4,326 | 423 | 139 | 4,888 |
| Gas, Power and Renewables | 194 | - | - | 194 |
| Refining and Marketing | 631 | 205 | 18 | 854 |
| Petrochemicals | 139 | - | - | 139 |
| Other businesses & corporate | (165) | - | - | (165) |
| ----- | | | | |
| RC operating profit | 5,125 | 628 | 157 | 5,910 |
| ----- | | | | |
| Interest expense | (220) | - | - | (220) |
| Taxation | (1,751) | - | (184) | (1,935) |
| MSI | (26) | - | - | (26) |
| ----- | | | | |

Edgar Filing: BP PLC - Form 6-K

| | | | | |
|-------------------------------|---------|-------|-------|---------|
| RC profit before | | | | |
| exceptional items | 3,128 | 628 | (27) | 3,729 |
| | | ===== | | |
| Exceptional items before tax | 394 | | | |
| Taxation on exceptional items | (54) | | | |
| | ----- | | | |
| RC profit after | | | | |
| exceptional items | 3,468 | | | |
| Stock holding gains (losses) | 799 | | | |
| | ----- | | | |
| HC profit | 4,267 | | | |
| | ===== | | | |
| | | | | |
| 2Q 2002 | | | | |
| Exploration and Production | 2,458 | 341 | 90 | 2,889 |
| Gas, Power and Renewables | 114 | - | - | 114 |
| Refining and Marketing | 603 | 196 | (114) | 685 |
| Petrochemicals | 203 | - | 43 | 246 |
| Other businesses & corporate | (128) | - | - | (128) |
| | ----- | | | |
| RC operating profit | 3,250 | 537 | 19 | 3,806 |
| | ----- | | | |
| Interest expense | (314) | - | - | (314) |
| Taxation | (1,591) | - | 348 | (1,243) |
| MSI | (34) | - | (16) | (50) |
| | ----- | | | |
| RC profit before | | | | |
| exceptional items | 1,311 | 537 | 351 | 2,199 |
| | | ===== | | |
| Exceptional items before tax | 376 | | | |
| Taxation on exceptional items | (160) | | | |

Edgar Filing: BP PLC - Form 6-K

| | |
|------------------------------|-------|
| | ----- |
| RC profit after | |
| exceptional items | 1,527 |
| Stock holding gains (losses) | 531 |
| | ----- |
| HC profit | 2,058 |
| | ===== |

(a) The special items for the first quarter 2003 are restructuring and impairment charges in Exploration and Production, Veba integration costs in Refining and Marketing and tax restructuring benefits. The special items in the second quarter 2002 comprise restructuring charges for Exploration and Production and Petrochemicals, business interruption insurance proceeds and costs related to a pipeline incident in Refining and Marketing, Veba, Solvay and Erdolchemie integration costs and an adjustment to the North Sea deferred tax balance for the supplementary UK corporation tax rate.

RECONCILIATION OF HISTORICAL COST PROFIT (LOSS)
TO PRO FORMA RESULT ADJUSTED FOR SPECIAL ITEMS

| | Reported | Acquisition | Special | pro forma result adjusted for special |
|----------------------------|----------|--------------|-----------|---|
| \$ million | Earnings | Amortization | Items (a) | items |
| | ===== | | | |
| 1H 2003 | | | | |
| Exploration and Production | 7,479 | 847 | 151 | 8,477 |

Edgar Filing: BP PLC - Form 6-K

| | | | | |
|-------------------------------|---------|-------|-------|---------|
| Gas, Power and Renewables | 297 | - | - | 297 |
| Refining and Marketing | 1,520 | 410 | 59 | 1,989 |
| Petrochemicals | 452 | - | (5) | 447 |
| Other businesses & corporate | (299) | - | - | (299) |
| ----- | | | | |
| RC operating profit | 9,449 | 1,257 | 205 | 10,911 |
| ----- | | | | |
| Interest expense | (411) | - | - | (411) |
| Taxation | (3,370) | - | (200) | (3,570) |
| MSI | (86) | - | - | (86) |
| ----- | | | | |
| RC profit before | | | | |
| exceptional items | 5,582 | 1,257 | 5 | 6,844 |
| ===== | | | | |
| Exceptional items before tax | 674 | | | |
| Taxation on exceptional items | (203) | | | |
| ----- | | | | |
| RC profit after | | | | |
| exceptional items | 6,053 | | | |
| Stock holding gains (losses) | (152) | | | |
| ----- | | | | |
| HC profit | 5,901 | | | |
| ===== | | | | |
| 1H 2002 | | | | |
| Exploration and Production | 4,386 | 686 | 217 | 5,289 |
| Gas, Power and Renewables | 225 | - | - | 225 |
| Refining and Marketing | 671 | 389 | (88) | 972 |
| Petrochemicals | 279 | - | 75 | 354 |
| Other businesses & corporate | (253) | - | - | (253) |
| ----- | | | | |

