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BP PLC
Form 6-K
February 06, 2007

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 06 February 2007

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 | <input checked="" type="checkbox"/> | 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 | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| ----- | | ----- | |

BP p.l.c.
Group Results
Fourth Quarter and Full Year 2006
Unaudited

London 6 February 2007

FOR IMMEDIATE RELEASE

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| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | \$ million | 2006 | Year 2005 |
|---------------------------|--------------------------|---------------------------|----------------------------------|--------|--------------|
| 3,685 | 6,231 | 2,880 | Profit for the period* | 22,000 | 22,341 |
| 747 | 744 | 1,015 | Inventory holding (gains) losses | 253 | (3,027) |
| 4,432 | 6,975 | 3,895 | Replacement cost profit | 22,253 | 19,314 |
| 12.15 | 18.76 | 10.37 | - per ordinary share (pence) | 60.38 | 50.23 |
| 21.34 | 35.08 | 20.08 | - per ordinary share (cents) | 111.10 | 91.41 |
| 1.28 | 2.10 | 1.21 | - per ADS (dollars) | 6.67 | 5.48 |

- BP's fourth quarter replacement cost profit was \$3,895 million, compared with \$4,432 million a year ago, a decrease of 12%. For the year, replacement cost profit was \$22,253 million compared with \$19,314 million, up 15%.
- The fourth quarter result included a net non-operating charge of \$152 million compared with a net non-operating charge of \$553 million in the fourth quarter of 2005. For the year, the net non-operating gain was \$1,062 million compared with a net non-operating charge of \$1,754 million for 2005.
- Compared with a year ago, the fourth quarter trading environment reflected higher oil realizations, lower refining and retail marketing margins and lower gas realizations.
- Net cash provided by operating activities for the quarter and year was \$5.0 billion and \$28.2 billion, respectively, compared with \$4.2 billion and \$26.7 billion a year ago.
- The ratio of net debt to net debt plus equity was 20%.
- The quarterly dividend, to be paid in March, is 10.325 cents per share (\$0.6195 per ADS) compared with 9.375 cents per share a year ago. For the year, the dividend showed an increase of 10%. In sterling terms, the quarterly dividend is 5.258 pence per share, compared with 5.288 pence per share a year ago; for the year the increase was 6%. During the year, the company repurchased 1,334 million of its own shares, representing 6.5% of the end 2005 outstanding shares net of treasury shares, at a cost of \$15.5 billion.

BP Group Chief Executive, Lord Browne, said:

"The fourth quarter result reflects the recent declines in the overall price and margin environment, as well as operational factors and increased safety and integrity investments. Our record full year replacement cost profit and operating cash flow supported the group's capital programme and increased dividends and share buybacks. We remain committed to addressing the recent operational issues while executing our strategy with discipline and focus."

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* Profit attributable to BP shareholders.

Summary Quarterly Results

Exploration and Production's fourth quarter result was impacted by significantly lower gas prices and realizations and lower reported volumes, partly offset by higher liquids realizations. In addition, it included higher costs, reflecting the impacts of sector specific inflation and increased integrity and revenue investment. Furthermore, BP's share of income from equity-accounted entities was negatively affected by lower net income from TNK-BP, reflecting the adverse effect of lagged tax reference prices and the absence of the gain on sale of assets that occurred in the fourth quarter of 2005.

The Refining and Marketing result reflects a number of improvements on a year ago. These result from the progressive recommissioning of the Texas City refinery following the storm-related shutdown, together with the absence of storm-related disruptions to our pipelines and marketing businesses, the absence of rationalization costs and a lower adverse impact from IFRS fair value accounting. Additionally, the result reflects lower refining margins partially offset by stronger supply optimization benefits, and lower overall marketing margins.

In Gas, Power and Renewables the higher result reflects non-operating gains compared with a net non-operating charge in the same period last year, partly offset by lower contributions from the gas marketing and trading and NGL businesses and a lower benefit related to IFRS fair value accounting.

Finance costs and Other finance expense was \$149 million for the quarter.

The consolidation adjustment, which removes the margin on sales between segments in respect of inventory at the period end, was a charge of \$103 million.

The effective tax rate on replacement cost profit of continuing operations was 25% versus 32% a year earlier reflecting the impact of a number of favorable items in the fourth quarter and the effect of year end prices on inventory holding gains and losses.

Capital expenditure and acquisitions was \$5.4 billion for the quarter. Disposal proceeds were \$0.8 billion.

Net debt at the end of the quarter was \$21.4 billion. The ratio of net debt to net debt plus equity was 20%.

During the fourth quarter, the company repurchased 310 million of its own shares for cancellation, at a cost of \$3.5 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

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\$ million

Exploration and Production
 Refining and Marketing
 Gas, Power and Renewables
 Other businesses and corporate

Taxation

Continuing Operations

Innovene Operations

Taxation

Total for all operations

Reconciliation of Replacement Cost Profit to Profit for the Period

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | \$ million | Year 2006 |
|---------------------------|--------------------------|---------------------------|---|--------------|
| 6,566 | 9,935 | 5,063 | Exploration and Production | 29,647 |
| (165) | 1,503 | 312 | Refining and Marketing | 5,283 |
| 129 | 152 | 470 | Gas, Power and Renewables | 1,376 |
| (409) | (261) | (276) | Other businesses and corporate Consolidation adjustments | (947) |
| 234 | 440 | (103) | Unrealized profit in inventory | 52 |
| 128 | - | - | Net profit on transactions between continuing and Innovene operations (a) | - |
| 6,483 | 11,769 | 5,466 | RC profit before interest and tax | 35,411 |
| (215) | (117) | (149) | Finance costs and other finance expense | (516) |
| (2,029) | (4,614) | (1,347) | Taxation | (12,331) |
| (93) | (63) | (75) | Minority interest | (286) |
| 4,146 | 6,975 | 3,895 | RC profit from continuing operations attributable to BP shareholders (b) | 22,278 |
| (903) | (744) | (1,015) | Inventory holding gains (losses) for continuing operations | (253) |
| 3,243 | 6,231 | 2,880 | Profit for the period from continuing operations attributable to BP shareholders | 22,025 |
| | | | Profit (loss) for the period from Innovene | |

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| | | | | |
|-------|-------|-------|--|--------|
| 442 | - | - | Operations (c) | (25) |
| ----- | | | | |
| 3,685 | 6,231 | 2,880 | Profit for the period attributable to BP shareholders | 22,000 |
| ===== | | | | |
| | | | RC profit from continuing operations attributable to BP shareholders | 22,278 |
| 4,146 | 6,975 | 3,895 | | |
| 286 | - | - | RC profit (loss) from Innovene operations | (25) |
| ----- | | | | |
| 4,432 | 6,975 | 3,895 | Replacement cost profit | 22,253 |
| ===== | | | | |

(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

| | | | | | |
|---------------------|--------------------|---------------------|--|------------|-----|
| ----- | | | | | |
| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 | |
| ===== | | | | | |
| 3,685 | 6,231 | 2,880 | Results for the period (\$m) | | |
| 4,432 | 6,975 | 3,895 | Profit (a) | 22,000 | |
| ----- | | | | | |
| | | | Replacement cost profit | 22,253 | |
| ----- | | | | | |
| 20,657,045 | 19,815,830 | 19,510,496 | Shares in issue at period end (thousand) (b) | 19,510,496 | 20, |
| 3,442,841 | 3,302,638 | 3,251,749 | - ADS equivalent (thousand) (b) | 3,251,749 | 3, |
| ----- | | | | | |
| | | | Average number of shares outstanding | | |

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| | | | | | |
|------------|------------|------------|---------------------------------|------------|-----|
| 20,792,896 | 19,818,106 | 19,610,871 | (thousand) (b) | 20,027,527 | 21, |
| 3,465,483 | 3,303,018 | 3,268,479 | - ADS equivalent (thousand) (b) | 3,337,921 | 3, |
| | | | Per ordinary share (cents) | | |
| 17.90 | 31.46 | 15.04 | Profit for the period | 109.84 | |
| 21.34 | 35.08 | 20.08 | RC profit for the period | 111.10 | |
| | | | Per ADS (cents) | | |
| 107.40 | 188.76 | 90.24 | Profit for the period | 659.04 | |
| 128.04 | 210.48 | 120.48 | RC profit for the period | 666.60 | |

- (a) Profit attributable to BP shareholders.
(b) Excludes treasury shares.

Exploration and Production

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | \$ million | Year 2006 |
|---------------------------|--------------------------|---------------------------|--|--------------|
| 6,574 | 9,929 | 5,057 | Profit before interest and tax (a) | 29,629 |
| (8) | 6 | 6 | Inventory holding (gains) losses | 18 |
| 6,566 | 9,935 | 5,063 | Replacement cost profit before interest and tax | 29,647 |
| | | | Results include: | |
| 62 | 1,962 | 16 | Impairment and gain (loss) on sale of businesses and fixed assets | 2,317 |
| - | (17) | - | Environmental and other provisions | (17) |
| - | - | - | Restructuring, integration and rationalization costs | - |
| (801) | 521 | 240 | Fair value gain (loss) on embedded derivatives | 515 |
| (240) | - | (433) | Other | (433) |
| (979) | 2,466 | (177) | Total non-operating items | 2,382 |
| 208 | 351 | 408 | Exploration expense | 1,045 |
| 81 | 232 | 265 | Of which: Exploration expenditure written off | 624 |
| 2,400 | 2,250 | 2,249 | Production (Net of royalties) (b) | |
| 164 | 172 | 167 | Crude oil (mb/d) | 2,303 |
| 2,564 | 2,422 | 2,416 | Natural gas liquids (mb/d) | 172 |
| 8,458 | 8,086 | 8,256 | Total liquids (mb/d) (c) | 2,475 |
| 4,022 | 3,816 | 3,840 | Natural gas (mmcf/d) | 8,417 |
| | | | Total hydrocarbons (mboe/d) (d) | 3,926 |
| 53.92 | 67.22 | 56.38 | Average realizations(e) | |
| 39.29 | 40.08 | 35.21 | Crude oil (\$/bbl) | 61.91 |
| 52.44 | 64.15 | 54.13 | Natural gas liquids (\$/bbl) | 37.17 |
| 6.24 | 4.49 | 4.38 | Total liquids (\$/bbl) | 59.23 |
| 44.56 | 45.47 | 40.13 | Natural gas (\$/mcf) | 4.72 |
| | | | Total hydrocarbons (\$/boe) | 43.60 |

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| Average oil marker prices (\$/bbl) | | | |
|------------------------------------|-------|-------|---|
| 56.87 | 69.60 | 59.60 | Brent 65.14 |
| 60.01 | 70.44 | 59.90 | West Texas Intermediate 66.02 |
| 57.89 | 69.02 | 55.47 | Alaska North Slope US West Coast 63.57 |
| Average natural gas marker prices | | | |
| 13.00 | 6.58 | 6.56 | Henry Hub gas price (\$/mmbtu) (f) 7.24 |
| 65.30 | 33.72 | 29.92 | UK Gas - National Balancing Point (p/therm) 42.19 |

- (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 fourth quarter was \$5,063 million, a decrease of 23% over the fourth quarter of 2005. This result was impacted by significantly lower gas prices and realizations and lower reported volumes, partly offset by higher liquids realizations. In addition, it included higher costs, reflecting the impacts of sector specific inflation and increased integrity and revenue investment. Furthermore, BP's share of income from equity-accounted entities was negatively affected by lower net income from TNK-BP, reflecting the adverse effect of lagged tax reference prices and the absence of the gain on sale of assets that occurred in the fourth quarter of 2005. Net non-operating charges for the fourth quarter were \$177 million, with the most significant items being fair value gains on embedded derivatives relating to North Sea gas contracts, the reversal of impairments, increases in decommissioning estimates associated with the hurricane damaged fields in the Gulf of Mexico which we divested during the year and other one off adjustments, primarily legal provisions. The corresponding quarter in 2005 contained a net non-operating charge of \$979 million.

The replacement cost profit before interest and tax of \$29,647 million for the full year represented a record and is an increase of 16% on the previous year. This result benefited from higher oil realizations partially offset by lower reported volumes and lower gas realizations, higher production taxes and higher costs reflecting the impacts of sector specific inflation and increased integrity spend and revenue investments. The full year result included a net non-operating gain of \$2,382 million compared with a net non-operating charge of \$998 million in 2005.

After adjusting for the impact of divestments and the impact of lower entitlement in our production sharing agreements, production was flat compared with the fourth quarter of 2005. Actual production was down 182 mboe/d. Production for the full year, on this adjusted basis, was also flat compared with the prior year. Underlying production growth from major projects in the new profit centres offset decline in existing profit centres. Actual production was down 88 mboe/d from 2005.

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During the quarter, in Azerbaijan, the East Azeri oil platform commenced production. Additionally, in Angola, the Dalia field, which is our second hub in block 17, started production.

Also during the quarter, we had further exploration success in Angola with the Terra oil discovery in ultra-deepwater Block 31, bringing the number of successful discoveries that BP has drilled in the Block to twelve.

We have decided to move solely to the SEC basis for reserve reporting to simplify disclosures and allow for easier comparison to competitors. BP's proved reserves replacement ratio, using reserves calculated in accordance with SEC guidance, was 113% on a combined basis of subsidiaries and equity-accounted entities, excluding acquisitions and disposals.

Since the end of the year, we have signed a production sharing agreement to appraise and develop the Khazzan/Makarem fields in Oman.

Refining and Marketing

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | \$ million | Year 2006 |
|-----------------------------|--------------------------|---------------------------|---|--------------|
| (1,073) | 717 | (706) | Profit (loss) before interest and tax (a) | 5,041 |
| 908 | 786 | 1,018 | Inventory holding (gains) losses | 242 |
| (165) | 1,503 | 312 | Replacement cost profit (loss) before interest and tax | 5,283 |
| Results include: | | | | |
| 50 | 2 | 51 | Impairment and gain (loss) on sale of businesses and fixed assets | 729 |
| - | (33) | - | Environmental and other provisions | (33) |
| - | - | - | Restructuring, integration and rationalization costs | - |
| - | - | - | Fair value gain (loss) on embedded derivatives | - |
| - | (400) | (104) | Other | (1,080) |
| 50 | (431) | (53) | Total non-operating items | (384) |
| Refinery throughputs (mb/d) | | | | |
| 144 | 200 | 188 | UK | 165 |
| 664 | 622 | 660 | Rest of Europe | 648 |
| 942 | 1,213 | 1,052 | USA | 1,110 |
| 288 | 252 | 294 | Rest of World | 275 |
| 2,038 | 2,287 | 2,194 | Total throughput | 2,198 |
| 90.9 | 82.2 | 81.6 | Refining availability (%) (b) | 82.5 |
| Oil sales volumes (mb/d) | | | | |
| Refined products | | | | |
| 358 | 370 | 354 | UK | 356 |
| 1,343 | 1,367 | 1,368 | Rest of Europe | 1,340 |
| 1,559 | 1,609 | 1,541 | USA | 1,595 |
| 573 | 578 | 601 | Rest of World | 581 |

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| | | | | |
|-------|-------|-------|-----------------------------|---|
| 3,833 | 3,924 | 3,864 | Total marketing sales | 3,872 |
| 1,448 | 1,911 | 1,920 | Trading/supply sales | 1,929 |
| ----- | | | | |
| 5,281 | 5,835 | 5,784 | Total refined product sales | 5,801 |
| 2,434 | 1,913 | 1,959 | Crude oil | 2,110 |
| ----- | | | | |
| 7,715 | 7,748 | 7,743 | Total oil sales | 7,911 |
| ===== | | | | |
| | | | | Global Indicator Refining Margin (\$/bbl) (c) |
| 5.51 | 4.54 | 2.49 | NWE | 3.92 |
| 11.64 | 11.47 | 7.92 | USGC | 12.00 |
| 7.91 | 11.50 | 5.42 | Midwest | 9.14 |
| 8.90 | 12.30 | 14.59 | USWC | 14.84 |
| 4.42 | 3.58 | 2.95 | Singapore | 4.22 |
| 7.60 | 8.40 | 6.30 | BP Average | 8.39 |
| ===== | | | | |
| | | | | Chemicals production (kte) |
| 281 | 230 | 159 | UK | 990 |
| 811 | 776 | 797 | Rest of Europe | 3,156 |
| 676 | 883 | 976 | USA | 3,464 |
| 1,638 | 1,682 | 1,357 | Rest of World | 6,454 |
| ----- | | | | |
| 3,406 | 3,571 | 3,289 | Total production | 14,064 |
| ===== | | | | |

(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 year 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 fourth quarter and full year was \$312 million and \$5,283 million, respectively. This compares with a replacement cost loss before interest and tax of \$165 million for the fourth quarter of 2005 and a replacement cost profit before interest and tax of \$4,394 million for the full year 2005.

The fourth quarter's result included a net non-operating charge of \$53 million, reflecting a net gain of \$51 million in respect of impairment and disposals and a charge of \$104 million for other items. This compares with a net non-operating gain of \$50 million in the fourth quarter of 2005. The full year's result included a charge of \$384 million for non-operating items compared with a charge of \$789 million in 2005. Included in the 2006 charge is \$925 million in respect of fatality and personal injury claims associated with the Texas City incident in March 2005, partially offset by net gains on disposals.

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The fourth quarter's result reflects a number of improvements on a year ago. Firstly, the progressive recommissioning of the Texas City refinery following the storm-related shutdown, together with the absence of storm-related disruptions to our pipelines and marketing businesses, relative to the fourth quarter of 2005, resulted in an improvement in replacement cost profit before interest and tax of around \$250 million. For the full year, the Texas City refinery recorded a loss of \$1.1 billion (excluding non-operating items). Secondly, the result reflects the absence of rationalization costs of \$467 million that were incurred in the fourth quarter of 2005. Thirdly, the adverse impact relating to IFRS fair value accounting was lower compared with the fourth quarter of 2005. The last two factors also contributed to the improvement in the full year 2006 result compared with 2005.

The average refining Global Indicator Margin (GIM) for the fourth quarter was lower than that in the fourth quarter of 2005. BP's actual refining margin also fell but was partially offset by stronger supply optimization benefits during the quarter. For the full year, the GIM was lower with supply optimization benefits more than offsetting the decline in refining margins.

Retail marketing margins for the fourth quarter were materially lower than those for the same period last year, partially offset by an improvement in the margins from the other marketing businesses. For the full year, retail margins improved versus 2005, partially negated by deterioration in other marketing margins.

Refining throughputs were 2,194 mb/d for the quarter, some 156 mb/d higher than the fourth quarter of 2005. For the full year, throughputs were 2,198 mb/d, 201 mb/d lower than 2005. Refining availability for the quarter and full year, excluding the Texas City refinery, was 94.8% and 95.7% respectively, broadly consistent with 2005. Marketing volumes were 3,864 mb/d, slightly higher than the same quarter last year.

The efficiency programmes delivered lower operating costs in the marketing businesses, both in the fourth quarter and full year compared with 2005, offset by the costs of higher planned refinery turnaround activities and investments in integrity management.