Edgar Filing: BP PLC - Form 6-K

| | | | | |
|-------------------------------|---------|-------|------|---------|
| RC operating profit | 5,308 | 1,075 | 204 | 6,587 |
| ----- | | | | |
| Interest expense | (647) | - | - | (647) |
| Taxation | (2,383) | - | 283 | (2,100) |
| MSI | (43) | - | (16) | (59) |
| ----- | | | | |
| RC profit before | | | | |
| exceptional items | 2,235 | 1,075 | 471 | 3,781 |
| ===== | | | | |
| Exceptional items before tax | 267 | | | |
| Taxation on exceptional items | (121) | | | |
| ----- | | | | |
| RC profit after | | | | |
| exceptional items | 2,381 | | | |
| Stock holding gains (losses) | 973 | | | |
| ----- | | | | |
| HC profit | 3,354 | | | |
| ===== | | | | |

(a) The special items for the first half 2003 comprise restructuring and impairment charges in Exploration and Production, Veba integration costs in Refining and Marketing, a reduction in the provision for costs associated with closure of polypropylene capacity in Petrochemicals and tax restructuring benefits. The special items for the first half 2002 comprise restructuring charges for Exploration and Production and Petrochemicals, business interruption insurance proceeds and costs related to a pipeline incident in Refining and Marketing, Veba, Solvay and Erdolchemie integration costs and an adjustment to the North Sea deferred tax balance for the supplementary UK corporation tax rate.

Edgar Filing: BP PLC - Form 6-K

REPLACEMENT COST OPERATING PROFIT ADJUSTED FOR
NON-CASH CHARGES AND CERTAIN OTHER ITEMS

| Second Quarter 2002 | First Quarter 2003 | Second Quarter 2003 | | First Half 2003 | Half 2002 |
|-----------------------------------|--------------------------|---------------------------|---|-----------------------|--------------|
| ===== | | | | ===== | |
| \$ million | | | | | |
| Replacement cost operating profit | | | | | |
| 3,250 | 5,125 | 4,324 | (reported) (a) | 9,449 | 5,308 |
| 2,227 | 2,709 | 2,653 | Depreciation and amounts provided (b) | 5,362 | 4,380 |
| 147 | 50 | 43 | Exploration expenditure written off | 93 | 206 |
| Dividends from JVs and associates | | | | | |
| (115) | (229) | (6) | less share of RCOP | (235) | (237) |
| (3) | (2) | (11) | Dividends paid to minority shareholders | (13) | (16) |
| (48) | (26) | (112) | Adjust provisions to cash basis (c) | (138) | (117) |
| Adjust interest and other income | | | | | |
| (3) | (11) | (6) | to cash basis (d) | (17) | (16) |
| ----- | | | | ----- | |
| 5,455 | 7,616 | 6,885 | | 14,501 | 9,508 |
| (887) | (650) | (1,861) | Tax paid adjusted for certain items* | (2,511) | (1,479) |
| ----- | | | | ----- | |
| 4,568 | 6,966 | 5,024 | Adjusted RCOP after tax paid | 11,990 | 8,029 |
| ----- | | | | ----- | |

* Calculation of tax paid adjusted

Edgar Filing: BP PLC - Form 6-K

for certain items

| | | | | | |
|--|-------|---------|---------------------------------|---------|---------|
| (927) | (632) | (1,853) | Cash tax paid | (2,485) | (1,372) |
| 160 | 54 | 149 | Tax charge on exceptional items | 203 | 121 |
| (120) | (72) | (157) | Tax shield assumption + | (229) | (228) |
| ----- | | | | | |
| (887) | (650) | (1,861) | | (2,511) | (1,479) |
| ----- | | | | | |
| + Calculation of tax shield assumption | | | | | |
| (342) | (207) | (446) | Interest paid | (653) | (651) |
| 35% | 35% | 35% | Tax rate assumption (e) | 35% | 35% |
| ----- | | | | | |
| (120) | (72) | (157) | | (229) | (228) |
| ----- | | | | | |

- (a) Total replacement cost operating profit is before exceptional items, stock holding gains and losses and interest expense.
- (b) Includes depreciation and amortization relating to the fixed asset revaluation adjustment and goodwill consequent upon the ARCO and Burmah Castrol acquisitions.
- (c) Calculated as the net of charge for provisions and utilization of provisions.
- (d) Calculated as interest and other income, less interest received and dividends received from the group cash flow statement.
- (e) Deemed tax rate for tax shield adjustment is equal to the US statutory tax rate.