On 1 February 2007, BP announced that it has agreed to sell its Coryton Refinery in Essex, UK, to Petroplus Holdings AG, subject to required regulatory approvals. The sale includes the adjacent bulk terminal and BP's UK bitumen business which is closely integrated with the refinery. Completion of the sale is expected mid 2007.

Gas, Power and Renewables

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | \$ million | Year 2006 |
|---------------------------|--------------------------|---------------------------|---|--------------|
| 126 | 152 | 468 | Profit before interest and tax (a) | 1,321 |
| 3 | - | 2 | Inventory holding (gains) losses | 55 |
| | | | | |
| 129 | 152 | 470 | Replacement cost profit before interest and tax | 1,376 |
| | | | | |
| Results include: | | | | |
| (26) | (65) | 159 | Impairment and gain (loss) on sale of businesses and fixed assets | 93 |
| - | - | - | Environmental and other provisions | - |

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| | | | | |
|-------|------|-----|--|-------|
| - | - | - | Restructuring, integration and rationalization costs | - |
| (546) | (20) | 56 | Fair value gain (loss) on embedded derivatives | 88 |
| 265 | - | - | Other | - |
| ----- | | | | ----- |
| (307) | (85) | 215 | Total non-operating items | 181 |
| ===== | | | | ===== |

(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 fourth quarter and full year was \$470 million and \$1,376 million respectively, compared with \$129 million and \$1,077 million a year ago. Non-operating items for the fourth quarter included fair value gains on embedded derivatives of \$56 million, a charge of \$30 million for the impairment of a North American NGL asset and a \$189 million net gain on disposal. The corresponding quarter of 2005 included a net charge for non-operating items of \$307 million, largely comprising fair value losses of \$546 million on embedded derivatives and \$265 million compensation received on cancellation of an intra-group gas supply contract.

The fourth quarter result was significantly higher than the same period in 2005 primarily due to the change in non-operating items described above, partly offset by lower contributions from the gas marketing and trading and NGL businesses and a lower benefit related to IFRS fair value accounting. The full year result was higher than in 2005 reflecting a net gain from non-operating items compared with a charge last year and higher contributions from the operating businesses, partly offset by higher IFRS fair value accounting charges.

In December 2006, BP acquired Orion Energy LLC, a leading US wind energy developer which has a portfolio of projects under development with potential power generation capacity of more than 6 gigawatts.

Other Businesses and Corporate

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | \$ million | Year 2006 |
|---------------------|--------------------|---------------------|---|-----------|
| ===== | | | | |
| (409) | (213) | (265) | Profit (loss) before interest and tax (a) | (885) |
| - | (48) | (11) | Inventory holding (gains) losses | (62) |
| ----- | | | | |
| (409) | (261) | (276) | Replacement cost profit (loss) before interest and tax | (947) |
| ===== | | | | |
| Results include: | | | | |
| - | (10) | 14 | Impairment and gain (loss) on sale of businesses and fixed assets | 26 |
| (4) | 96 | (2) | Environmental and other provisions | 94 |
| (57) | - | - | Restructuring, integration and rationalization costs | - |
| (3) | (8) | - | Fair value gain (loss) on embedded derivatives | 5 |
| - | - | (200) | Other | (200) |
| ----- | | | | |

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(64) 78 (188) Total non-operating items (75)
 =====

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

Other businesses and corporate comprises Finance, the group's aluminium asset, interest income and costs relating to corporate activities. The fourth quarter's result included a net charge of \$188 million in respect of non-operating items, primarily relating to a reassessment of certain provisions.

Dividends Payable

| March 2006 | December 2006 | March 2007 | | June, Sep December an 2006/07 |
|---------------|------------------|---------------|------------------------------|-------------------------------------|
| ----- | | | | ----- |
| | | | Dividends per ordinary share | |
| 9.375 | 9.825 | 10.325 | Cents | 39.35 |
| 5.288 | 5.241 | 5.258 | Pence | 21.074 |
| 56.25 | 58.95 | 61.95 | Dividends per ADS (cents) | 236.10 |
| ----- | | | | ----- |

BP today announced a dividend of 10.325 cents per ordinary share to be paid in March. Holders of ordinary shares will receive 5.258 pence per share and holders of American Depository Receipts (ADRs) \$0.6195 per ADS share. The dividend is payable on 12 March to shareholders on the register on 23 February. 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 12 March.

Outlook

BP Group Chief Executive, Lord Browne, concluded:

"World economic growth has been sustained. US economic growth appears to have been resilient in the fourth quarter, and growth in Europe and Asia has been sustained. The near-term global outlook is for continued growth at close to current rates.

"Crude oil prices averaged \$59.60 per barrel (Dated Brent) in the fourth quarter of 2006, \$10 per barrel below the third quarter level but slightly above the same period last year. For the year, Dated Brent averaged \$65.14 per barrel, a record in money-of-the-day terms and more than \$10 per barrel above the 2005 average. Prices in the fourth quarter drifted higher after OPEC announced production cuts in late October, but retreated in late December in face of demand weakness and rising non-OPEC supply. Prices have declined further this year. Further OPEC production cuts have been announced.

"US natural gas prices averaged \$6.56/mmbtu (Henry Hub first of month index) in the fourth quarter, nearly identical to the third quarter average but half the very high levels seen in the fourth quarter of 2005. Gas continued to trade

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near parity with residual fuel oil heading into the peak winter demand months. Gas in storage at year-end was 14% above the five year average in face of unusually warm weather. Prices may find temporary support for the remainder of the winter but high inventories are expected to continue to weigh on prices.

"UK gas prices (NBP day-ahead) in the fourth quarter averaged 29.92 pence per therm, 11% below the third quarter and less than half the level of a year ago. New infrastructure projects, high inventories and above-average temperatures contributed to the decline. These factors have eased concerns over winter supply availability, although the risk of temporary price spikes due to late-winter cold spells persists.

"The global average indicator refining margin fell to \$6.30/bbl in the fourth quarter, down just over \$2/bbl versus the third quarter and more than \$1/bbl below the fourth quarter last year. Margins recovered well from mid-September lows despite a light US hurricane season and an extremely warm start to winter. So far in the first quarter, margins have averaged around \$6/bbl, with the near-term outlook dependant on the weather and a relatively heavy US refinery turnaround programme.

"Retail Margins fell in October and November due to the increasing cost of product, before stabilising in December. Average retail margins therefore deteriorated in the fourth quarter relative to the third. The outlook for retail margins is expected to remain uncertain.

"Our strategy is unchanged. We continue to execute it with discipline and focus. Capital expenditure excluding acquisitions for the year was about \$16.9 billion, in line with the guidance given with our third quarter results, including \$1 billion in respect of our investment in Rosneft, and is expected to be around \$18 billion in 2007. Production in 2007 is expected to be in the range of 3.8 to 3.9 mmb/d.

"On the basis of a price assumption of \$60 per barrel and our current portfolio, we expect production of more than 4.0 million barrels of oil equivalent per day by 2009, and more than 4.3 million barrels of oil equivalent per day by 2012."

Cautionary Statement: The foregoing discussion, in particular the statements under "Outlook", contains forward looking statements particularly those regarding world economic growth; oil and gas prices; refining margins; marketing margins; 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 statements depending on a variety of factors including the following: the timing of bringing new fields on stream; industry product supply; OPEC policy decisions; demand and pricing; currency exchange rates; operational problems; general economic conditions including inflationary pressures; political stability; economic growth and outlook 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/A filed with the US Securities and Exchange Commission.

Summarized Group Income Statement

| Fourth Quarter | Third Quarter | Fourth Quarter |
|-------------------|------------------|-------------------|
|-------------------|------------------|-------------------|

Year

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| 2005 | 2006 | 2006 | | 2006 |
|--------|------------|--------|--|----------|
| ===== | | | | ===== |
| | \$ million | | | \$ milli |
| 62,410 | 68,540 | 61,946 | Sales and other operating revenues (Note 4) | 265,906 |
| | | | Earnings from jointly controlled entities - after interest and tax | 3,553 |
| 835 | 1,878 | 284 | | |
| 133 | 88 | 125 | Earnings from associates - after interest and tax | 442 |
| 229 | 220 | 177 | Interest and other revenues | 701 |
| ----- | | | | ----- |
| 63,607 | 70,726 | 62,532 | Total revenues | 270,602 |
| 210 | 2,276 | 300 | Gain on sale of businesses and fixed assets | 3,714 |
| ----- | | | | ----- |
| 63,817 | 73,002 | 62,832 | Total revenues and other income | 274,316 |
| ----- | | | | ----- |
| 43,243 | 48,431 | 44,506 | Purchases | 187,183 |
| 6,118 | 6,275 | 6,425 | Production and manufacturing expenses | 23,793 |
| 830 | 1,202 | 632 | Production and similar taxes (Note 5) | 3,621 |
| 2,351 | 2,194 | 2,441 | Depreciation, depletion and amortization | 9,128 |
| | | | Impairment and losses on sale of businesses and fixed assets | 549 |
| 124 | 387 | 60 | | |
| 208 | 351 | 408 | Exploration expense (Note 5) | 1,045 |
| 4,013 | 3,630 | 4,205 | Distribution and administration expenses | 14,447 |
| 1,350 | (493) | (296) | Fair value (gain) loss on embedded derivatives | (608) |
| ----- | | | | ----- |
| 5,580 | 11,025 | 4,451 | Profit before interest and taxation from continuing operations | 35,158 |
| 172 | 169 | 205 | Finance costs (Note 6) | 718 |
| 43 | (52) | (56) | Other finance (income) expense (Note 7) | (202) |
| ----- | | | | ----- |
| 5,365 | 10,908 | 4,302 | Profit before taxation from continuing operations | 34,642 |
| | | | Taxation (includes overseas taxation of \$9,174 million, 2005 \$9,082 million) | 12,331 |
| 2,029 | 4,614 | 1,347 | | |
| ----- | | | | ----- |
| 3,336 | 6,294 | 2,955 | Profit from continuing operations | 22,311 |
| 442 | - | - | Profit (loss) from Innovene operations (Note 3) | (25) |
| ----- | | | | ----- |
| 3,778 | 6,294 | 2,955 | Profit for the period | 22,286 |
| ===== | | | | ===== |
| | | | Attributable to: | |
| 3,685 | 6,231 | 2,880 | BP shareholders | 22,000 |
| 93 | 63 | 75 | Minority interest | 286 |
| ----- | | | | ----- |
| 3,778 | 6,294 | 2,955 | | 22,286 |
| ===== | | | | ===== |
| | | | Earnings per share - cents | |
| | | | Profit for the period attributable to BP shareholders | |
| 17.90 | 31.46 | 15.04 | Basic | 109.84 |
| 17.68 | 31.40 | 14.88 | Diluted | 109.00 |
| | | | Profit from continuing operations attributable to BP shareholders | |
| 15.82 | 31.46 | 15.04 | Basic | 109.97 |
| 15.62 | 31.40 | 14.88 | Diluted | 109.12 |

Summarized Group Balance Sheet

31 December

31 D

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2006

| | \$ million |
|---|------------|
| Non-current assets | |
| Property, plant and equipment | 90,999 |
| Goodwill | 10,780 |
| Other intangible assets | 5,246 |
| Investments in jointly controlled entities | 15,074 |
| Investments in associates | 5,975 |
| Other investments | 1,697 |
| | ----- |
| Fixed assets | 129,771 |
| Loans | 817 |
| Other receivables | 862 |
| Derivative financial instruments | 3,025 |
| Prepayments and accrued income | 1,034 |
| Defined benefit pension plan surplus | 6,753 |
| | ----- |
| | 142,262 |
| | ----- |
| Current assets | |
| Loans | 141 |
| Inventories | 18,915 |
| Trade and other receivables | 38,692 |
| Derivative financial instruments | 10,373 |
| Prepayments and accrued income | 3,006 |
| Current tax receivable | 544 |
| Cash and cash equivalents | 2,590 |
| | ----- |
| | 74,261 |
| Assets classified as held for sale | 1,078 |
| | ----- |
| | 75,339 |
| | ----- |
| Total assets | 217,601 |
| | ===== |
| Current liabilities | |
| Trade and other payables | 42,236 |
| Derivative financial instruments | 9,424 |
| Accruals and deferred income | 6,147 |
| Finance debt | 12,924 |
| Current tax payable | 2,635 |
| Provisions | 1,932 |
| | ----- |
| | 75,298 |
| Liabilities directly associated with the assets classified as held for sale | 54 |
| | ----- |
| | 75,352 |
| | ----- |
| Non-current liabilities | |
| Other payables | 1,430 |
| Derivative financial instruments | 4,203 |
| Accruals and deferred income | 961 |
| Finance debt | 11,086 |
| Deferred tax liabilities | 18,116 |
| Provisions | 11,712 |
| Defined benefit pension plan and other | |
| Post-retirement benefit plan deficits | 9,276 |
| | ----- |
| | 56,784 |

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| | |
|-------------------------|---------|
| Total liabilities | 132,136 |
| Net assets | 85,465 |
| Equity | |
| BP shareholders' equity | 84,624 |
| Minority interest | 841 |
| | 85,465 |

Group Statement of Recognized Income and Expense

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 |
|---------------------------|--------------------------|---------------------------|---|--------------|
| | \$ million | | | \$ milli |
| (320) | 531 | 1,032 | Currency translation differences | 2,025 |
| (315) | - | - | Exchange gain on translation of foreign operations transferred to gain or loss on sale of businesses and fixed assets | - |
| 975 | - | 2,615 | Actuarial gain relating to pensions and other post-retirement benefits | 2,615 |
| 236 | 144 | 264 | Available-for-sale investments marked to market | 561 |
| - | (1) | (269) | Available-for-sale investments - recycled to the income statement | (695) |
| (48) | (15) | 141 | Cash flow hedges marked to market | 413 |
| 43 | (26) | (143) | Cash flow hedges - recycled to the income statement | (93) |
| - | 5 | (11) | Cash flow hedges - recycled to the balance sheet | (6) |
| (295) | (166) | (814) | Taxation | (934) |
| 276 | 472 | 2,815 | Net income (expense) recognized directly in equity | 3,886 |
| 3,778 | 6,294 | 2,955 | Profit for the period | 22,286 |
| 4,054 | 6,766 | 5,770 | Total recognized income and expense for the period | 26,172 |
| 3,961 | 6,703 | 5,646 | Attributable to: | 25,837 |
| 93 | 63 | 124 | BP shareholders | 335 |
| 4,054 | 6,766 | 5,770 | Minority interest | 26,172 |
| (243) | - | - | Effect of change in accounting policy - adoption of IAS 32 and IAS 39 on 1 January 2005 | - |
| - | - | - | BP shareholders | - |
| (243) | - | - | Minority interest | - |

Movement in BP Shareholders' Equity

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Movement in BP shareholders' equity

At 31 December 2005

Profit for the year

Distribution to shareholders

Currency translation differences (net of tax)

Actuarial gain on pension and other post-retirement benefit plans (net of tax)

Share-based payments (net of tax)

Repurchase of ordinary share capital

Issue of ordinary share capital for TNK-BP

Available-for-sale investments (net of tax)

Cash flow hedges (net of tax)

At 31 December 2006

Summarized Group Cash Flow Statement

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 | 2005 |
|---------------------------|--------------------------|---------------------------|--|--------------|----------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| | | | Operating activities | | |
| 5,365 | 10,908 | 4,302 | Profit before taxation from continuing operations | 34,642 | 31,921 |
| | | | Adjustments to reconcile profits before tax to net cash provided by operating activities | | |
| 81 | 232 | 265 | Exploration expenditure written off | 624 | 305 |
| 2,351 | 2,194 | 2,441 | Depreciation, depletion and amortization | 9,128 | 8,771 |
| (86) | (1,889) | (240) | Impairment and (gain) loss on sale of businesses and fixed assets | (3,165) | (1,070) |
| (968) | (1,966) | (409) | Earnings from jointly controlled entities Associates | (3,995) | (3,543) |
| 844 | 2,407 | 809 | Dividends received from jointly controlled entities and associates | 4,495 | 2,833 |
| (4,171) | (6,756) | (2,198) | Working capital and other movements | (13,557) | (13,466) |
| ----- | | | | ----- | |
| 3,416 | 5,130 | 4,970 | Net cash provided by operating activities of continuing operations | 28,172 | 25,751 |
| 823 | - | - | Net cash provided by operating activities of Innovene operations | - | 970 |
| ----- | | | | ----- | |
| 4,239 | 5,130 | 4,970 | Net cash provided by operating activities | 28,172 | 26,721 |
| ----- | | | | ----- | |
| | | | Investing activities | | |
| (3,476) | (3,945) | (4,473) | Capital expenditure | (15,125) | (12,281) |
| (60) | (102) | (127) | Acquisitions, net of cash acquired | (229) | (60) |
| (132) | - | (11) | Investment in jointly controlled entities | (37) | (185) |
| (252) | (159) | (103) | Investment in associates | (570) | (619) |
| 825 | 2,662 | 918 | Proceeds from disposal of fixed assets | 5,963 | 2,803 |
| 8,397 | 135 | (100) | Proceeds from disposal of businesses | 291 | 8,397 |
| 32 | 33 | 26 | Proceeds from loan repayments | 189 | 123 |

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| 93 | - | - | Other | - | 93 |
|--|---------|---------|-------|--|-------------------|
| 5,427 | (1,376) | (3,870) | | Net cash used in investing activities | (9,518) (1,729) |
| Financing activities | | | | | |
| (3,687) | (3,430) | (3,449) | | Net repurchase of shares | (15,151) (11,315) |
| 685 | 706 | 2,215 | | Proceeds from long-term financing | 3,831 2,475 |
| (1,197) | (996) | (1,874) | | Repayments of long-term financing | (3,655) (4,820) |
| (2,423) | 294 | 3,348 | | Net increase (decrease) in short-term debt | 3,873 (1,457) |
| (1,856) | (1,943) | (1,927) | | Dividends paid - BP shareholders | (7,686) (7,359) |
| (405) | (57) | (72) | | - Minority interest | (283) (827) |
| (8,883) | (5,426) | (1,759) | | Net cash used in financing activities | (19,071) (23,303) |
| Currency translation differences relating to cash and cash equivalents | | | | | |
| (5) | 19 | 50 | | | 47 (88) |
| Increase (decrease) in cash and cash equivalents | | | | | |
| 778 | (1,653) | (609) | | | (370) 1,601 |
| Cash and cash equivalents at beginning of period | | | | | |
| 2,182 | 4,852 | 3,199 | | | 2,960 1,359 |
| 2,960 | 3,199 | 2,590 | | Cash and cash equivalents at end of period | 2,590 2,960 |