RETURN ON AVERAGE CAPITAL EMPLOYED

Edgar Filing: BP PLC - Form 6-K

| Second Quarter 2002 | First Quarter 2003 | Second Quarter 2003 | | First Half | |
|---------------------------|--------------------------|---------------------------|------------------------------------|------------|--------|
| ===== | | | | 2003 | 2002 |
| ===== | | | | ===== | |
| \$ million | | | | | |
| Replacement cost basis | | | | | |
| 1,311 | 3,128 | 2,454 | RC profit before exceptional items | 5,582 | 2,235 |
| 153 | 99 | 78 | Interest + | 177 | 317 |
| 34 | 26 | 60 | Minority shareholders' interest | 86 | 43 |
| ----- | | | | ----- | |
| 1,498 | 3,253 | 2,592 | Adjusted RC profit | 5,845 | 2,595 |
| ===== | | | | ===== | |
| 90,774 | 91,610 | 91,420 | Average capital employed | 91,865 | 88,356 |
| 6.6% | 14.2% | 11.3% | ROACE - replacement cost basis | 12.7% | 5.9% |
| ----- | | | | ----- | |
| Pro forma basis | | | | | |
| 1,498 | 3,253 | 2,592 | Adjusted RC profit | 5,845 | 2,595 |
| 537 | 628 | 629 | Acquisition amortization | 1,257 | 1,075 |
| 367 | (27) | 32 | Special items (post-tax) | 5 | 487 |
| 90,774 | 91,610 | 91,420 | Average capital employed | 91,865 | 88,356 |
| Average capital employed | | | | | |
| 18,163 | 15,940 | 14,839 | acquisition adjustment | 15,571 | 18,455 |
| ----- | | | | ----- | |
| Average capital employed | | | | | |
| 72,611 | 75,670 | 76,581 | (pro forma basis) | 76,294 | 69,901 |
| ROACE - Pro forma basis | | | | | |
| 13.2% | 20.4% | 17.0% | adjusted for special items | 18.6% | 11.9% |

Edgar Filing: BP PLC - Form 6-K

| ----- | | | | ----- | |
|--------|--------|--------|---------------------------------|--------|--------|
| | | | Historical cost basis | | |
| | | | Historical cost profit (loss) | | |
| 2,058 | 4,267 | 1,634 | after exceptional items | 5,901 | 3,354 |
| 153 | 99 | 78 | Interest + | 177 | 317 |
| 28 | 26 | 60 | Minority shareholders' interest | 86 | 68 |
| ----- | | | | ----- | |
| 2,239 | 4,392 | 1,772 | Adjusted historical cost profit | 6,164 | 3,739 |
| ===== | | | | ===== | |
| 90,774 | 91,610 | 91,420 | Average capital employed | 91,865 | 88,356 |
| 9.9% | 19.2% | 7.8% | ROACE - historical cost basis | 13.4% | 8.5% |

+ Excludes interest on joint venture and associated undertakings debt as well as unwinding of discount on provisions and effect of change in discount rate on provisions, and is on a post-tax basis, using a deemed tax rate equal to the US statutory tax rate.

NET DEBT RATIO - NET DEBT: NET DEBT + EQUITY

| Second | First | Second | | First Half | |
|---------|---------|---------|------------------------------------|------------|--------|
| Quarter | Quarter | Quarter | | 2003 | 2002 |
| 2002 | 2003 | 2003 | | | |
| ===== | | | | ===== | |
| | | | \$ million | | |
| 21,409 | 19,042 | 18,594 | Gross debt | 18,594 | 21,409 |
| 1,569 | 1,379 | 2,444 | Cash and current asset investments | 2,444 | 1,569 |
| ----- | | | | ----- | |
| 19,840 | 17,663 | 16,150 | Net debt | 16,150 | 19,840 |

Edgar Filing: BP PLC - Form 6-K

| | | | | | |
|--------|--------|--------|----------------------------------|--------|--------|
| ===== | | | | ===== | |
| 68,126 | 72,123 | 73,081 | Equity | 73,081 | 68,126 |
| 23% | 20% | 18% | Net debt ratio | 18% | 23% |
| ----- | | | | ----- | |
| 18,028 | 15,208 | 14,469 | Acquisition adjustment | 14,469 | 18,028 |
| ----- | | | | ----- | |
| 28% | 24% | 22% | Net debt ratio - pro forma basis | 22% | 28% |
| ===== | | | | ===== | |

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.

BP p.l.c.
(Registrant)

Dated: 29 July, 2003

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