Summarized Group Cash Flow Statement

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 |
|---------------------|--------------------|---------------------|--|-----------|
| \$ million | | | | |
| (228) | (141) | (80) | Working capital and other movements | |
| 208 | 120 | 89 | Interest receivable | (473) |
| 172 | 169 | 205 | Interest received | 500 |
| (292) | (267) | (314) | Finance costs | 718 |
| 43 | (52) | (56) | Interest paid | (1,242) |
| 56 | 134 | 77 | Other finance (income) expense | (202) |
| | | | Share-based payments | 416 |
| (398) | (36) | (128) | Net operating charge for pensions and other post-retirement benefits, less contributions | (261) |
| (284) | (115) | 446 | Net charge for provisions, less payments | 340 |
| (318) | 1,477 | 861 | (Increase) decrease in inventories | 995 |
| (386) | (1,616) | 2,869 | (Increase) decrease in other current and non-current Assets | 3,596 |
| 300 | (1,763) | (2,476) | Increase (decrease) in other current and non-current Liabilities | (4,211) |
| (3,044) | (4,666) | (3,691) | Income taxes paid | (13,733) |
| (4,171) | (6,756) | (2,198) | | (13,557) |

Capital Expenditure and Acquisitions

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 |
|--------------------------------------|--------------------|---------------------|--|-----------|
| Capital Expenditure and Acquisitions | | | | |

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| \$ million | | | By business | \$ million |
|------------|-------|-------|----------------------------------|------------|
| | | | Exploration and Production | |
| 211 | 220 | 309 | UK | 955 |
| 79 | 52 | 49 | Rest of Europe | 244 |
| 1,001 | 1,160 | 1,234 | USA | 4,605 |
| 1,671 | 2,505 | 1,905 | Rest of World (a) | 7,314 |
| 2,962 | 3,937 | 3,497 | | 13,118 |
| | | | Refining and Marketing | |
| 203 | 67 | 217 | UK | 428 |
| 291 | 149 | 395 | Rest of Europe | 710 |
| 535 | 289 | 540 | USA | 1,339 |
| 379 | 117 | 334 | Rest of World | 667 |
| 1,408 | 622 | 1,486 | | 3,144 |
| | | | Gas, Power and Renewables | |
| 10 | 17 | 43 | UK | 67 |
| 15 | 7 | 18 | Rest of Europe | 37 |
| 42 | 187 | 268 | USA | 507 |
| 57 | 9 | 35 | Rest of World | 77 |
| 124 | 220 | 364 | | 688 |
| | | | Other businesses and corporate | |
| 90 | 13 | 66 | UK | 137 |
| 71 | - | - | Rest of Europe | - |
| 131 | 32 | 21 | USA | 141 |
| 4 | - | 3 | Rest of World | 3 |
| 296 | 45 | 90 | | 281 |
| 4,790 | 4,824 | 5,437 | | 17,231 |
| | | | By geographical area | |
| 514 | 317 | 635 | UK | 1,587 |
| 456 | 208 | 462 | Rest of Europe | 991 |
| 1,709 | 1,668 | 2,063 | USA | 6,592 |
| 2,111 | 2,631 | 2,277 | Rest of World | 8,061 |
| 4,790 | 4,824 | 5,437 | | 17,231 |
| | | | Included above: | |
| 60 | 106 | 205 | Acquisitions and asset exchanges | 321 |
| 140 | - | - | Innovene operations | - |

(a) Third quarter and year 2006 included \$1 billion for the purchase of shares in Rosneft.

| Exchange rates | | | | |
|----------------|------|------|--|------|
| 1.75 | 1.87 | 1.91 | US dollar/sterling average rate for the period | 1.84 |
| 1.73 | 1.87 | 1.96 | US dollar/sterling period-end rate | 1.96 |
| 1.19 | 1.27 | 1.29 | US dollar/euro average rate for the period | 1.25 |
| 1.18 | 1.27 | 1.31 | US dollar/euro period-end rate | 1.31 |

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Analysis of Profit Before Interest and Tax

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 |
|--------------------------------|--------------------------|---------------------------|--|--------------|
| \$ million | | | | \$ milli |
| ----- | | | | |
| By business | | | | |
| Exploration and Production | | | | |
| (295) | 1,306 | 1,534 | UK (a) | 5,839 |
| 398 | 264 | 249 | Rest of Europe (a) | 1,209 |
| 2,972 | 3,820 | 948 | USA | 9,327 |
| 3,499 | 4,539 | 2,326 | Rest of World | 13,254 |
| ----- | | | | |
| 6,574 | 9,929 | 5,057 | | 29,629 |
| ----- | | | | |
| Refining and Marketing | | | | |
| (590) | 46 | 28 | UK | 85 |
| (266) | 387 | 261 | Rest of Europe | 2,119 |
| (316) | 65 | (951) | USA | 1,468 |
| 99 | 219 | (44) | Rest of World | 1,369 |
| ----- | | | | |
| (1,073) | 717 | (706) | | 5,041 |
| ----- | | | | |
| Gas, Power and Renewables | | | | |
| (157) | (46) | 147 | UK | 217 |
| (19) | (15) | 144 | Rest of Europe | 134 |
| 141 | 141 | 116 | USA | 682 |
| 161 | 72 | 61 | Rest of World | 288 |
| ----- | | | | |
| 126 | 152 | 468 | | 1,321 |
| ----- | | | | |
| Other businesses and corporate | | | | |
| (141) | (327) | 280 | UK | (268) |
| (124) | 11 | (98) | Rest of Europe | (133) |
| (22) | 81 | (307) | USA | (367) |
| (122) | 22 | (140) | Rest of World | (117) |
| ----- | | | | |
| (409) | (213) | (265) | | (885) |
| ----- | | | | |
| 5,218 | 10,585 | 4,554 | | 35,106 |
| 234 | 440 | (103) | Unrealized profit in inventory | 52 |
| 128 | - | - | Net profit on transactions between continuing and Innovene operations | - |
| ----- | | | | |
| 5,580 | 11,025 | 4,451 | Total for continuing operations | 35,158 |
| ----- | | | | |
| Innovene operations | | | | |
| 490 | - | (40) | UK | (185) |
| (1) | - | 25 | Rest of Europe | (36) |
| (42) | - | 15 | USA | 16 |
| 21 | - | - | Rest of World | 21 |
| ----- | | | | |
| 468 | - | - | | (184) |
| (128) | - | - | Net profit on transactions between continuing and Innovene operations | - |
| ----- | | | | |
| 340 | - | - | Total for Innovene operations | (184) |
| ----- | | | | |
| 5,920 | 11,025 | 4,451 | Total for period | 34,974 |

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| By geographical area | | | |
|----------------------|--------|-------|---------------------------------|
| (1,039) | 989 | 1,988 | UK (a) |
| 31 | 695 | 533 | Rest of Europe (a) |
| 2,974 | 4,491 | (289) | USA |
| 3,614 | 4,850 | 2,219 | Rest of World |
| 5,580 | 11,025 | 4,451 | Total for continuing operations |

(a) Exploration and Production profit by region for the third quarter 2006 has been restated, reducing Rest of Europe and increasing UK by \$235 million. There is no impact on total segment or total group profits.

Analysis of Replacement Cost Profit
Before Interest and Tax

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 |
|--------------------------------|--------------------------|---------------------------|--------------------|--------------|
| \$ million | | | | \$ milli |
| By business | | | | |
| Exploration and Production | | | | |
| (295) | 1,306 | 1,534 | UK (a) | 5,839 |
| 398 | 264 | 249 | Rest of Europe (a) | 1,209 |
| 2,964 | 3,827 | 952 | USA | 9,344 |
| 3,499 | 4,538 | 2,328 | Rest of World | 13,255 |
| 6,566 | 9,935 | 5,063 | | 29,647 |
| Refining and Marketing | | | | |
| (516) | 138 | 190 | UK | 351 |
| (170) | 765 | 336 | Rest of Europe | 2,249 |
| 354 | 388 | (421) | USA | 1,353 |
| 167 | 212 | 207 | Rest of World | 1,330 |
| (165) | 1,503 | 312 | | 5,283 |
| Gas, Power and Renewables | | | | |
| (157) | (46) | 147 | UK | 217 |
| (18) | (17) | 143 | Rest of Europe | 123 |
| 147 | 150 | 114 | USA | 692 |
| 157 | 65 | 66 | Rest of World | 344 |
| 129 | 152 | 470 | | 1,376 |
| Other businesses and corporate | | | | |
| (141) | (327) | 280 | UK | (268) |
| (124) | 9 | (97) | Rest of Europe | (137) |

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| | | | | |
|-------|--------|-------|---|--------|
| (22) | 35 | (319) | USA | (425) |
| (122) | 22 | (140) | Rest of World | (117) |
| ----- | | | | ----- |
| (409) | (261) | (276) | | (947) |
| ----- | | | | ----- |
| 6,121 | 11,329 | 5,569 | | 35,359 |
| 234 | 440 | (103) | Unrealized profit in inventory | 52 |
| 128 | - | - | Net profit on transactions between continuing and Innovene operations | - |
| ----- | | | | ----- |
| 6,483 | 11,769 | 5,466 | Total for continuing operations | 35,411 |
| ----- | | | | ----- |
| | | | Innovene operations | |
| 428 | - | (40) | UK | (185) |
| (4) | - | 25 | Rest of Europe | (36) |
| (127) | - | 15 | USA | 16 |
| 15 | - | - | Rest of World | 21 |
| ----- | | | | ----- |
| 312 | - | - | | (184) |
| (128) | - | - | Net profit on transactions between continuing and Innovene operations | - |
| ----- | | | | ----- |
| 184 | - | - | Total for Innovene operations | (184) |
| ----- | | | | ----- |
| 6,667 | 11,769 | 5,466 | Total for period | 35,227 |
| ===== | | | | ===== |
| | | | By geographical area | |
| (965) | 1,081 | 2,150 | UK (a) | 6,163 |
| 128 | 1,069 | 609 | Rest of Europe (a) | 3,398 |
| 3,643 | 4,784 | 230 | USA | 11,017 |
| 3,677 | 4,835 | 2,477 | Rest of World | 14,833 |
| ----- | | | | ----- |
| 6,483 | 11,769 | 5,466 | Total for continuing operations | 35,411 |
| ===== | | | | ===== |

(a) Exploration and Production profit by region for the third quarter 2006 has been restated, reducing Rest of Europe and increasing UK by \$235 million. There is no impact on total segment or total group profits.

Analysis of Non-operating Items

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 |
|----------------------------|--------------------------|---------------------------|----------------|--------------|
| ===== | | | | ===== |
| \$ million | | | | \$ milli |
| By business | | | | |
| Exploration and Production | | | | |
| (975) | 540 | 289 | UK | 821 |
| 6 | (27) | (13) | Rest of Europe | 43 |
| (121) | 2,016 | (269) | USA | 1,758 |
| 111 | (63) | (184) | Rest of World | (240) |
| ----- | | | | ----- |
| (979) | 2,466 | (177) | | 2,382 |

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| | | | | |
|---------|-------|-------|---|-------|
| ----- | | | | |
| | | | Refining and Marketing | |
| (8) | (27) | 23 | UK | 15 |
| (33) | (18) | (89) | Rest of Europe | 93 |
| 118 | (264) | 25 | USA | (589) |
| (27) | (122) | (12) | Rest of World | 97 |
| ----- | | | | |
| 50 | (431) | (53) | | (384) |
| ----- | | | | |
| | | | Gas, Power and Renewables | |
| (306) | (20) | 56 | UK | 88 |
| - | - | 189 | Rest of Europe | 189 |
| - | 5 | - | USA | 4 |
| (1) | (70) | (30) | Rest of World | (100) |
| ----- | | | | |
| (307) | (85) | 215 | | 181 |
| ----- | | | | |
| | | | Other businesses and corporate | |
| (57) | (25) | 13 | UK | (12) |
| - | (2) | (2) | Rest of Europe | (5) |
| (7) | 105 | (199) | USA | (75) |
| - | - | - | Rest of World | 17 |
| ----- | | | | |
| (64) | 78 | (188) | | (75) |
| ----- | | | | |
| (1,300) | 2,028 | (203) | Total before taxation for continuing operations | 2,104 |
| 421 | (803) | 51 | Taxation credit (charge) | (851) |
| ----- | | | | |
| (879) | 1,225 | (152) | Total after taxation for continuing operations | 1,253 |
| ----- | | | | |
| | | | Innovene operations | |
| 242 | - | (40) | UK | (185) |
| (49) | - | 25 | Rest of Europe | (36) |
| (51) | - | 15 | USA | 16 |
| (6) | - | - | Rest of World | 21 |
| ----- | | | | |
| 136 | - | - | Total before taxation for Innovene operations (a) | (184) |
| 190 | - | - | Taxation credit (charge) | (7) |
| ----- | | | | |
| 326 | - | - | Total after taxation for Innovene operations | (191) |
| ----- | | | | |
| (553) | 1,225 | (152) | Total after taxation for period | 1,062 |
| ===== | | | | |

(a) Includes the loss on remeasurement to fair value of \$184 million in 2006 and \$591 million in 2005, and impairment charges of \$59 million and a gain on disposal of \$3 million in 2005.

Depreciation of Fixed Asset Revaluation Adjustment

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | Year 2006 |
|---------------------------|--------------------------|---------------------------|--------------|
| ===== | | | |
| \$ million | | | \$ milli |

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| | | | Exploration and Production | |
|---|----|----|--|-----|
| 7 | 13 | 6 | UK | 34 |
| 62 | 48 | 43 | USA | 194 |
| 5 | 4 | 3 | Rest of World | 16 |
| <hr style="border-top: 1px dashed black;"/> | | | | |
| 74 | 65 | 52 | | 244 |
| <hr style="border-top: 1px dashed black;"/> | | | | |
| | | | Refining and Marketing | |
| 26 | 25 | 25 | USA | 100 |
| <hr style="border-top: 1px dashed black;"/> | | | | |
| 26 | 25 | 25 | | 100 |
| <hr style="border-top: 1px dashed black;"/> | | | | |
| | | | Gas, Power and Renewables | |
| 5 | 6 | 5 | USA | 22 |
| <hr style="border-top: 1px dashed black;"/> | | | | |
| 5 | 6 | 5 | | 22 |
| <hr style="border-top: 1px dashed black;"/> | | | | |
| 105 | 96 | 82 | Total depreciation of revaluation adjustment (a) (b) | 366 |
| <hr style="border-top: 1px dashed black;"/> | | | | |

(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

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 |
|---|--------------------------|---------------------------|---------------------------|--------------|
| <hr style="border-top: 1px dashed black;"/> | | | | |
| \$ million | | | | \$ milli |
| 19,162 | 19,973 | 24,010 | Gross debt | 24,010 |
| 2,960 | 3,199 | 2,590 | Cash and cash equivalents | 2,590 |
| <hr style="border-top: 1px dashed black;"/> | | | | |
| 16,202 | 16,774 | 21,420 | Net debt | 21,420 |
| <hr style="border-top: 1px dashed black;"/> | | | | |
| 80,765 | 85,070 | 85,465 | Equity | 85,465 |
| 17% | 16% | 20% | Net debt ratio | 20% |
| <hr style="border-top: 1px dashed black;"/> | | | | |

Production and Realizations

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 |
|---|--------------------------|---------------------------|----------------------------|--------------|
| <hr style="border-top: 1px dashed black;"/> | | | | |
| | | | Production (a) (d) | |
| Crude oil (mb/d) (net of royalties) | | | | |
| 244 | 199 | 229 | UK | 240 |
| 69 | 55 | 54 | Rest of Europe | 58 |
| 432 | 404 | 417 | USA | 427 |
| 1,655 | 1,592 | 1,549 | Rest of World | 1,578 |
| <hr style="border-top: 1px dashed black;"/> | | | | |
| 2,400 | 2,250 | 2,249 | Total crude oil production | 2,303 |

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| | | | | | | | |
|-------|-------|-------|---|-------|--|--|-------|
| ===== | | | | ===== | | | |
| | | | Natural gas liquids (mb/d) (net of royalties) | | | | |
| 16 | 14 | 10 | UK | | | | 13 |
| 4 | 3 | 3 | Rest of Europe | | | | 3 |
| 111 | 119 | 116 | USA | | | | 120 |
| 33 | 36 | 38 | Rest of World | | | | 36 |
| ----- | | | | ----- | | | |
| 164 | 172 | 167 | Total natural gas liquids production | | | | 172 |
| ===== | | | | ===== | | | |
| | | | Liquids (b) (mb/d) (net of royalties) | | | | |
| 260 | 213 | 239 | UK | | | | 253 |
| 73 | 58 | 57 | Rest of Europe | | | | 61 |
| 543 | 523 | 533 | USA | | | | 547 |
| 1,688 | 1,628 | 1,587 | Rest of World | | | | 1,614 |
| ----- | | | | ----- | | | |
| 2,564 | 2,422 | 2,416 | Total liquids production | | | | 2,475 |
| ===== | | | | ===== | | | |
| | | | Natural gas (mmcf/d) (net of royalties) | | | | |
| 1,156 | 754 | 888 | UK | | | | 936 |
| 107 | 100 | 90 | Rest of Europe | | | | 92 |
| 2,359 | 2,332 | 2,196 | USA | | | | 2,376 |
| 4,836 | 4,900 | 5,082 | Rest of World | | | | 5,013 |
| ----- | | | | ----- | | | |
| 8,458 | 8,086 | 8,256 | Total natural gas production | | | | 8,417 |
| ===== | | | | ===== | | | |
| | | | Average realizations (c) | | | | |
| | | | Crude oil (\$/bbl) | | | | |
| 54.70 | 64.74 | 56.51 | UK | | | | 62.45 |
| 57.40 | 68.83 | 55.86 | USA | | | | 62.03 |
| 49.93 | 67.05 | 56.29 | Rest of World | | | | 61.11 |
| 53.92 | 67.22 | 56.38 | BP Average | | | | 61.91 |
| ===== | | | | ===== | | | |
| | | | Natural gas liquids (\$/bbl) | | | | |
| 43.68 | 46.48 | 48.40 | UK | | | | 47.21 |
| 37.78 | 38.50 | 35.32 | USA | | | | 36.13 |
| 42.10 | 41.15 | 31.22 | Rest of World | | | | 36.03 |
| 39.29 | 40.08 | 35.21 | BP Average | | | | 37.17 |
| ===== | | | | ===== | | | |
| | | | Liquids (\$/bbl) (b) | | | | |
| 54.02 | 63.57 | 56.18 | UK | | | | 61.67 |
| 53.98 | 62.95 | 52.11 | USA | | | | 57.25 |
| 49.51 | 65.50 | 54.63 | Rest of World | | | | 59.54 |
| 52.44 | 64.15 | 54.13 | BP Average | | | | 59.23 |
| ===== | | | | ===== | | | |
| | | | Natural gas (\$/mcf) | | | | |
| 6.96 | 5.55 | 5.61 | UK | | | | 6.33 |
| 9.48 | 5.51 | 5.03 | USA | | | | 5.74 |
| 4.08 | 3.62 | 3.70 | Rest of World | | | | 3.70 |
| 6.24 | 4.49 | 4.38 | BP Average | | | | 4.72 |
| ===== | | | | ===== | | | |

(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

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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 that will be used in preparing the Annual Report and Accounts 2006, which do not differ significantly from those used for the 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 | |
|--|---------------------------|--------------|---------------------------|--------------|
| | Fourth Quarter 2005 | Year 2005 | Fourth Quarter 2005 | Year 2005 |
| | \$ million | | | |
| Profit before interest and tax | | | | |
| Exploration and Production | 6,574 | 25,502 | 6,575 | 25,508 |
| Refining and Marketing | (1,073) | 6,926 | (1,068) | 6,942 |
| Gas, Power and Renewables | 126 | 1,172 | 114 | 1,104 |
| Other businesses and corporate | (409) | (1,237) | (403) | (1,191) |
| | \$ million | | | |
| Unrealized profit in inventory | 5,218 | 32,363 | 5,218 | 32,363 |
| Net profit on transactions between continuing and Innovene operations | 234 | (208) | 234 | (208) |
| | 128 | 527 | 128 | 527 |

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| | | | | |
|---|-------|--------|-------|--------|
| Profit before interest and tax from continuing operations | 5,580 | 32,682 | 5,580 | 32,682 |
| | | | | |

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 | |
|---|---------------------------|--------------|---------------------------|--------------|
| | Fourth Quarter 2005 | Year 2005 | Fourth Quarter 2005 | Year 2005 |
| | \$ million | | | |
| Sales and other operating revenues | | | | |
| Exploration and Production | 14,769 | 47,210 | 14,769 | 47,210 |
| Refining and Marketing | 52,873 | 213,326 | 53,979 | 220,134 |
| Gas, Power and Renewables | 6,795 | 25,696 | 7,987 | 28,561 |
| Other businesses and corporate | 161 | 668 | 161 | 668 |
| | | | | |
| Sales by continuing operations | 74,598 | 286,900 | 76,896 | 296,573 |
| Less: sales between businesses | 10,595 | 35,318 | 10,595 | 35,318 |
| sales by continuing operations to Innovene | 1,593 | 11,790 | 1,593 | 11,790 |
| | | | | |
| Third party sales of continuing operations | 62,410 | 239,792 | 64,708 | 249,465 |
| | | | | |
| Purchases | 43,243 | 163,026 | 45,541 | 172,699 |
| | | | | |

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.

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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.

The period to 31 December 2006 includes a loss before tax of \$184 million related to post-closing adjustments and is unchanged since 30 September 2006.

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 | 2005 |
|---------------------------|--------------------------|---------------------------|--|--------------|------|
| ===== | | | | ===== | |
| | \$ million | | | \$ million | |
| 335 | - | - | Profit before tax from Innovene operations | - | 1,25 |
| (128) | - | - | Net profit on transactions between continuing and Innovene operations | - | (52) |
| ----- | | | | ----- | |
| 207 | - | - | Profit before interest and taxation | - | 73 |
| 1 | - | - | Other finance income (expense) | - | |
| 133 | - | - | (Loss) gain recognized on the remeasurement to fair value | (184) | (59) |
| ----- | | | | ----- | |
| 341 | - | - | Taxation | (184) | 14 |
| (86) | - | - | Related to profit before tax | 166 | (30) |
| 187 | - | - | Related to remeasurement to fair value | (7) | 34 |
| ----- | | | | ----- | |
| 442 | - | - | Profit (loss) from Innovene operations | (25) | 18 |
| ===== | | | | ===== | |
| | | | Earnings (loss) per share from Innovene operations - cents | | |
| 2.08 | - | - | Basic | (0.13) | 0.8 |
| 2.06 | - | - | Diluted | (0.12) | 0.8 |
| ===== | | | | ===== | |
| | | | The net cash flows of Innovene operations are presented below | | |
| 823 | - | - | Net cash provided by operating activities | - | 97 |
| (163) | - | - | Net cash used in investing activities | - | (52) |
| ----- | | | | ----- | |
| (660) | - | - | Net cash provided by (used in) financing Activities | - | (44) |
| ===== | | | | ===== | |

Notes

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4. Sales and other operating revenues

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 | 2005 |
|------------------------|-----------------------|------------------------|--|--------------|---------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| | | | By business | | |
| 14,769 | 12,932 | 12,255 | Exploration and Production | 52,600 | 47,211 |
| 52,873 | 61,169 | 53,776 | Refining and Marketing | 232,855 | 213,321 |
| 6,795 | 5,840 | 5,224 | Gas, Power and Renewables | 23,708 | 25,691 |
| 161 | 212 | 339 | Other businesses and corporate | 1,009 | 661 |
| ----- | | | | ----- | |
| 74,598 | 80,153 | 71,594 | Sales by continuing operations | 310,172 | 286,901 |
| 10,595 | 11,613 | 9,648 | Less: sales between businesses | 44,266 | 35,311 |
| 1,593 | - | - | sales to Innovene operations | - | 11,791 |
| ----- | | | | ----- | |
| 62,410 | 68,540 | 61,946 | Third party sales of continuing operations | 265,906 | 239,791 |
| 3,509 | - | - | Innovene sales | - | 20,621 |
| 1,445 | - | - | Less: sales to continuing operations | - | 8,251 |
| ----- | | | | ----- | |
| 2,064 | - | - | Third party sales of Innovene operations | - | 12,371 |
| ----- | | | | ----- | |
| 64,474 | 68,540 | 61,946 | Total third party sales | 265,906 | 252,161 |
| ===== | | | | ===== | |
| | | | By geographical area | | |
| 17,808 | 27,809 | 23,676 | UK | 105,518 | 92,711 |
| 14,661 | 20,412 | 18,576 | Rest of Europe | 76,768 | 64,301 |
| 21,283 | 27,447 | 23,368 | USA | 99,935 | 96,881 |
| 20,693 | 17,337 | 16,768 | Rest of World | 71,547 | 59,621 |
| ----- | | | | ----- | |
| 74,445 | 93,005 | 82,388 | Sales by continuing operations | 353,768 | 313,571 |
| 10,442 | 24,465 | 20,442 | Less: sales between areas | 87,862 | 61,991 |
| 1,593 | - | - | sales to Innovene operations | - | 11,791 |
| ----- | | | | ----- | |
| 62,410 | 68,540 | 61,946 | | 265,906 | 239,791 |
| ===== | | | | ===== | |

5. Profit before interest and taxation is after charging:

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 | 2005 |
|------------------------|-----------------------|------------------------|------------------------------|--------------|-------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| | | | Exploration expense | | |
| 11 | 7 | 6 | UK | 20 | 31 |
| - | - | - | Rest of Europe | - | - |
| 117 | 188 | 324 | USA | 633 | 421 |
| 80 | 156 | 78 | Rest of World | 392 | 221 |
| ----- | | | | ----- | |
| 208 | 351 | 408 | | 1,045 | 681 |
| ===== | | | | ===== | |
| | | | Production and similar taxes | | |
| 133 | 96 | (143) | UK | 260 | 491 |
| 697 | 1,106 | 775 | Overseas | 3,361 | 2,511 |
| ----- | | | | ----- | |
| 830 | 1,202 | 632 | | 3,621 | 3,011 |
| ===== | | | | ===== | |

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Notes

6. Finance costs

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 | 2006 |
|---------------------------|--------------------------|---------------------------|------------------------------------|--------------|------|
| ===== | | | | ===== | |
| | \$ million | | | \$ million | |
| 278 | 328 | 290 | Interest payable | 1,196 | 91 |
| (106) | (159) | (85) | Capitalized | (478) | (35) |
| ----- | | | | ----- | |
| 172 | 169 | 205 | | 718 | 55 |
| - | - | - | Early redemption of finance leases | - | 5 |
| ----- | | | | ----- | |
| 172 | 169 | 205 | | 718 | 61 |
| ===== | | | | ===== | |

7. Other finance (income) expense

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 | 2006 |
|---------------------------|--------------------------|---------------------------|---|--------------|-------|
| ===== | | | | ===== | |
| | \$ million | | | \$ million | |
| 497 | 489 | 496 | Interest on pension and other post-retirement benefit plan liabilities | 1,940 | 2,02 |
| (521) | (610) | (619) | Expected return on pension and other post-retirement benefit plan assets | (2,410) | (2,13 |
| ----- | | | | ----- | |
| (24) | (121) | (123) | Interest net of expected return on plan assets | (470) | (11 |
| 57 | 63 | 67 | Unwinding of discount on provisions | 245 | 20 |
| 9 | 6 | - | Unwinding of discount on deferred consideration for acquisition of investment in TNK-BP | 23 | 5 |
| ----- | | | | ----- | |
| 42 | (52) | (56) | | (202) | 14 |
| 1 | - | - | Innovene operations | - | |
| ----- | | | | ----- | |
| 43 | (52) | (56) | Continuing operations | (202) | 14 |
| ===== | | | | ===== | |

8. Dividends paid

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 | 2006 |
|---------------------------|--------------------------|---------------------------|------------------------------|--------------|-------|
| ===== | | | | ===== | |
| | \$ million | | | \$ million | |
| 8.925 | 9.825 | 9.825 | Dividends per ordinary share | 38.40 | 34.8 |
| 5.061 | 5.324 | 5.241 | Cents | 21.104 | 19.15 |
| 53.55 | 58.95 | 58.95 | Pence | 230.40 | 209.1 |
| | | | Dividends per ADS (cents) | | |
| ===== | | | | ===== | |

Notes

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9. Analysis of changes in net debt

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 | 2005 |
|---------------------------|--------------------------|---------------------------|--|--------------|--------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| | | | Opening balance | | |
| 22,159 | 19,286 | 19,973 | Finance debt | 19,162 | 23,093 |
| 2,182 | 4,852 | 3,199 | Less: Cash and cash equivalents | 2,960 | 1,350 |
| ----- | | | | ----- | |
| 19,977 | 14,434 | 16,774 | Opening net debt | 16,202 | 21,743 |
| ----- | | | | ----- | |
| | | | Closing balance | | |
| 19,162 | 19,973 | 24,010 | Finance debt | 24,010 | 19,162 |
| 2,960 | 3,199 | 2,590 | Less: Cash and cash equivalents | 2,590 | 2,960 |
| ----- | | | | ----- | |
| 16,202 | 16,774 | 21,420 | Closing net debt | 21,420 | 16,202 |
| ----- | | | | ----- | |
| 3,775 | (2,340) | (4,646) | Decrease (increase) in net debt | (5,218) | 5,531 |
| ===== | | | | ===== | |
| | | | Movement in cash and cash equivalents | | |
| 783 | (1,672) | (659) | (excluding exchange adjustments) | (417) | 1,680 |
| | | | Net cash outflow (inflow) from financing | | |
| 2,936 | (5) | (3,689) | (excluding share capital) | (4,049) | 3,800 |
| - | - | - | Adoption of IAS 39 | - | (14) |
| 48 | (515) | (208) | Fair value hedge adjustment | (581) | 17 |
| - | - | (13) | Debt acquired | (13) | |
| 11 | (34) | (57) | Other movements | (33) | 14 |
| ----- | | | | ----- | |
| 3,778 | (2,226) | (4,626) | Movement in net debt before exchange effects | (5,093) | 5,661 |
| (3) | (114) | (20) | Exchange adjustments | (125) | (13) |
| ----- | | | | ----- | |
| 3,775 | (2,340) | (4,646) | Decrease (increase) in net debt | (5,218) | 5,531 |
| ===== | | | | ===== | |

Notes

10. TNK-BP Operational and Financial Information

| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 | 2005 |
|---------------------------|--------------------------|---------------------------|--|--------------|-------|
| ===== | | | | ===== | |
| \$ million | | | | \$ million | |
| | | | Production (Net of royalties) (BP share) | | |
| 936 | 867 | 837 | Crude oil (mb/d) | 876 | 910 |
| 530 | 472 | 602 | Natural gas (mmcf/d) | 544 | 480 |
| 1,027 | 948 | 941 | Total hydrocarbons (mboe/d) (a) | 970 | 990 |
| ----- | | | | ----- | |
| | | | Income statement (BP share) | | |
| 1,029 | 2,321 | 359 | Profit before interest and tax | 4,616 | 3,810 |
| (30) | (52) | (52) | Interest expense* | (192) | (12) |
| (234) | (651) | (118) | Taxation | (1,467) | (97) |
| (31) | (100) | (6) | Minority interest | (193) | (10) |
| ----- | | | | ----- | |
| 734 | 1,518 | 183 | Net Income (b) | 2,764 | 2,601 |
| ===== | | | | ===== | |

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| 9 | 6 | - | * Excludes unwinding of discount on deferred consideration | 23 | 5 |
|---------------------------|--------------------------|---------------------------|--|--------------|------|
| ===== | | | | ===== | |
| 525 | 2,000 | 500 | Cash Flow | | |
| ===== | | | Dividends received (c) | 3,271 | 1,95 |
| ===== | | | | ===== | |
| Fourth Quarter 2005 | Third Quarter 2006 | Fourth Quarter 2006 | | Year 2006 | 200 |
| ===== | | | | ===== | |
| | | | Average oil marker prices (\$/bbl) | | |
| 53.23 | 65.90 | 56.06 | Urals (NWE - cif) | 61.22 | 50.2 |
| 54.07 | 65.81 | 56.48 | Urals (Med - cif) | 61.35 | 50.8 |
| 31.73 | 39.83 | 26.33 | Domestic Oil | 34.39 | 28.7 |
| ===== | | | | ===== | |

Balance Sheet

| | 31 December 2006 | 31 Decemb 20 |
|--|---------------------|-----------------|
| | | |
| | \$ million | |
| Investments in jointly controlled entities | 8,353 | 8,0 |
| | ===== | |
| Deferred consideration | | |
| Due within one year | - | 1,2 |
| Due after more than one year | - | |
| | ----- | |
| | - | 1,2 |
| | ===== | |

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

(b) Third quarter and year 2006 included a net gain of \$892 million on the disposal of the Udmurtneft assets.

Fourth quarter and year 2005 included a net gain of \$270 million on the disposal of non-core producing assets in the Saratov region, along with the Orsk refinery.

(c) Year 2006 includes \$771 million declared in 2005.

On 23 October 2006, TNK-BP received decisions from the Russian tax authorities in relation to the tax audits of certain TNK-BP Group companies for the years 2002 and 2003, resulting in a payment by TNK-BP of approximately \$1.4 billion in settlement of these claims. At the present time, BP believes that its provisions are adequate for its share of any liabilities arising from these and other outstanding tax decisions not covered by the indemnities provided by our co-venturers in respect of historical tax liabilities related to assets contributed to the joint venture.

Notes

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11. Equity-accounted entities

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

| | RC profit (loss) before interest and tax | Inventory holding gains (losses) | Profit (loss) before interest and tax | Interest | Tax | Minority interest | Pr (1 for pe |
|--------------------------------|--|---|---|----------|---------|----------------------|-----------------------|
| ----- \$ million ----- | | | | | | | |
| Fourth Quarter 2006 | | | | | | | |
| Exploration and Production | 594 | (2) | 592 | (87) | (206) | (6) | |
| Refining and Marketing | 147 | (16) | 131 | (21) | (19) | - | |
| Gas, Power and Renewables | 39 | - | 39 | (6) | (8) | - | |
| Other businesses and corporate | - | - | - | - | - | - | |
| ----- | | | | | | | |
| Continuing operations | 780 | (18) | 762 | (114) | (233) | (6) | |
| Innovene operations | - | - | - | - | - | - | |
| ----- | | | | | | | |
| | 780 | (18) | 762 | (114) | (233) | (6) | |
| ===== | | | | | | | |
| Third Quarter 2006 | | | | | | | |
| Exploration and Production (a) | 2,727 | 1 | 2,728 | (87) | (723) | (100) | 1, |
| Refining and Marketing | 138 | 8 | 146 | (20) | (25) | - | |
| Gas, Power and Renewables | 56 | - | 56 | (5) | (4) | - | |
| Other businesses and corporate | - | - | - | - | - | - | |
| ----- | | | | | | | |
| Continuing operations | 2,921 | 9 | 2,930 | (112) | (752) | (100) | 1, |
| Innovene operations | - | - | - | - | - | - | |
| ----- | | | | | | | |
| | 2,921 | 9 | 2,930 | (112) | (752) | (100) | 1, |
| ===== | | | | | | | |
| Fourth Quarter 2005 | | | | | | | |
| Exploration and Production (b) | 1,291 | - | 1,291 | (56) | (313) | (30) | |
| Refining and Marketing | 88 | 8 | 96 | (18) | (27) | - | |
| Gas, Power and Renewables | 27 | - | 27 | (1) | (1) | - | |
| Other businesses and corporate | - | - | - | - | - | - | |
| ----- | | | | | | | |
| Continuing operations | 1,406 | 8 | 1,414 | (75) | (341) | (30) | |
| Innovene operations | (17) | - | (17) | - | - | - | |
| ----- | | | | | | | |
| | 1,389 | 8 | 1,397 | (75) | (341) | (30) | |
| ===== | | | | | | | |
| Year 2006 | | | | | | | |
| Exploration and Production (a) | 5,839 | (1) | 5,838 | (324) | (1,804) | (193) | 3, |
| Refining and Marketing | 486 | 1 | 487 | (79) | (67) | - | |
| Gas, Power and Renewables | 179 | - | 179 | (21) | (20) | - | |
| Other businesses and corporate | (1) | - | (1) | - | - | - | |
| ----- | | | | | | | |
| Continuing operations | 6,503 | - | 6,503 | (424) | (1,891) | (193) | 3, |
| Innovene operations | - | - | - | - | - | - | |
| ----- | | | | | | | |
| | 6,503 | - | 6,503 | (424) | (1,891) | (193) | 3, |
| ===== | | | | | | | |
| Year 2005 | | | | | | | |
| Exploration and Production (b) | 4,813 | - | 4,813 | (227) | (1,250) | (104) | 3, |

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| | | | | | | |
|---|-------|-----|-------|-------|---------|-------|
| Refining and Marketing | 392 | (7) | 385 | (55) | (81) | - |
| Gas, Power and Renewables | 77 | - | 77 | (7) | (8) | - |
| Other businesses and corporate | - | - | - | - | - | - |
| <hr style="border-top: 1px dashed black;"/> | | | | | | |
| Continuing operations | 5,282 | (7) | 5,275 | (289) | (1,339) | (104) |
| Innovene operations | (14) | - | (14) | - | - | - |
| <hr style="border-top: 1px dashed black;"/> | | | | | | |
| | 5,268 | (7) | 5,261 | (289) | (1,339) | (104) |
| <hr style="border-top: 3px double black;"/> | | | | | | |

(a) Third quarter and year 2006 included a net gain of \$892 million on the disposal of the Udmurtneft assets.

(b) Fourth quarter and year 2005 included a net gain of \$270 million on the disposal of non-core producing assets in the Saratov region, along with the Orsk refinery.

Notes

12. First quarter results

BP's first quarter results will be announced on 24 April 2007.

13. Statutory accounts

The financial information shown in this publication, which was approved by the Board of Directors on 5 February 2007, is unaudited and does not constitute statutory financial statements. The audited 2006 BP Annual Report and Accounts will be published on 6 March 2007 and delivered to the Registrar of Companies in due course. The 2005 BP Annual Report and Accounts have been filed with the Registrar of Companies; the report of the auditors on those accounts was unqualified and did not contain a statement under section 237(2) or section 237(3) of the Companies Act 1985.

Contacts

| | | |
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<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: 06 February 2007

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